



SP POWERASSETS

A subsidiary of Singapore Power

SP PowerAssets Limited

(Company Registration Number: 200302108D)

(incorporated with limited liability under the laws of Singapore)

\$S8,000,000,000

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 \$S8,000,000,000 (or the equivalent in other currencies), unless such amount is otherwise increased pursuant to the terms of the Program. On July 28, 2008, the maximum aggregate principal amount of Notes from time to time outstanding was increased from \$S6,000,000,000 to \$S8,000,000,000. This Offering Circular supersedes and replaces the Offering Circular dated October 16, 2003 as amended and supplemented on April 20, 2005.

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 (as defined herein) 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 Official List of 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"), 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" 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 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. 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. 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, The Depository Trust Company ("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 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 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."

Joint Global Arrangers

DBS Bank Ltd.

Morgan Stanley

Dealers

Calyon

Citi

DBS Bank Ltd.

Deutsche Bank

JPMorgan

Morgan Stanley

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank

United Overseas Bank Limited



Powering Up Singapore



24-hour Monitoring via SCADA System

TABLE OF CONTENTS

Summary	1	Description of the Notes	75
Summary of the Program	3	Form of the Notes	98
Summary Historical Financial and Other Information	8	Certain Tax Considerations	100
Risk Factors	10	Plan of Distribution	111
Exchange Rates	15	Notice to Purchasers and Holders of Registered Global Notes and Transfer Restrictions	116
Use of Proceeds	16	External Auditors	119
Selected Financial Information	17	General Information	120
Industry and Regulation	21	Index to Financial Statements	F-1
Our Business	33	Annex A Glossary	A-1
Our Board of Directors	56	Annex B Global Clearance and Settlement . . .	B-1
The Manager and its Employees	59	Annex C Form of Pricing Supplement	C-1
Controlling Shareholder	74		

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.

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 (2003/71/EC), the minimum specified denomination of such Notes shall be €50,000 (or its equivalent in any other currency as at the date of issue of the Notes).

We accept responsibility for the information contained in this Offering Circular. 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 the Notes, 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 enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information.

No person has been authorised to give any information or to make any representation other than those 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 authorised 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.”

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 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 outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to QIBs in reliance on Rule 144A. 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.

There are restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the Financial Services and Market Act 2000 (“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.”

This document is for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments, (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the FSMA (Financial Promotion) Order 2001

(as amended), or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

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,

shares, debentures and units of shares and debentures 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 (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

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

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, our most recently published audited annual accounts, and interim accounts (if any) (whether audited or unaudited) published subsequently to such annual accounts, from time to time, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. All documents incorporated by reference will be available, free of charge, from the offices of the Paying Agent (as defined herein) in Singapore.

SUPPLEMENTAL OFFERING CIRCULAR

We have undertaken, in connection with our application to list the Notes on the SGX-ST, to immediately disclose to the SGX-ST 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.

We have given an undertaking to the Dealers that if at any time during the duration of the Program any event occurs as a result of which this Offering Circular would, in the context of the issue and/or the offering of the Notes and/or the Program, either include a statement of fact which is not true and accurate in all material respects or omit any fact the omission of which would make misleading in any material respect any statement therein, whether of fact or opinion or if, as a result of any law, rule, regulation, judgment, order or decree, it shall be necessary for us to amend or supplement this Offering Circular, we shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such amendment or supplement hereto or replacement hereof as such Dealer may reasonably request.

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 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 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.

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 in the United States courts’ judgments obtained in United States courts including judgements 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 Singapore dollar denominated Notes) 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 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 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 any future results, performance or achievements 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,” “Industry and Regulation,” “Our Business” and “The Manager and its Employees.” These forward-looking statements speak only as at 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.

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.

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,” “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 currently 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, 2008, we served approximately 9,000 industrial and commercial electricity consumers with annual electricity consumption greater than 120 MWh per year and approximately 1.2 million other 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 with a Transmission License dated November 3, 2003 by the Energy Market Authority (the “EMA”). The EMA may terminate our Transmission License by giving us 25 years’ notice, or otherwise in accordance with the Electricity Act.

Our transmission and distribution network within Singapore comprises:

- 19,544 km of underground cable circuits and 1,414 km of overhead cable circuits;
- a network of 400kV, 230kV and 66kV transmission facilities, including substations and transformers; and
- a network of 22kV, 6.6kV and 400V distribution facilities, including substations and transformers.

We had annual revenue of S\$1.3 billion during fiscal 2008. Our net profit during fiscal 2008 was S\$423.2 million. As at March 31, 2008, we had net assets of approximately S\$2.9 billion.

The volume of electricity we transmitted and distributed during fiscal 2008 increased by 4.3% from 36,287 GWh in fiscal 2007 to 37,838 GWh in fiscal 2008. From fiscal 2004 to fiscal 2007, the average annual increase in volume of electricity we transmitted and distributed was 4.1%, increasing from 32,199 GWh in fiscal 2004 to 36,287 GWh in fiscal 2007.

The quality and reliability of our transmission and distribution network has been fundamental to our success. We achieved SAIDI and SAIFI of 1.14 minutes per consumer per year and 0.023 interruptions per consumer per year, respectively, in fiscal 2008, which compares favorably with other underground transmission and distribution networks.

Our business is subject to extensive regulation. From fiscal 2006 through fiscal 2008, on average 96.9% of our annual revenue was derived from our regulated transmission revenue. The price controls which limit the tariffs we may charge our consumers are subject to regulatory approval by the EMA. Our future revenue requirement, which forms the basis under which the EMA sets these price controls, essentially equals 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. The EMA has set the WACC for the current five-year regulatory period which commenced on April 1, 2008 at 6.34% (nominal after tax), and as of March 31, 2008, our regulated asset base was S\$6,733.7 million. In addition, the EMA imposed a Standards of Performance (the “SOP”) scheme in August 2004. The SOP is an incident-based penalty only performance scheme. Please refer to a detailed discussion in “Our Business—Network Performance Scheme”. We are presently in consultation with the EMA to review this scheme.

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 free cash flows;

- regulatory regime with incentives for efficiency gains;
- sole transmission and distribution network in Singapore;
- excellent 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;
- maintain high network reliability and quality service; and
- pursue investment opportunities in the transmission and distribution industry to enhance our profitability.

We were incorporated with limited liability under the laws of Singapore on March 7, 2003 and were assigned company registration number 200302108D. The management company that operates our business, SP PowerGrid, was incorporated as a limited liability company under the laws of Singapore on July 23, 2003. Our principal executive offices are located at 111 Somerset Road, Singapore 238164, and our phone number is (65) 6823-8888.

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. and Morgan Stanley Asia (Singapore) Pte. (formerly Morgan Stanley Dean Witter Asia (Singapore) Pte.).
Dealers	DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte. (formerly Morgan Stanley Dean Witter Asia (Singapore) Pte.), Morgan Stanley & Co. International plc, Citicorp Investment Bank (Singapore) Limited, Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities Ltd., Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited, Calyon and Standard Chartered Bank. 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 and Transfer Agent in London	The Bank of New York Mellon.
Paying Agent in Singapore	DBS Bank Ltd.
Registrar	The Bank of New York Mellon.
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 instalments, 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. On July 28, 2008, the maximum aggregate principal amount of Notes from time to time outstanding was increased from S\$6,000,000,000 to S\$8,000,000,000.
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	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”). 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.”

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 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.

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 (a) 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; or (b) be issued in other circumstances that do not constitute a contravention of Section 19 of the FSMA by the Issuer.

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.

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 depositary for Euroclear, Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream. A Temporary Global Note will be exchangeable, upon request as described therein, for either a Permanent Global Note or Definitive Bearer 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.

Each series of Registered Notes, which are sold outside the United States 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 depositary for, and registered in the name of a nominee, 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 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 or CDP. 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(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, Euroclear and Clearstream. 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 Average 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 not denominated in Singapore dollars will be payable by the Issuer without withholding or deductions for, or on account of, taxes imposed by or on the Issuer, except as otherwise required by law. If the Issuer is required by law to deduct or withhold any taxes, imposed or levied by or on the Issuer, the Issuer will, subject to certain exceptions, be required to pay such additional amounts as necessary to enable holders of Notes not denominated in 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.

In making an investment decision, you are strongly recommended to consult your own professional advisers 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.\$150,000 (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(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 €50,000 (or its equivalent in any other currency as at 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 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.

Redemption The applicable Pricing Supplement will indicate whether the Notes can be redeemed prior to Maturity other than for taxation reasons. Notes denominated in Singapore dollars cannot be redeemed for taxation reasons.

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 Official List of 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). 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.

Governing Law Unless otherwise specified in the applicable Pricing Supplement, non-Singapore dollar denominated Notes will be governed by, and construed in accordance with, the laws of the State of New York, and Singapore dollar denominated Notes will be governed by, and construed in accordance with, 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 non-Singapore dollar denominated Notes) and the Supplemental Trust Deed will be governed by the laws of Singapore (to the extent to which it relates to Singapore dollar denominated Notes).

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 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.”

Bearer Notes will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Pricing Supplement states that Bearer Notes are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) Bearer Notes are issued other than in compliance with the D Rules or the C Rules but 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 TEFRA is not applicable.

SUMMARY HISTORICAL FINANCIAL AND OTHER INFORMATION

SP PowerAssets Limited

The following tables set forth summary financial information for SP PowerAssets as at and for the years ended March 31, 2006, 2007 and 2008. The summary financial information as at and for the years ended March 31, 2006, 2007 and 2008 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. SP PowerAssets' audited financial statements have been audited by SP PowerAssets' independent auditors, KPMG, whose report on the audited financial statements for each of the years ended March 31, 2006, 2007 and 2008 is included herein.

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

SP PowerAssets' Summary Profit and Loss Account Data

	Year ended March 31,		
	2006	2007	2008
	(\$ million)		
Revenue	1,285.2	1,303.3	1,328.3
Operating expenses (excluding depreciation and amortization)	(312.5)	(329.0)	(325.5)
Depreciation and amortization	(318.8)	(333.0)	(346.5)
Interest expense	(199.5)	(194.0)	(189.2)
Net profit for the year	402.2	513.4	423.2

SP PowerAssets' Summary Balance Sheet Data

	As at March 31,		
	2006	2007	2008
	(\$ million)		
Total assets	9,805.6	9,708.6	9,689.0
Total debt	4,975.3	4,674.5	4,420.8
Total liabilities	7,007.9	6,744.2	6,790.8
Shareholders' equity	2,797.7	2,964.4	2,898.2

SP PowerAssets' Summary Cash Flow Data

	Year ended March 31,		
	2006	2007	2008
	(\$ million)		
Cash generated from operations	961.2	960.3	950.1
Capital expenditure	(462.3)	(528.6)	(501.9)

Other Financial Data of SP PowerAssets

	Year ended March 31,		
	2006	2007	2008
EBITDA (S\$ million) ⁽¹⁾	1,010.9	1,013.7	1,049.9
EBITDA margin (%) ⁽²⁾	76.4	75.5	76.3
EBITDA/gross interest expense (x)	5.1	5.2	5.5
Total debt (S\$ million) ⁽³⁾	4,975.3	4,674.5	4,420.8
Coverage ratio (debt service coverage) (x) ⁽⁴⁾	0.8	2.6	1.8
Coverage ratio (interest coverage) (x) ⁽⁵⁾	4.6	5.4	5.1
Total debt/EBITDA (x)	4.9	4.6	4.2
Total debt/capitalization (%) ⁽⁶⁾	64.0	61.2	60.4

Notes:

- (1) EBITDA represents earnings before interest income and expense, income taxes, depreciation and amortization of intangibles. 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 portion) and short-term bank loans.
- (4) (Net profit after tax + depreciation + amortization + interest expense)/(interest expense + loan repayment for long term debt including current portion).
- (5) (Net profit after tax + depreciation + amortization + interest expense)/interest expense.
- (6) Total debt/(total debt + equity).

Summary Operating and Other Data of SP PowerAssets

Measure	As at or for the year ended March 31,		
	2006	2007	2008
Units of electricity transmitted or distributed (GWh)	34,995	36,287	37,838
Average use of system tariff (S¢ per kWh, adjusted for price controls and net of any rebates)	3.67	3.59	3.51
Number of consumers (at period end)	1,233,896	1,243,567	1,258,280

Measure	As at or for the year ended March 31,		
	2006	2007	2008
SAIDI ⁽¹⁾ (minutes)	0.47	1.21	1.14
SAIFI ⁽²⁾ (interruptions)	0.011	0.031	0.023
22kV SARFI90 ⁽³⁾	2.1	3.4	2.8

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% of nominal voltage 22kV.

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 71 (“The Manager and its Employees — 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 extensive 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 competitive 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.

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 substantial 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 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. 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.

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

Our tariff levels, which are the most significant determinant in our operating results, are subject to price controls set by the EMA. The current price controls for our transmission and distribution business are based on our projected operating and capital expenditures. 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

We are highly dependent on the Singapore economy. From fiscal 2006 through fiscal 2008, 100.0% of our revenues were generated from Singapore-based activities. 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, industrial, manufacturing or industrial activity in Singapore or in the region;
- changes in taxation;
- a re-emergence of Severe Acute Respiratory Syndrome (“SARS”), or the emergence of another highly infectious disease, in Singapore or in other countries in the region;
- 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.

In addition, in the past the Government has requested Singapore Power Limited to participate in the Government’s various initiatives in the private and public sectors to make Singapore more competitive and to respond to the economic recession in Singapore during the Asian financial crisis. In line with these initiatives, we implemented rebates to electricity consumers between July 1998 and December 2000. Since April 1, 2003, our transmission and distribution tariffs have been based on the current regulatory framework in Singapore.

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.

Our business performance may be impacted by the nature of our response to 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 significant revenue loss and potential liabilities to third parties;
- 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 over our network;
- information technology system failure, which could result in loss of critical data;
- undetermined environmental costs and liabilities arising from our operations, which could increase our operating costs;
- injuries to employees or third parties, which may result in 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.

As we engage only in the electricity transmission and distribution business, 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 could be affected by catastrophic events over which we have no control

Our facilities may be exposed to the effects of natural disasters 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 or distribution network is connected. Although constructed, operated and maintained to withstand certain of these occurrences, our facilities 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.

We are highly dependent on the Manager to manage our business

We are highly dependent on the Manager to manage and operate our business. Currently, we rely on the ability of the Manager to attract and retain highly skilled managerial personnel to operate our business. We cannot assure you that the Manager will be successful in providing the management skills and employees required to discharge its obligations under a management services agreement between SP PowerAssets and the Manager dated October 8, 2003 (the "Management Services Agreement") or to successfully operate our 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.

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 conduct its business is revoked or any EMA Direction is issued or given which prohibits or restricts us from engaging any person to manage and/or operate our transmission and distribution network and/or 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 our Business.

We have recourse to the Manager under the Management Services Agreement against any losses we may incur as a result of any breaches of the Management Services Agreement by the Manager, or any act or failure to act by the Manager, only in certain situations. In addition, 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. The Management Services Agreement is amended from time to time by agreement between us and the Manager and with the approval of the EMA.

Control of our company and conflicts of interest

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 of approximately U.S.\$108 billion as at March 31, 2007. Temasek's sole beneficial owner is the Minister for Finance (Incorporated), 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, 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 are 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.

Risks Related to the Notes

You may face foreign exchange risks by investing in Singapore dollar denominated Notes

An investment in any Singapore dollar denominated Notes may entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the Singapore dollar relative to foreign currencies because of economic, political and other factors over which we have no control. In recent years, the rate of exchange between the Singapore dollar and certain foreign currencies have been volatile and such volatility may be expected to continue in the future. In the event of a decline in the relative value of the Singapore dollar, the foreign currency value of principal and interest paid to such holders on any Singapore dollar denominated Notes will correspondingly decrease. In addition, currency exchange movements may affect the market prices of Notes on the SGX-ST.

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 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 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.

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. The experts named in this Offering Circular also reside 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 to bring or enforce proceedings against us is subject to certain restrictions under Singapore law

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.

Corporate disclosure and accounting standards in Singapore may differ from those in the United States

We prepare our financial statements in accordance with SFRS, which differ in certain significant respects from U.S. GAAP. No reconciliation to U.S. GAAP of the financial statements or any other financial information contained in this Offering Circular has been undertaken.

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 exchange rate as of July 16, 2008 was S\$1.35 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>Year ended March 31,</u>	<u>Singapore Dollar/U.S. Dollar Noon Buying Rate</u>			
	<u>Average⁽¹⁾</u>	<u>High</u>	<u>Low</u>	<u>Period End</u>
2003.....	1.764	1.847	1.731	1.765
2004.....	1.729	1.784	1.671	1.675
2005.....	1.674	1.729	1.618	1.651
2006.....	1.660	1.706	1.614	1.616
2007.....	1.557	1.616	1.515	1.517
2008.....	1.469	1.544	1.378	1.379
2009 (until July 16, 2008).....	1.361	1.385	1.347	1.348

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.

SELECTED FINANCIAL INFORMATION

The following tables set forth selected financial information for SP PowerAssets as at and for the years ended March 31, 2006, 2007 and 2008. The selected financial information as at and for the years ended March 31, 2006, 2007 and 2008 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. SP PowerAsset's audited financial statements have been audited by SP PowerAssets' external auditors, KPMG, whose report on the audited financial statements for each of the years ended March 31, 2006, 2007 and 2008 is included herein.

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

SP PowerAssets' Selected Profit and Loss Account Data

	Year ended March 31,		
	2006	2007	2008
	(\$ million)		
Revenue	1,285.2	1,303.3	1,328.3
Other income	38.2	39.4	47.1
Expenses			
Depreciation	(311.3)	(325.5)	(338.7)
Amortization	(7.5)	(7.5)	(7.8)
Management Fee	(135.7)	(141.4)	(135.6)
Maintenance	(56.3)	(63.2)	(61.8)
Property tax	(60.5)	(58.5)	(62.5)
Other operating expenses	(60.0)	(65.9)	(65.6)
Operating profit	692.1	680.7	703.4
Interest income	17.3	15.7	6.7
Interest expense	(199.5)	(194.0)	(189.2)
Profit from ordinary activities before taxation	509.9	502.4	520.9
Income tax expense	(107.7)	11.0	(97.7)
Net profit for the year	<u>402.2</u>	<u>513.4</u>	<u>423.2</u>

SP PowerAssets' Selected Balance Sheet Data

	As at March 31,		
	2006	2007	2008
	(\$ million)		
Assets			
Current assets:			
Cash and cash equivalents	500.1	527.5	231.9
Trade and other receivables	505.3	226.5	357.0
Inventories	31.5	44.2	41.5
Total current assets	<u>1,036.9</u>	<u>798.2</u>	<u>630.4</u>
Property, plant and equipment	6,524.4	6,673.6	6,823.8
Intangible assets	2,244.3	2,236.8	2,234.8
Total Assets	<u><u>9,805.6</u></u>	<u><u>9,708.6</u></u>	<u><u>9,689.0</u></u>
Liabilities and shareholders' equity			
Current liabilities:			
Debt securities	—	—	828.7
Bank loans	—	—	250.0
Loan note	—	350.0	—
Trade and other payables	<u>903.8</u>	<u>996.9</u>	<u>1,254.2</u>
Total current liabilities	903.8	1,346.9	2,332.9
Others	19.3	29.8	—
Loan note	791.0	441.0	441.0
Debt securities	4,184.3	3,883.5	2,901.1
Deferred income	76.8	97.0	151.3
Deferred taxation	<u>1,032.7</u>	<u>946.0</u>	<u>964.5</u>
Total liabilities	7,007.9	6,744.2	6,790.8
Share capital	2,300.0	2,300.0	2,300.0
Reserves	<u>497.7</u>	<u>664.4</u>	<u>598.2</u>
Shareholders' equity	<u><u>2,797.7</u></u>	<u><u>2,964.4</u></u>	<u><u>2,898.2</u></u>
Total liabilities and shareholders' equity	<u><u>9,805.6</u></u>	<u><u>9,708.6</u></u>	<u><u>9,689.0</u></u>

SP PowerAssets' Selected Cash Flow Data

	Year ended March 31,		
	2006	2007	2008
	(\$ million)		
EBITDA ⁽¹⁾	1,010.9	1,013.7	1,049.9
Profit from ordinary activities before taxation	509.9	502.4	520.9
Operating profit before working capital changes	1,005.1	1,018.2	1,048.0
Cash generated from operations	998.8	1,033.4	1,028.8
Net cash inflow from operating activities	961.2	960.3	950.1
Net cash outflow from investing activities	(461.1)	(526.1)	(477.9)
Net cash outflow from financing activities	(478.5)	(403.5)	(765.9)
Net increase (decrease) in cash and cash equivalents	21.6	30.7	(293.7)
Cash and cash equivalents at beginning of the year/period	477.8	500.1	527.5
Effect of exchange rate changes on balances held in foreign currencies	0.7	(3.3)	(1.9)
Cash and cash equivalents at end of the year/period	500.1	527.5	231.9

Note:

(1) EBITDA represents earnings before interest income and expense, income taxes, depreciation and amortization of intangibles. 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.

Other Financial Data of SP PowerAssets

	Year ended March 31,		
	2006	2007	2008
EBITDA (\$ million) ⁽¹⁾	1,010.9	1,013.7	1,049.9
EBITDA margin (%) ⁽²⁾	76.4	75.5	76.3
EBITDA/gross interest expense (x)	5.1	5.2	5.5
Total debt (\$ million) ⁽³⁾	4,975.3	4,674.5	4,420.8
Coverage ratio (debt service coverage) (x) ⁽⁴⁾	0.8	2.6	1.8
Coverage ratio (interest coverage) (x) ⁽⁵⁾	4.6	5.4	5.1
Total debt/EBITDA (x)	4.9	4.6	4.2
Total debt/capitalization (%) ⁽⁶⁾	64.0	61.2	60.4

Notes:

(1) EBITDA represents earnings before interest income and expense, income taxes, depreciation and amortization of intangibles. 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) and short-term bank loans.

(4) (Net profit after tax + depreciation + amortization + interest expense)/(interest expense + loan repayment for long term debt including current portion).

(5) (Net profit after tax + depreciation + amortization + interest expense)/interest expense.

(6) Total debt/(total debt + equity).

Selected Operating and Other Data of SP PowerAssets

<u>Measure</u>	<u>As at or for the year ended March 31,</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Units of electricity transmitted or distributed (GWh)	34,995	36,287	37,838
Average use of system tariff (S¢ per kWh, adjusted for price controls and net of any rebates)	3.67	3.59	3.51
Number of consumers (at period end)	1,233,896	1,243,567	1,258,280

<u>Measure</u>	<u>As at or for the year ended March 31,</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
SAIDI ⁽¹⁾ (minutes)	0.47	1.21	1.14
SAIFI ⁽²⁾ (interruptions)	0.011	0.031	0.023
22kV SARFI90 ⁽³⁾	2.1	3.4	2.8

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.

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 advisers. We make no representation as to the correctness or accuracy of such information and, accordingly, such information should not be unduly relied upon.

Basic 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 limited 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 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

For the year ended December 31, 2007, 37,420 GWh of electricity was transmitted and distributed in Singapore to electricity consumers. Electricity consumption can be classified into three economic sectors: industrial, commercial and residential. The table below sets forth the consumption of electricity in Singapore by these economic sectors for the periods shown:

	Year ended December 31,							
	2004		2005		2006		2007	
Industrial	14,446	43%	15,005	43%	15,042	42%	15,622	42%
Commercial	12,200	37%	13,006	37%	14,116	39%	14,978	40%
Residential	<u>6,525</u>	<u>20%</u>	<u>6,750</u>	<u>20%</u>	<u>6,764</u>	<u>19%</u>	<u>6,821</u>	<u>18%</u>
Total	<u>33,171</u>	<u>100%</u>	<u>34,761</u>	<u>100%</u>	<u>35,922</u>	<u>100%</u>	<u>37,420</u>	<u>100%</u>

Source: Singapore Department of Statistics

Aggregate consumption of electricity in Singapore grew at an average annual rate of approximately 4.1% from December 31, 2005 to December 31, 2007, with growth rates of approximately 4.8%, 3.3% and 4.2%, in each of the years ended December 31, 2005, 2006 and 2007, respectively.

There are approximately 9,000 industrial and commercial electricity consumers with annual electricity consumption greater than 120 MWh per year and approximately 1.2 million other electricity consumers in Singapore. In terms of electricity consumption, industrial consumers form the largest category of electricity

consumers, representing approximately 42.0% of total electricity consumption in Singapore during each year. The key industrial sector includes oil refineries, chemical industries, semi-conductor manufacturers, data storage, transport engineering and biomedical firms. Industrial and commercial consumers together represent approximately 82.0% of total electricity consumption in Singapore each year, while residential consumers account for the remaining 18.0%.

The following tables sets 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, in each case as compared with the same quarter during the previous calendar year:

	<u>First Quarter 2006</u>	<u>Second Quarter 2006</u>	<u>Third Quarter 2006</u>	<u>Fourth Quarter 2006</u>	<u>First Quarter 2007</u>	<u>Second Quarter 2007</u>	<u>Third Quarter 2007</u>	<u>Fourth Quarter 2007</u>
Total electricity sales	8,490	9,037	9,201	9,205	8,860	9,444	9,579	9,547
Percentage increase in total electricity sales	3.5	2.1	4.1	3.9	4.4	4.5	4.1	3.7
Percentage increase in residential electricity sales	1.7	(3.4)	1.0	1.9	(1.0)	2.6	1.9	(0.3)
Percentage increase in commercial and industrial electricity sales. . .	3.9	3.4	5.0	4.4	5.3	4.9	4.6	4.6

Source: Energy Market Authority

The aggregate amount of electricity annually transmitted and distributed in Singapore is primarily affected by the annual rate of growth in Singapore's GDP. Between 2003 and 2007, electricity consumption in Singapore expanded at a slower pace than the growth in Singapore's GDP over the same period. From 2003 to 2007, the average annual growth rate for Singapore's electricity consumption was about 3.8%, while Singapore's average annual real GDP growth rate was 7.1%. The following table sets forth the GDP growth and growth in net electricity consumption in Singapore for the years indicated:

	<u>Year ended December 31,</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	(percentage)				
Real GDP growth*	3.5	9.0	7.3	8.2	7.7
Electricity consumption growth	2.9	3.7	4.8	3.3	4.2

* Source: Singapore Department of Statistics

The rate of increase in electricity consumption has also been 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, commercial and residential 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 behaviour. 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.

The Government currently forecasts that Singapore will experience GDP growth in the medium term. Given the positive historical relationship between GDP and electricity demand growth, we believe that the aggregate electricity demand in Singapore will also grow in the medium term.

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 (“PowerSeraya”), Senoko Power Limited (“Senoko Power”) and Tuas Power Limited (“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 Ltd (now known as SP Services Ltd), 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 Ltd are allowed to enter voluntary contracts to hedge against the volatility of pool prices. PowerGrid was given the responsibility of operating the SEP as system operator 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 now relatively well developed.

The New Electricity Market (the “NEM”)

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 the NEM. As part of this transfer, PowerGrid transferred certain personnel and assets to the EMA and EMC. The EMC is a joint venture between the EMA, which owns 51.0% of the EMC, and M-Co (The Marketplace Company) Pte Limited (“M-Co Singapore”), which has 49.0% ownership. M-Co Singapore is a related company of The Marketplace Company Limited, which developed, implemented and currently operates the wholesale electricity market in New Zealand.

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. 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 market known as the New 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 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 with respect to, *inter alia*, generation, transmission, import, export, trading and retail of electricity, the provision of market support services, the operation of any wholesale 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 and distribution network in accordance with the Market Rules and 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 market which promotes and safeguards competition and fair and efficient market conduct, and prevents the misuse of 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, import, export, trading, retail and use of electricity, the provision of market support services and the operation of any wholesale 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 Singapore's New Electricity Market. 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 Singapore's electricity market. 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 NEM include:

- the EMA, which serves as the regulator of the NEM and 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 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; 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 NEM consists of a wholesale market and a retail market.

The Wholesale Market

The wholesale 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 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.

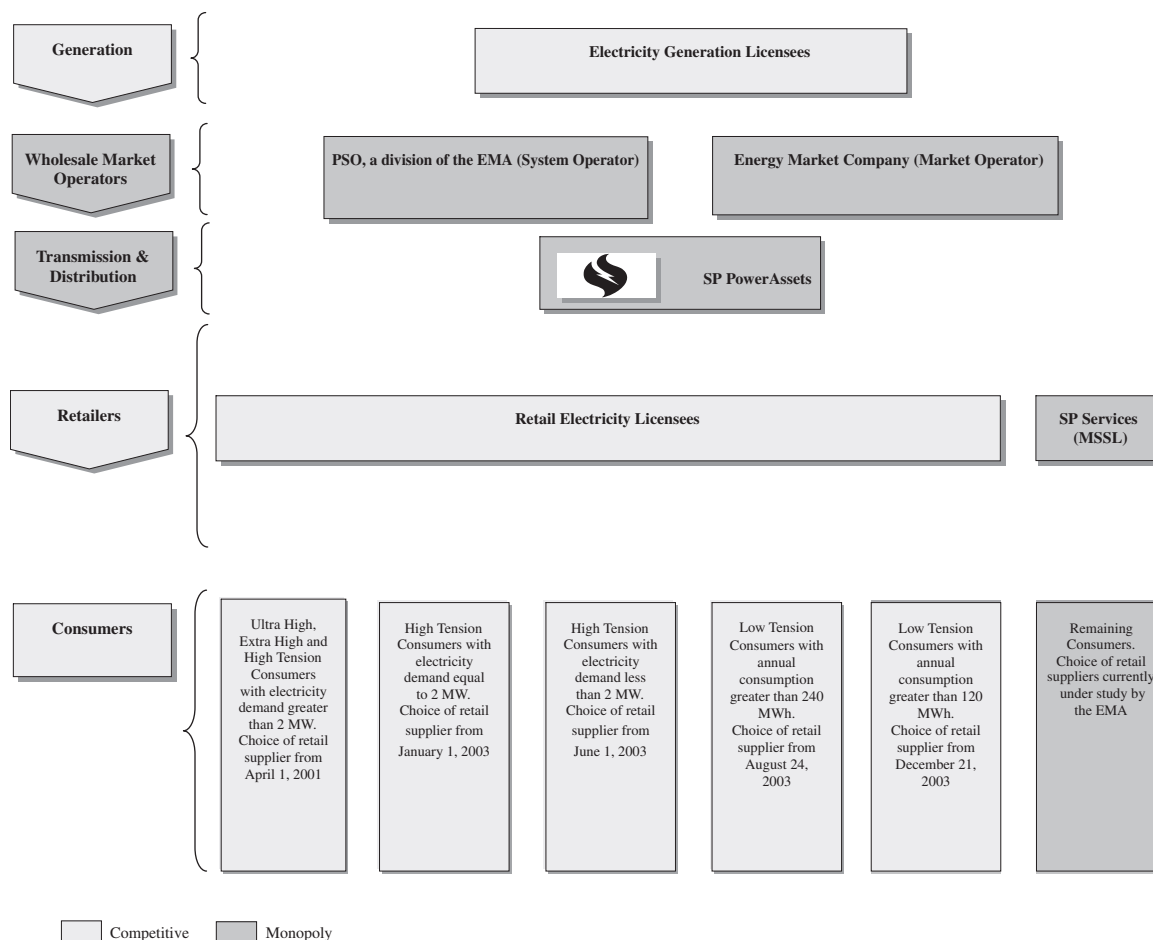
Other key features of the wholesale market include nodal pricing and the possibility of the establishment of financial transmission rights in the future to enable electricity generation licensees to hedge against locational price risk.

The Retail Market

Contestability for electricity consumers in the retail market is being 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 a MSSL, or may purchase electricity directly through the NEM 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 certain consumers with annual electricity demand of 120MWh or more have become contestable. For a discussion on the liberalization of the retail market, please see “Industry and Regulation—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:



Electricity Generation and Electricity Retailing

Electricity generation licensees may produce and sell electricity in the wholesale 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 NEM market participant. To date, eight entities have been granted licenses to generate electricity in Singapore. They are PowerSeraya, Senoko Power, Tuas Power, SembCorp Cogen Pte Ltd, Keppel Merlimau Cogen Pte Ltd, Island Power Company Pte Ltd, Keppel Seghers Tuas Waste-to-Energy Plant Pte Ltd and the National Environment Agency. Of these electricity generation licensees, three licensees (PowerSeraya, Senoko Power and Tuas Power) together generate more than 80.0% of the total electricity generated annually 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 sell specified quantities of electricity for various periods at prices stipulated by the EMA. They are mandatory for the three largest electricity generation licensees in Singapore, namely PowerSeraya, Senoko Power and Tuas Power, and are designed to control the market power of such electricity generation licensees. Vesting contracts initially are expected to cover 65.0% of total electricity demand in Singapore and will be progressively decreased over time by the EMA. The vesting contract level was reduced to 55.0% from July 2007 to December 2008 with the commercial operation of Keppel Merlimau Cogen Pte Ltd. The EMA will review the vesting contract level every 24 months.

As at September 20, 2007, according to statistics compiled by the EMA, total authorized electricity generation capacity in Singapore was 12,330MW. Details with respect to the electricity generation licensees in Singapore as at September 20, 2007 are set forth in the table below:

<u>Name</u>	<u>Total Authorized Capacity (MW)</u>	<u>Plant Fuel Type(s)⁽¹⁾</u>	<u>Plant Location(s)</u>
PowerSeraya	3,100	Oil, Gas, Diesel	Jurong Island
Senoko Power	3,300	Oil, Gas, Diesel	Northern and Southern Singapore
Tuas Power	2,670	Oil, Gas	Western Singapore
SembCorp Cogen Pte Ltd.	785	Gas	Jurong Island
National Environment Agency	251	Waste Incineration	Various
Keppel Merlimau Cogen Pte Ltd	1400	Gas	Jurong Island
Island Power Company Pte Ltd.	800	Not currently operational	—
Keppel Seghers Tuas Waste-to-Energy Plant Pte Ltd.	24	Not currently operational	—
Total	<u>12,330</u>		

Source: EMA

(1) No nuclear plants operate or are currently planned in Singapore for electricity generation purposes.

Retail electricity licensees may buy electricity from the wholesale market and sell electricity to contestable consumers. To date, six companies have been granted licenses to act as retail electricity licensees in Singapore. They are Seraya Energy Pte Ltd, Senoko Energy Supply Pte Ltd, SembCorp Power Pte Ltd, Keppel Electric Pte Ltd, Tuas Power Supply Pte Ltd and Island Power Supply Pte Ltd.

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 a MSSL, or purchase electricity directly from the wholesale 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), 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 240MWh and 120MWh became contestable on December 21, 2003. The EMA is currently studying the date by which all electricity consumers may choose their retail electricity licensee. No final date has yet been established by the EMA for the implementation of full retail contestability in Singapore. The EMA is also exploring ways to leverage on new technologies to extend contestability to non-contestable customers. In 2007, the EMA embarked on the Electricity Vending System prototype project to enable small customers to buy electricity by choosing from a list of competitive price schemes offered by retailers.

The table below sets forth the timetable for the introduction of contestability in the Singapore retail electricity supply market:

Timetable for Introduction of Contestability

<u>Consumer segment</u>	<u>Date contestable</u>	<u>Approximate number of consumers⁽¹⁾</u>
Ultra High Tension, Extra High Tension and High Tension consumers with electricity demand greater than 2 MW	April 1, 2001	358
High Tension consumers with electricity demand equal to 2MW	January 1, 2003	20
High Tension consumers with electricity demand less than 2MW	June 1, 2003	511
Low Tension consumers with annual electricity consumption greater than 240MWh	August 24, 2003	3,081
Low Tension consumers with annual electricity consumption between 240 MWh and 120MWh	December 21, 2003	4,558
Low Tension consumers with annual electricity consumption less than 120MWh ⁽²⁾	Under study by EMA	<u>1,249,752</u>
Total		<u><u>1,258,280</u></u>

Note:

(1) Based on number of consumers in the Singapore market as at March 31, 2008.

(2) Includes non-contestable consumers with sub-meters connected to master meters.

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 MSSL, 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 full retail contestability 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 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 NEM 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 NEM; (ii) resolve disputes relating to payments; (iii) propose and enact amendments to the Market Rules, subject to 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 market. The EMC computes the amount payable by electricity purchasers, including retail electricity licensees, contestable electricity consumers who purchase electricity directly from the wholesale 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 market and makes on-payments due to electricity generation licensees.

Licensing Regime

The Electricity Act provides that no person shall engage in, *inter alia*, the transmission of electricity, or transmit electricity for and 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, *inter alia*, 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 Authority 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, to 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

In certain situations, the EMA may request that the Minister for Trade and Industry make an order under Section 29 of the Electricity Act in relation to us. These situations include our being unable (or likely to be unable) to pay our debts, the occurrence of a public emergency 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 following purposes:

- the security and reliability of the supply of electricity to the public;
- our survival, or the survival of the whole or part of our business, for which we are authorized by our Transmission License to carry on, as a going concern;
- the transfer to another company, or (as respects different parts of the area to which our Transmission License relates, or different parts of our business or undertaking) to two or more different companies, as a going concern, of such of our undertaking as it is necessary to transfer in order to ensure that the functions and duties which have been vested in us by virtue of our Transmission License may be properly carried out; or
- the carrying out of the functions and duties which have been vested in us pending the making of the transfer and the vesting of those functions and duties in other company or companies.

Where a special administration order has been made, the EMA may, at any time, whether or not the order is still in force, fix the remuneration and expenses to be paid by us to the EMA. The EMA may also at any time (whether or not the appointment of the person has terminated) 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 the business or undertaking to which our Transmission License relates.

The Minister may also make regulations for giving effect to Sections 28 and 29 of the Electricity Act, including regulations governing the transfer of the electricity licensee's business or undertaking; and where a special administration order is made, for applying, omitting or modifying the provisions of Part VIIIA of the Companies Act.

The EMA has the power to issue directions to any electricity licensee or person, including us, for the purpose of ensuring 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 prescribed in Section 3 of the Electricity Act. Any failure to comply with such directions may be punished on conviction by a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both, and in the case of a continuing offense, to a further fine not exceeding S\$250 for every day or part thereof that the offense continues. In addition, the Electricity Act provides that the duty to comply with any direction by the EMA is a duty owed to any person who may be affected by a contravention of the direction, the breach of which is actionable at the suit or instance of that person if that person sustained any loss or damage caused by a breach of the duty.

Section 14 of the Electricity Act provides that if the EMA is satisfied that we are contravening or have contravened or are likely to contravene any condition of our Transmission License, any code of practice or other standard of performance applicable to us, any provision of the Electricity Act (which would include our statutory duties under the Electricity Act) or any direction issued by the EMA or otherwise applicable to us, the EMA may direct us to do or not do such things as may be specified by the EMA; require us to provide a performance bond, guarantee or other form of security on such terms and conditions as the EMA may determine; and 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 the various powers of the EMA described above, Section 13 of the Electricity Act allows the EMA to, if certain conditions are fulfilled, revoke our Transmission License or suspend our Transmission License for such period as the EMA thinks fit without any compensation to us. The situations are that if the EMA is satisfied that (a) we have entered into liquidation (other than for the purpose of amalgamation or reconstruction); (b) any circumstance specified in our Transmission License which entitles the EMA to revoke or suspend our Transmission License exists; (c) we have not complied with any direction or instruction issued by the EMA pursuant to Section 14 of the Electricity Act; (d) we are no longer in a position to operate in conformance with the Electricity Act or the terms and conditions of our Transmission License; or (e) the public interest or security of Singapore requires. In addition to the revocation or suspension of our Transmission License, in the case of items (b) or (c) above, Section 13 of the Electricity Act also allows the EMA to 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 any sanction which may have already been imposed on us pursuant to Section 14 of the Electricity Act.

From a competition perspective, the EMA has various powers under Section 59 of the Electricity Act to enforce the prohibitions set out in Part VII. Section 50 of the Electricity Act prohibits our involvement in any 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. Subsection 50(4) provides that any such agreement or decision will be void. The EMA may also impose such directions upon us as it considers appropriate to bring any infringement to an end where it makes a decision that Section 50 has been infringed. Similarly, Section 51 of the Electricity Act prohibits us individually, or jointly with other persons, from abusing a dominant position in any wholesale electricity market or retail electricity market in Singapore if it may affect trade within Singapore. Where the EMA makes a decision to the effect that we have infringed Section 51 of the Electricity Act it may direct us to modify or cease such conduct. In addition to such directions, where a decision is made to the effect that either prohibition has been infringed, Section 59 of the Electricity Act further allows the EMA to 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 a performance bond, guarantee or other form of security on such terms and conditions as the Authority may determine.

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 the person is a fit and proper person and 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 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 the person acquiring the business is a fit and proper person; the acquisition will not affect the security and reliability of the supply of electricity to the public; and 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, and any such conditions imposed by the EMA shall have effect notwithstanding the provisions of any other written law or anything contained in our memorandum or articles of association, or trust deed or other constitution relating to us.

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 issue a direction to us to remove such person as our chief executive officer, director or chairman of our board of directors, as the case may be, notwithstanding the provisions of any other written law or anything contained in our memorandum or articles of association, or trust deed or other constitution relating to us.

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 NEM, 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 currently 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, 2008, we served approximately 9,000 industrial and commercial electricity consumers with annual electricity consumption greater than 120 MWh per year and approximately 1.2 million other 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 has been granted an Electricity Licence for Transmission Agent Licensee under the Electricity Act on 27 July 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 with 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.

Our transmission and distribution network within Singapore comprises:

- 19,544 km of underground cable circuits and 1,414 km of overhead cable circuits;
- A network of 400kV, 230kV and 66kV transmission facilities, including substations and transformers; and
- A network of 22kV, 6.6kV and 400V distribution facilities, including substations and transformers.

We had annual revenue of S\$1.3 billion during fiscal 2008. Our net profit during fiscal 2008 was S\$423.2 million. As at March 31, 2008, we had net assets of approximately S\$2.9 billion.

The volume of electricity we transmitted and distributed during fiscal 2008 increased by 4.3% from 36,287 GWh in fiscal 2007 to 37,838 GWh in fiscal 2008. From fiscal 2004 to fiscal 2007, the average annual increase in volume of electricity we transmitted and distributed was 4.1%, increasing from 32,199 GWh in fiscal 2004 to 36,287 GWh in fiscal 2007.

The quality and reliability of our transmission and distribution network has been fundamental to our success. We achieved SAIDI and SAIFI of 1.14 minutes per consumer per year and 0.023 interruptions per consumer per year, respectively, in fiscal 2008, which compares favorably with other underground transmission and distribution networks.

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 a SOP Scheme in August 2004. The SOP is an incident-based penalty only performance scheme. Please refer to a detailed discussion in “—Network Performance Scheme”. We are presently in consultation with the EMA to review this scheme.

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 free cash flows

Our sole business of electricity transmission and distribution generates stable and predictable free 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. From fiscal 2006 through fiscal 2008, on average 96.9% of our annual revenue was derived from our regulated transmission revenue.

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 amount 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 free 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 in 2008. 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 between ourselves and our consumers these efficiency gains in the following regulatory period. This performance-based regulatory framework incentivizes us to achieve further efficiency gains.

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. The Government has consistently maintained the importance of maintaining a healthy and efficient electricity transmission and distribution industry in Singapore in order to attract foreign investment to Singapore. We believe that the proper functioning of our assets and our business operations are considered strategic to Singapore's economic development and security.

Excellent network and technical performance

We believe that the technical performance of our network (as measured by industry standards such as SAIDI and SAIFI) generally exceeds those of our comparable peers in Hong Kong, 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 implementation of condition-based maintenance and replacement of network assets and comprehensive condition monitoring programs.

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. On average, the Manager's executive and management employees have 16 years of service with the Singapore Power Group and/or the PUB as at March 31, 2008. 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 maximize our financial performance and maintain predictable cash flows

We expect representatives of the Manager to meet with Government officials and regulators on a regular basis on our behalf 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 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 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 aim, through the Manager, to establish and implement 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 and reduce costs. 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 load 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 intend to increase our debt levels to optimize our capital structure in line with the incentives provided by our performance-based regulatory pricing framework. Interest expense on borrowings to fund operating expenses or to fund capital expenditure on income producing assets is generally deductible under Singapore tax law, subject to and in accordance with the provisions of the Singapore Income Tax Act.

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 on-line 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 on-line 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.

Pursue investment opportunities in the transmission and distribution industry to enhance our profitability

In addition to focusing on productivity improvements with respect to our existing transmission and distribution business in Singapore, we may pursue additional investment opportunities in other sectors of the transmission and distribution industry. In evaluating appropriate investment opportunities, we will consider the following investment criteria: (i) attractiveness of the rate of return; (ii) stability of cash flows; (iii) quality of assets; and (iv) potential synergies with our existing transmission and distribution business in Singapore.

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 1.3 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);
- Extra High Tension electricity consumers (electricity consumers receiving electricity supply at 66kV, such as wafer fabrication plants);
- High Tension—Large electricity consumers (electricity consumers receiving electricity supply at 22kV or 6.6kV with a Contracted Capacity of at least 1,700 kW, such as manufacturing companies and commercial complexes);
- 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);
- 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 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.

The following table sets forth the aggregate amount of electricity transmitted and distributed by us to the different consumer segments for the periods indicated:

<u>Consumer segment</u>	<u>Year ended March 31,</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
		GWh	
Ultra High Tension Consumers	380	389	398
Extra High Tension Consumers	4,747	5,111	5,703
High Tension Large Consumers	12,664	12,730	13,270
High Tension Small Consumers	1,979	2,441	2,370
Low Tension Large Consumers, Contestable	4,306	4,691	4,784
Low Tension Small Consumers, Non-Contestable	<u>10,919</u>	<u>10,925</u>	<u>11,313</u>
Total	<u>34,995</u>	<u>36,287</u>	<u>37,838</u>

Our system maximum demand and our electricity transmitted and distributed for the year ended March 31, 2008 are set forth in the table below:

	<u>Year ended</u> <u>March 31, 2008</u>
System maximum demand (MW) ⁽¹⁾	5,946
Electricity transmitted and distributed (GWh) ⁽²⁾	37,838

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.

The Manager

We have engaged the Manager to manage and operate our business. We have thereby gained access to a highly experienced executive management team. The management arrangement between SP PowerAssets 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 SP PowerAssets by allowing ownership flexibility. Pursuant to the Management Services Agreement, we have granted to the Manager the exclusive right to manage, operate and maintain our transmission and distribution network and conduct our business, subject to applicable laws, regulations and guidelines. The Manager also manages and operates, 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 pursuant to which the Manager receives various corporate services, including, among other things, legal support services, corporate secretarial services, information technology services, corporate finance and treasury services, and support services for human resources, property conveyancing and lease management and providing assistance for 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

The quality and reliability of our transmission and distribution network has 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, which increases our revenues. 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 spare 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, thereby containing the number of consumers 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” 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 measures have been effective in safeguarding the security and stability of our network and the reliability and quality of our transmission and distribution services. The performance of our network is also enhanced by our network possessing a relatively young asset base, with the average age of our existing transmission and distribution assets being generally less than 20 years. The average service life of our transmission and distribution equipment and cables is 30 years.

Our network reliability performance generally exceeds that of our peers in other countries with comparable underground networks. SAIDI and SAIFI are currently the primary indices for network reliability. An additional performance measure, the 22kV SARFI90, is a measure of supply quality.

Certain information with respect to our performance measures are set forth in the table below for the periods indicated:

<u>Measure</u>	<u>Year ended March 31,</u>			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
SAIDI ⁽¹⁾ (minutes)	5.37	0.47	1.21	1.14
SAIFI ⁽²⁾ (interruptions)	0.097	0.011	0.031	0.023
22kV SARFI90 ⁽³⁾	6.4	2.1	3.4	2.8

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.

The Earthworks Monitoring and Cable Protection (“EMCP”) section of the Manager plays an important role in ensuring network reliability by preventing cable damage, which can lead to severe supply disruptions and losses of power quality. EMCP officers carry out cable damage prevention enforcement work and inspections along the routes of our underground transmission cables on a regular basis to ensure that legislative requirements are met during earthworks and that the safety of our underground transmission cables is not compromised. EMCP officers also advise earthworks contractors on ways to avoid cable damage. Singapore law provides that contractors notify us prior to performing earthworks, and requires contractors to engage licensed cable detection workers to carry out cable detection work prior to the commencement of earthworks, enabling greater opportunities for us to protect our underground network assets from being damaged unintentionally by digging.

Through the Manager, we also operate a 24-hour Electricity Service Center to help consumers during electricity supply emergencies. While their main responsibility is with regards 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.

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 northern and southern supply blocks 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 2006, 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, voltage dips cannot be totally eliminated. In order to assist our existing high tech manufacturing consumers with voltage-sensitive equipment a one-time trust fund, the Power Quality Solution Scheme trust fund, was established to assist these consumers to harden their equipment to ride through voltage dips. The trust, the application period for which has closed, has co-shared up to 50.0% of the acquisition cost of mitigation solutions.

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 total transmission and distribution network losses amounted to approximately 2.9% in fiscal 2008, which we believe compares favorably to the electrical losses of our peers in Hong Kong, the United Kingdom and the United States with comparable networks. As our network is almost entirely underground, electricity losses due to theft are practically nil given the relative difficulty of accessing our cables.

Our Network Assets

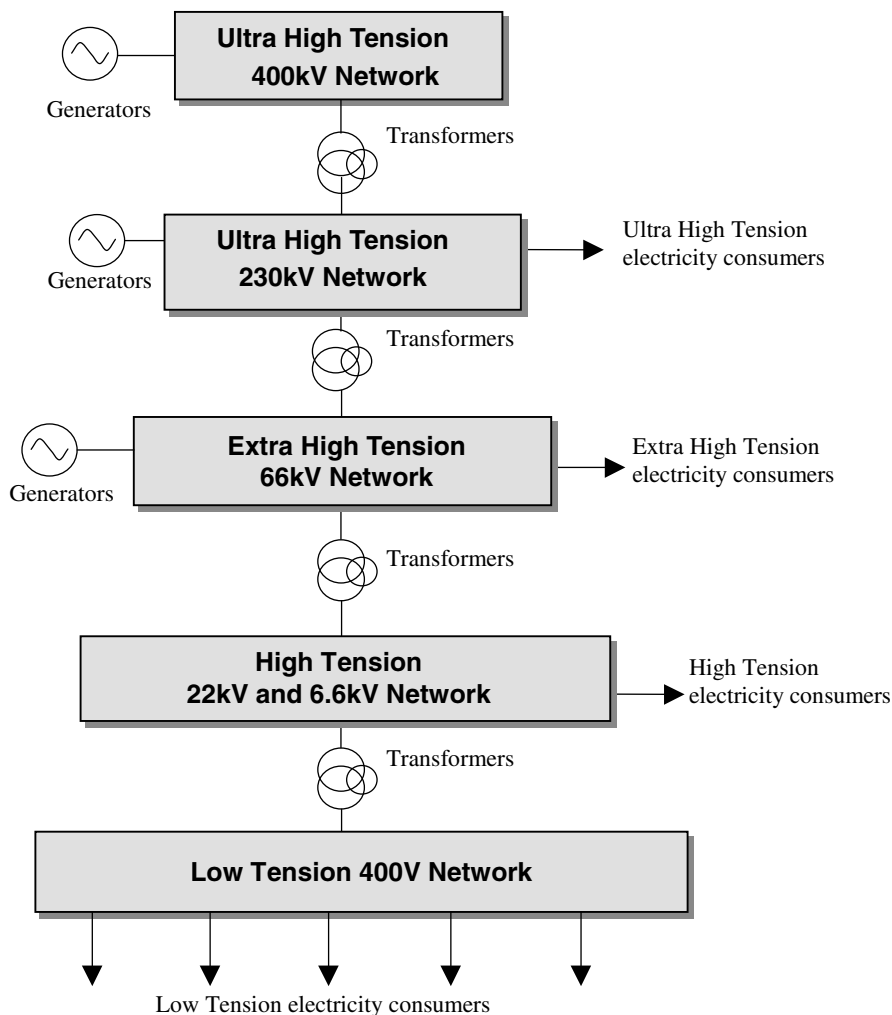
The primary components of our transmission and distribution network assets include:

- transmission and distribution cables;
- interconnectors;
- transmission and distribution substations;
- transmission and distribution switching equipment;
- 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.

As at March 31, 2008, we had a network of 99 transmission substations with 35,744 MVA of transformer capacity and 9,641 distribution substations with 20,288 MVA of transformer capacity connected by 2,069 km of transmission cable circuits and 18,889 km of distribution cable circuits.

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:

Transmission and Distribution Cables

Our primary network assets are electricity transmission and distribution cables. These cables totalled 20,958 km of cable circuit length as at March 31, 2008. Our electricity transmission network is wholly underground, and substantially all of our electricity distribution cables are also located underground. The aggregate cable circuit

length in kilometers of our underground transmission cables and our underground and overhead distribution cables as at March 31, 2008 by voltage and nature of line are set forth in the table below:

<u>Transmission and Distribution Cables</u>	<u>Cable Circuit Length (km)⁽¹⁾</u>
Transmission Network	
400kV	
Underground cables	144
230kV	
Underground cables	695
66kV	
Underground cables	1,219
Distribution Network	
22kV	
Underground cables	5,567
6.6kV	
Underground cables	3,737
Overhead cables	<u>8</u>
Total 6.6kV	<u>3,745</u>
400V	
Underground cables	8,179
Overhead cables	<u>1,398</u>
Total 400V	<u>9,577</u>
Interconnectors	
Interconnectors	<u>11⁽²⁾</u>
Total Network.	<u><u>20,958</u></u>

Notes:

- (1) Cable circuit length means the physical length between two end-points of an electrical circuit made up of one or several cables.
- (2) Comprises 1.9 km of 230kV submarine cables, 1.3 km of land cables, and 8 km of 230kV overhead transmission cables jointly owned with Malaysian electric utility Tenaga Nasional Berhad (“TNB”). See “—Interconnectors.”

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 as great as 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 sealed 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.

Our 1,406 km of overhead electricity distribution lines comprise copper, aluminium or steel cored aluminium conductors supported by poles.

Interconnectors

With the aim of facilitating mutual energy transfers between Singapore and Malaysia, in 1986 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 a June 29, 1998 agreement with respect to the Interconnectors, we have a 50.0% stake in the Interconnectors along 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.

Transmission and Distribution Substations

Substations are facilities that step-down electricity voltage between transmission lines and distribution lines. 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 at March 31, 2008, our transmission and distribution network included 99 transmission substations and 9,641 distribution substations, operating at various voltages. The table below sets forth further information in respect of our transmission and distribution substations by voltage as at March 31, 2008:

<u>Substations by Voltage</u>	<u>Number of Substations</u>
Transmission Network	
400kV	3
230kV	15
66kV	81
Distribution Network	
22kV	4,485
6.6kV	<u>5,156</u>
Total Network	<u>9,740</u>

Transmission and Distribution Transformers

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. As at March 31, 2008, our distribution network included 13,636 distribution transformers primarily ranging from 315kVA to 1,500kVA, with a total capacity of approximately 20,288 MVA.

Meters

We own all meters used to measure the amount 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 or GSM networks. We maintain meters at consumer premises. Under the applicable market rules, SP Services performs meter reading services in its capacity as MSSSL. For a meter that must be read manually, meter data is collected by a meter reader employed by SP Services. As at March 31, 2008, our distribution network included approximately 1.3 million meters.

As our consumers become contestable, we will be required to install interval or 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 two-months' worth of such data. To date, the premises of approximately 8,500 contestable consumers whose annual consumption is 120MWh or more are installed with TOD meters.

For the purpose of wholesale electricity market settlement, contestable consumers have their TOD meters read remotely on a daily basis through communication links such as telephone lines or GSM networks. For Low Tension consumers with annual electricity consumption of less than 120MWh, the billing settlement will be based on manual meter readings. As of March 31, 2008, approximately 1.2 million consumers, or 99.0% of our total number of our consumers, fell into this category.

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 schemes are in place to disconnect load in selected areas, thereby regaining the balance of supply and demand and maintaining system stability.

In addition, since the terrorist attacks in the United States on September 11, 2001, we have taken a number of preventive measures to protect our key network installations from terrorist attack. Physical protection measures such as fence intrusion detection systems, infrared detection systems and access control systems have been enhanced at key installations, which are also under 24-hour surveillance. We are also building blast walls to protect our key transmission substations.

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 our substations, cable tunnels and district offices. We have also procured terrorism insurance coverage for our key network assets. There can be no assurance that such measures will be successful in mitigating the effects of any terrorist acts in Singapore.

We also carry a comprehensive range of insurance. For a discussion of these insurance policies, see “—Insurance.”

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, control 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.

Our SCADA system, which is based at our DCC, is used to monitor our entire 22kV distribution network comprising more than 4,000 distribution substations. It also remotely monitors and controls approximately 370 6.6kV distribution substations and 1,400 downstream 6.6kV distribution substations. The SCADA system enables electricity loads to be monitored centrally from the DCC and switched without staff being dispatched to sites. It is installed at all 22kV and selected 6.6kV distribution substations. The SCADA system utilizes fiber optic cables, pilot cables and the cable sheaths of our 6.6kV distribution cables to transmit data. We developed a manner by which cable sheath, where pilot wires are unavailable, can be used to transmit information with respect to the condition of our 6.6kV network assets. We are also installing 6.6kV wireless SCADA to further enhance our capability to monitor and control the 6.6kV network. The SCADA system is fully expandable with other data capture devices that may further enhance or upgrade the SCADA system.

Linked to our SCADA system, our Artificial Intelligence System serves as an operator support system, providing information to the operator to diagnose network disturbances and facilities 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 and a Geographical Mapping System (“GMAP”) Sub-System. NMACS keeps records of substations and equipment and their maintenance records for asset management and maintenance planning. It also supports the operation of the Electricity Service Center and monitors progress of supply restorations. GMAP 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. We spent approximately S\$50 million during fiscal 2008 on network maintenance.

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 with the aim of extending their useful life.

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.

Our Recent and Planned Network Enhancements

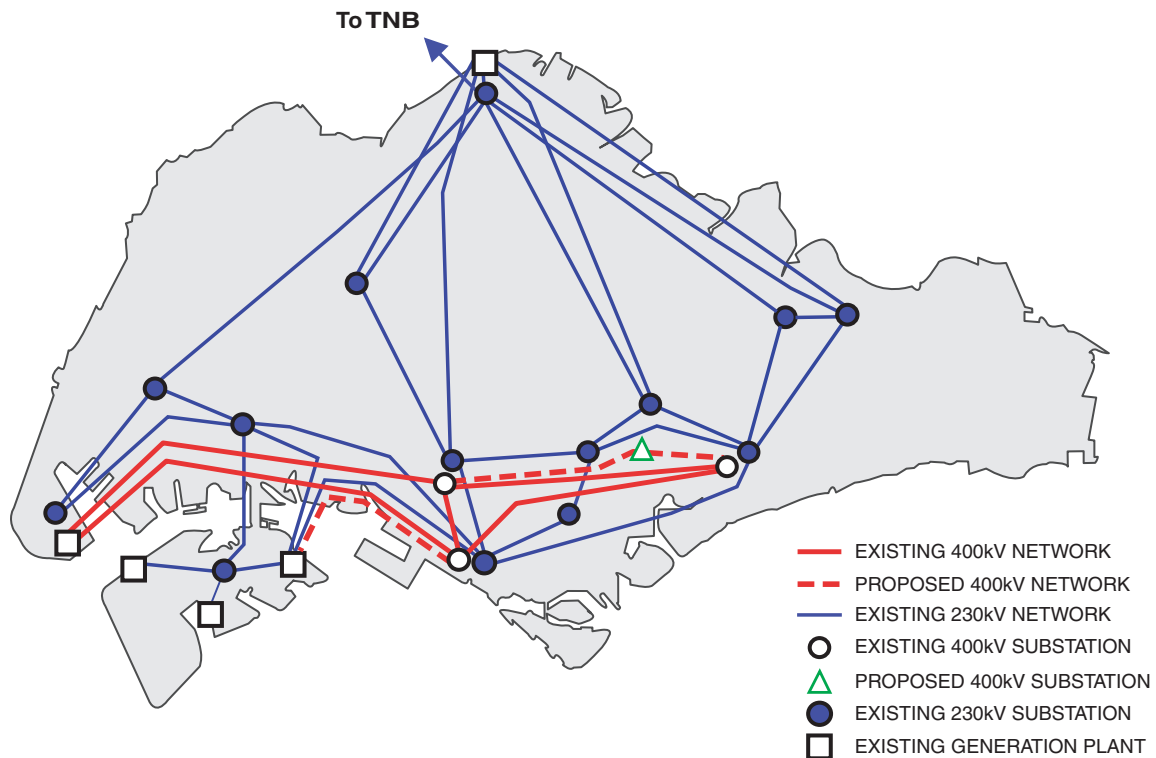
We are required to plan and develop our transmission and distribution network to ensure that the reliability of electricity supply meets the standards prescribed by the EMA. Load forecasting is carried out, taking into consideration new loads and existing loads on our network, to identify areas where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

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. Since 2005, as part of the upgrading and expansion of our transmission and distribution networks, about 600 new distribution substations and 4 new transmission substations have been brought into service, while 559 km of new transmission cables and 2,275 km of new distribution cables have been laid. Total capital expenditure during fiscal 2008 amounted to S\$521 million.

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.

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

Location of Our Existing 400kV and 230kV Transmission Networks and Our Proposed 400kV Transmission Network



Our 400kV Transmission Network

The current total cable circuit length of our 400kV transmission network is approximately 144 km. 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 is planned to be extended to Pulau Seraya Power Station in 2009 and with a power injection point in the city area at Rangoon Road vicinity in 2013 to meet the rapidly increasing demand in the Central Region.

The total expenditures for the period from 1995 up to March 2008 for the 400kV project are estimated to be S\$2.3 billion. The cost of further enhancements to our 400kV transmission network is currently estimated at approximately S\$673 million.

Our 230kV Transmission Network

The current total cable circuit length of our 230kV transmission network is approximately 695 km. Our 230kV transmission network supplies 17 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.

A new 230kV substation at Woodlands Avenue 8 was commissioned in July 2006 to meet demand growth in the northern region, where several chip and wafer manufacturers are located. Since 2005, we have commissioned 230kV circuits to cater for export of new power plant generation and reinforcement of the existing 230kV network.

Our 66kV Transmission Network

The current total cable circuit length of our 66kV transmission network is approximately 1,219 km. Since 2005, two new 66kV substations, namely, Kim Chuan 66kV and Biopolis 66kV, have been commissioned. In the same period, 19 new 66kV circuits and 24 new 75MVA transformers were also commissioned to meet regional load growth.

Our 66kV projects under implementation in fiscal 2008 include a new 66kV substation, namely, Magazine Road 66kV substation to provide supply to Marina Bay and the developments along the Singapore River and other commercial developments.

Other Network Enhancement Projects

Other ongoing 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 Tunnels

It has become increasingly difficult to secure a transmission corridor in Singapore for cable installation due to land scarcity. It is planned to progressively develop a cable tunnel network infrastructure in Singapore to secure underground spaces for the installation of 400kV and 230kV cables to support the network development and renewal plans. In addition to existing cable tunnels at Seraya, Tuas and Senoko, a new cable tunnel currently under construction between Harbour Drive and Labrador is scheduled for completion in 2008.

Two new tunnels, North-South and Central-East, at a total length of 35 km are planned to be constructed between 2009 and 2014 to facilitate the renewal of the first generation 230kV circuits from Senoko and the extension of the 400kV network towards eastern region of Singapore respectively. The estimated total project cost for these two new tunnels is S\$1.5 billion.

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 required to conduct the business of providing electricity transmission services in Singapore (the “**Business**”), and we may also carry on any other activities which the EMA may approve in writing. Save as aforesaid, we are not permitted to engage directly or indirectly in any other business activities or voluntarily commit to any liability in relation to such other business activities, 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 it 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 and distribution 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 favour of our subsidiaries or related enterprises, and 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 to appoint only the Manager 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, and is on such terms and conditions as approved by the EMA. The EMA also has the right to direct us to amend or vary the terms of the Management Services Agreement. We are not permitted to terminate the Management Services Agreement. The EMA may waive or vary any of these requirements.

We pay the EMA an annual license fee in respect of our Transmission License, which in 2008 amounted to S\$6.0 million. The amount of the fee is determined by the EMA 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. We are also not permitted to, directly or indirectly, acquire or hold any shares in any person authorized by an electricity license or exempted from the obligation to hold an electricity license, to engage in any such activities. We have to prepare separate accounts for our 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 the Transmission License and whether they give a true and fair view of revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, our 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. 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 have not 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 co-operation 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 based on a cost recovery methodology, which is developed by us and approved by the EMA. The EMA's approval must also be obtained for any revisions to the prevailing methodology. We are required to publish statements, in a form approved by the EMA, setting out the basis upon which our fees and charges will be levied 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.

It is our duty to use our best endeavours to ensure that our average revenue per kWh earned from our provision of transmission services in each year does not exceed the maximum average revenue per kWh calculated in accordance with the formula set out in our Transmission License. See “—Our Tariff Regulatory Framework.”

Developmental Work

The EMA may from time to time require us to perform 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 our Business.

Agreements with Market Participants

Pursuant to our Transmission License, we have entered into various agreements with other participants in the NEM. 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 you 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 effected. 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 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 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 or group of consumers represent a significant percentage of our revenues or capacity. For a description of certain classes into which we commonly group consumers, and information as to the aggregate amount of electricity transmitted and distributed by us to each such class of electricity consumer, 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 MSSL.

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 maintain security deposits from non-contestable electricity consumers because the risk of collection of our transmission tariff revenue from non-contestable consumers is borne by SP Services, our agent for the

collection of our transmission tariffs. 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, credit risk with respect to the collection of transmission tariff revenue from non-contestable consumers is borne by SP Services, not us. 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.

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 MSSL, which do not separately itemize charges for electricity supply and for transmission and distribution services.

Our Tariff Regulatory Framework

Performance-Based Regulation and Price Caps

Our network tariffs for the transmission and distribution of electricity are regulated by the EMA pursuant to regulatory price controls. From fiscal 2004 through fiscal 2008, on average 96.9% of our annual revenue was derived from regulated tariff revenues, generating substantial and predictable free cash flow and earnings. Our current regulatory price controls went into effect on April 1, 2003 and are scheduled to be reset in 2008. We are currently negotiating the reset of our network price caps with the EMA. When confirmed by the EMA, the reset will be effective from April 1, 2008 to March 31, 2013.

The regulatory framework is performance based which allows us to retain during each regulatory period the benefit of productivity gains we achieve during such regulatory period. Future resets of our current price controls could result in a regulatory period that is shorter or longer than our current five-year regulatory period. Efficiencies we attain in excess of those assumed by the EMA, for example in respect of capital expenditure and operating costs, are retained in the current regulatory period and are intended to be shared between ourselves and electricity consumers in the following regulatory period. This performance-based regulatory framework provides a high degree of certainty with respect to our price controls and tariffs. We believe that such a regulatory framework will continue to work well in the current five-year regulatory period.

The EMA uses a building block methodology to forecast our future revenue requirements. Under the building block methodology, our revenue requirement is determined from our projected capital expenditure, operating expenditures, depreciation and taxes, with our revenue requirement essentially equalling 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. A direct linkage therefore exists under this methodology between our capital structure, cost of capital and regulatory revenues. The level at which the WACC is set is the subject of discussions between the EMA and us. The EMA has set the WACC for the current five-year regulatory period which commenced on April 1, 2008 at 6.34% (nominal after tax). As of March 31, 2008, our regulated asset base was S\$6,733.7 million. 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. As the EMA compares our financial performance against this building block benchmark established by reference to our WACC, 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 total energy distributed.

Our average network tariffs are capped pursuant to the five-year price control formula set by the EMA and our resulting tariffs for different customer segments are benchmarked against tariffs of similar utilities in other countries to ensure a competitive outcome. The EMA relies on extensive tariff, cost and performance benchmarking 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 structure between such consumer segments, subject to EMA approval and as long as our average network tariff is not greater than the price controls established by the EMA. Typically, our effective tariffs are set annually, but we may revise our prevailing tariffs, or make changes to or between our consumer segments, at any time.

As the maximum average network tariffs which we may charge are capped by price controls imposed by the EMA, we are exposed to certain volume risk. If the amount of electricity that we transmit or distribute is materially different to the level assumed in the building block calculation, our revenues will be affected. Under our present regulatory framework, 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, our present regulatory framework is such that the EMA will adjust our price controls within the current regulatory period or the subsequent regulatory period to compensate for such variance in volume.

We also take the risk that the electricity demand projected with respect to particular consumer segments will be different from that assumed in the building block forecast. Our risk is not limited by the regulator for changes in volume mix between our consumer segments, if the total volume deviation from all consumer segments is within 2.0% of the total volume assumed in the building block forecast.

Our Current 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 implementing 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.

The following table sets forth our transmission tariffs effective from April 1, 2007 by consumer segment:

Consumer segment	Contracted Capacity Charge (\$\$ per KW per month) ⁽¹⁾	Peak Period Charge (7.00 A.M. to 11.00 P.M.) (S¢ per kWh)	Off Peak Period Charge (11.00 P.M. to 7.00 A.M.) (S¢ per kWh)	Reactive Power Charge (S¢ per chargeable kVArh) ⁽²⁾	Uncontracted Capacity Charge (\$\$ per chargeable KW) ⁽³⁾	Uncontracted Standby Capacity Charge (\$\$ per chargeable KW)		
						CCS ⁽⁴⁾	ECCS ⁽⁵⁾	
							Tier 1	Tier 2
Ultra High Tension Consumers	6.19	0.25	0.02	0.44	9.29	30.95	30.95	74.28
Extra High Tension Consumers	6.74	0.28	0.04	0.48	10.11	33.69	33.69	80.88
High Tension Large Consumers	7.04	1.15	0.13	0.59	10.56	35.20	35.20	84.48
High Tension Small Consumers	7.04	1.30	0.14	0.59	10.56	35.20	35.20	84.48
Low Tension Large Consumers, Contestable	—	5.35	4.10	—	—	—	—	—
Low Tension Small Consumers, Non-Contestable	—		Flat rate of 5.35	—	—	—	—	—

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, 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% and 200% of the contracted capacity for a duration of more than 100 seconds
 - Tier 2: in the event that the demand (in kW) drawn from the network exceeds 200% of the contracted capacity for a duration of more than 10 seconds
- (6) The transmission tariffs indicated exclude Goods and Services Tax.

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 which represents approximately 85.0% of such consumers' total

transmission tariffs. 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 fixed charges representing approximately 80.0% of such consumers' total transmission tariffs.

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 fixed charges representing approximately 60.0% of High Tension consumers' total transmission tariffs.

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.

Network Performance Scheme

The EMA has imposed a network performance scheme, the SOP, on us since August 2004. This is an incident based performance scheme with financial penalties for not meeting the set performance targets. The SOP applies to power failure incidents, supply restoration and power quality, as summarised in the table below.

<u>Dimension</u>	<u>Performance Standard</u>	<u>Financial Penalty for Contravention</u>
1. Reliability of supply	No power failure incident caused by the failure of, damage to, or operation of equipment or cables rated at 66kV and above	(i) first incident within 12 months - up to \$1 million (ii) second incident within a period of 12 months from the first incident - up to \$1.5 million (iii) third and subsequent incidents within a period of 12 months from the first incident - up to \$2 million
2. Reliability of supply	No power failure incident caused by the failure of, damage to, or operation of equipment or cables rated at 22kV except for power transformers	(i) first incident within 6 months - up to \$500,000 (ii) second incident within a period of 6 months from the first incident - up to \$750,000 (iii) third and subsequent incidents within a period of 6 months from the first incident - up to \$1 million

<u>Dimension</u>	<u>Performance Standard</u>	<u>Financial Penalty for Contravention</u>
3. Reliability of supply	Not more than one power failure incident in each calendar month, caused by the failure of, damage to, or operation of equipment or cables rated at 6.6kV and power transformers rated at 22kV	(i) second incident in each calendar month - up to \$50,000 (ii) third and subsequent incidents in each calendar month - up to \$100,000
4. Restoration of supply	Time taken to restore electricity supply for each power failure due to failure of, damage to, or operation of equipment or cables rated at 22kV and below not exceeding 3 hours	(i) each and every incident where the restoration time exceeds 3 hours - up to \$50,000
5. Restoration of supply	Time taken to restore electricity supply for each power failure due to failure of, damage to, or operation of equipment or cables rated at 22kV and below not exceeding 2 hours in 90% of the power failure incidents in each calendar month	(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 \$50,000

<u>Description</u>	<u>Performance Standard</u>	<u>Penalty</u>
Voltage dip caused by the failure of licensee's equipment/cables rated at 66kV or above	Not more than one voltage dip incident within 6 months	\$100,000 per incident
Voltage dip caused by the failure of licensee's equipment/cables rated at 22kV	Not more than one voltage dip incident within 3 months	\$20,000 per incident

The following criteria are used by EMA for determining the financial penalty for each incident:

<u>Criteria</u>	<u>Extent of Financial Penalty</u>
No operating procedure in place to prevent power failure	100%
Operating procedures in place but inadequate.	50%
Adequate operating procedures in place and power failure unavoidable.	0

The quantum of financial penalty may deviate from the above criteria by up to +/- 20% depending on the gravity of the power failure but subject to the maximum penalty for the contravention. For each incident, we are allowed to put up mitigating reasons. The EMA will then determine if we have provided sufficient and valid mitigating reasons to lift or minimise the financial penalty.

We are presently in consultation with the EMA to review the SOP.

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>Nature of Performance Standards</u>	<u>Service Indicator</u>	<u>Service Standard</u>	<u>Performance Target (%)</u>
Availability of electricity	Minimum duration of notice of interruption of electricity supply	7 days	95.0
	Time taken to restore electricity supply following outage caused by network fault	3 hours Exceed 2 hours but does not exceed 3 hours	100.0 <=10.0
Quality of electricity.	Time taken to rectify voltage complaint or limit violation	2 days	95.0
	Time taken to rectify voltage complaint which requires network reinforcement	6 months	99.0
Provision of service	Time taken to implement electrification scheme requiring new substations after takeover of substation (up to 22kV)	10 weeks	90.0
	Time taken to implement service connection requiring cable installation work after premises to be supplied is ready to receive cable	6 weeks	90.0
Consumer responsiveness	Time taken to reply to written enquiry or complaint	7 working days	95.0
Metering services	Time taken to attend to meter problem upon notification	8 days	95.0

Insurance

We face the risk of losses in our operations, including risks related to third party liabilities, terrorism, the failure of our assets and machinery to operate properly, fire and risks related to catastrophic events, such as a major accident or incident at a third party’s electricity generation plant to which our transmission or distribution network is connected. Although constructed, operated and maintained to withstand certain of such occurrences, our network assets may not do so in all circumstances.

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 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.

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 programmes, as necessary. The insurance broker also advises us on the extent of our insurance coverage and the adequacy of sums insured.

Suppliers

We procure transformers, switchgear, cables and related products and services with respect to the development and management of the transmission and distribution network to meet our business needs. 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. Our suppliers have proven track records in the supply of goods and services, or are able to provide satisfactory project references from respectable utility companies.

Property

Significant properties that we own or lease primarily comprise our transmission and distribution network assets and real property associated with our transmission and distribution network. SP PowerGrid is party to a sub-lease agreement with Singapore Power Limited for the use of our offices located at 111 Somerset Road (in the building previously known as the Singapore Power Building) and we own other limited properties in Singapore. Singapore Power Limited has divested and leased back the building previously known as the Singapore Power building from ARIEF (Singapore) Pte Ltd. in February 2008. The sub-lease is for a period of four years. We paid Singapore Power Limited S\$2.9 million as rent for fiscal 2008 and we expect this sum to increase to approximately S\$4.2 million for fiscal 2009.

Legal and Regulatory Proceedings

We are not and have not been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, 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.

OUR BOARD OF DIRECTORS

Board of Directors

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr Alan Chan Heng Loon	55	Chairman
Mr Keith Tay Ah Kee	64	Non-Executive Director
Mr Tan Chee Meng	51	Non-Executive Director
Mr Quek Poh Huat	61	Executive Director

Mr Alan Chan Heng Loon is the Chairman of our company. He is also a non-executive independent director of Singapore Power Limited. Mr Chan is currently the Chief Executive Officer and a Director of Singapore Press Holdings Limited. He is the Chairman of the Urban Redevelopment Authority and SPH Magazines Pte Ltd. He is a member of the Board of Trustees of the Courage Fund and the Board of Governors of The Singapore-China Foundation. He is also a member of the Casino Regulatory Authority of Singapore and Business China.

Previously, Mr Chan was the Permanent Secretary for the Ministry of Transport and held directorships in DBS Group Holdings Ltd, The Development Bank of Singapore Ltd and PSA Corporation Ltd. He also sits on the boards of MediaCorp TV Holdings Pte Ltd, MediaCorp Press Ltd, Singapore Press Holdings Foundation Limited, TOM Outdoor Media Group Limited, TP Ventures Pte Ltd, GMM Times Company Limited, Business China, Magazines World Sdn Bhd, Blu Inc Holdings Malaysia Sdn Bhd and Blu Inc Media Sdn Bhd. Mr Chan was awarded the Public Administration Medal (Gold) in 2002.

Mr Keith Tay Ah Kee is a non-executive director of our company. He is also the Chairman of the Audit Committee of our company and with effect from July 1, 2008, a director and the Chairman of the Audit Committee of PowerGas Limited. Mr Tay serves on the boards of several private and public companies, including Singapore Reinsurance Corporation Ltd, Singapore Post Limited and Stirling Coleman Capital Limited, of which he is Chairman. He is also the Chairman of Aviva Ltd.

Mr Tay is currently a board member of the Singapore International Chamber of Commerce, of which he was Chairman from 1995 to 1997. He is also Vice Chairman of the Singapore Institute of Directors.

Mr Tay was a director of Singapore Power Limited as well as the Chairman of Singapore Power Limited's Audit Committee from 2002 to 2007. He was the President of the Institute of Certified Public Accountants of Singapore from 1982 to 1992 and was the Singapore Representative on the Council of the International Federation of Accountants from 1987 to 1990. Mr Tay was Chairman and Managing Partner of KPMG Peat Marwick from 1984 to 1993. Mr Tay qualified as a Chartered Accountant in London, UK, in 1968, and is a Fellow of the Institute of Chartered Accountants in England and Wales. He was conferred the first International Award for outstanding contribution to the profession by the Institute of Chartered Accountants in England and Wales in 1988 and the Public Service Star (BBM) in 1990. The Institute of Certified Public Accountants of Singapore also conferred on Mr Tay the Gold Medal for distinguished service to the profession and made him an Honorary Fellow in 1993.

Mr Tan Chee Meng is a non-executive director of our company. He is also a non-executive independent director of Singapore Power Limited and with effect from July 1, 2008, a director of PowerGas Limited. Mr Tan is Head (International Projects) and a Partner of WongPartnership LLP. He was appointed Senior Counsel in January 2006, and a Specialist Judge in July 2006.

Mr Tan is a Fellow of the Singapore Institute of Arbitrators and an Accredited Adjudicator of the Singapore Mediation Centre. He is a Regional Panel Arbitrator of the Singapore International Arbitration Centre and is on the Panel of Accredited Arbitrators of Badan Arbitrase Nasional Indonesia. Mr Tan also sits on the Board of the National Council of Social Service and is a member of the Board of Governors of St Gabriel's Foundation.

Mr Quek Poh Huat is an executive director of our company. Mr Quek was appointed a director of Singapore Power Limited in November 2001 and Group Chief Executive Officer in May 2004. Within the Singapore Power Group, Mr Quek also serves as director on the boards of PowerGas Limited and SP Services Limited. He is currently also Chairman of the Manager, SPI Management Services Pty Ltd and SPI (Australia) Assets Pty Ltd. He is a board director of publicly-listed Singapore Technologies Engineering Ltd. Previously, Mr Quek was the Chairman of PowerGas Limited and a director of SP AusNet*.

Mr Quek is Singapore’s non-resident Ambassador to Sweden. He was conferred the Public Service Star by the Government in 1994.

Audit Committee

The main function of the audit committee (the “Audit Committee”) is to assist the Board in discharging its statutory and oversight responsibilities relating to the financial reporting and audit processes, the systems of internal controls and the process of monitoring compliance with the applicable laws, regulations and codes of conduct.

The Audit Committee holds at least three meetings each year and is responsible for the following:

- review and approval of the audit plans of external and internal auditors;
- review of the adequacy of the internal audit function;
- review of the financial accounts of the Company;
- review of the independence and objectivity of the external auditors; and
- nomination of external auditors for re-appointment.

The Chairman of the Audit Committee is Mr Keith Tay Ah Kee. The other Audit Committee members are Mr Tan Chee Meng and Mr Alan Chan Heng Loon.

Role of the Manager

The Manager manages and operates our business on our behalf. For more information about the Manager, see “The Manager and its Employees.”

Senior Management

Two full time executives of Singapore Power Limited have assumed responsibilities as our Chief Financial Officer and General Counsel. They will provide services to us pursuant to the Corporate Services Agreement to which Singapore Power Limited and the Manager are each a party. For more information regarding the Corporate Services Agreement, see “The Manager and its Employees—Corporate Services Agreement.” As we are required under the Management Services Agreement to reimburse the Manager for costs incurred by the Manager under the Corporate Services Agreement, we will bear the costs of such corporate services provided by our Chief Financial Officer and General Counsel.

The following table sets forth the members of the senior management of our company, who are employees of Singapore Power Limited:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr Yap Chee Keong	48	Chief Financial Officer
Ms Chi Ping Huey	51	General Counsel

Mr Yap Chee Keong, Chief Financial Officer, is responsible for providing financial strategy and leadership throughout the SP Group. This includes overseeing the corporate finance, treasury, financial management, tax planning and risk management functions. He is also responsible for corporate planning and strategic investments and has oversight of the overseas investments of SP Group which includes its Australian investments. Mr Yap sits on the boards of certain subsidiaries of Singapore Power including SPI (Australia) Assets Pty Ltd and SPI Management

* A stapled group comprising SP Australia Networks (Transmission) Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Finance) Trust, acting through its responsible entity, SP Australia Networks (RE) Ltd. It is dual listed on the Australian Stock Exchange and the Singapore Exchange Securities Trading Limited.

Services Pty Ltd, the manager of SP AusNet*. He is also the Chairman of Singapore District Cooling Pte Ltd. Prior to joining Singapore Power Limited, Mr Yap worked with multinational, listed and private companies as Chief Financial Officer and in other senior management positions. Mr Yap has a Bachelor of Accountancy degree from the National University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore.

Ms Chi Ping Huey, General Counsel of our company, is also General Counsel & Company Secretary of Singapore Power Limited. Ms Chi has worked with Singapore Technologies Group, where she held various senior positions including the position of Head (Legal) at Singapore Aerospace Limited. Her legal experience spanning over 20 years included banking portfolio as well as M&A projects and negotiations with OEMs. Ms Chi began her career with a major local bank and has been in private practice. Ms Chi is a member of the Singapore Law Academy. An OCBC scholar, she has a Bachelor of Law (Honours) degree from the National University of Singapore and was admitted as an Advocate and Solicitor to the Supreme Court in 1985.

Employees

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

We do not reimburse the Manager for the staff costs of its employees. However, we pay the Manager an annual Management Fee of 1.45% of our average regulatory assets pursuant to the Management Services Agreement. The amount of the Management Fee is based on the Manager’s historical and the Manager’s projected staff costs. See “The Manager and its Employees—Management Services Agreement.”

THE MANAGER AND ITS EMPLOYEES

We have engaged the Manager to manage and operate our business. We have thereby gained access to a highly experienced executive management team. The management arrangement between SP PowerAssets 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 SP PowerAssets by allowing ownership flexibility.

Pursuant to the Management Services Agreement, we have granted to the Manager the exclusive right to manage, operate and maintain our transmission and distribution network and conduct our business, subject to applicable laws, regulations and guidelines. We have operated under this management arrangement since October 8, 2003. The Manager also manages and operates, 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, pursuant to which the Manager receives various corporate services, including legal support services, corporate secretarial services, information technology services, corporate finance and treasury services, and support services for human resources, property conveyancing and lease management, 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. On average, the Manager's executive and management employees have 16 years of service with the Singapore Power Group or the PUB as at March 31, 2008. 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 divided into 10 million ordinary shares.

Board of Directors

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr Quek Poh Huat	61	Chairman
Mr Timothy Chia	58	Director
Mrs Oon Kum Loon	57	Director
Mr Sim Kwong Mian	57	Director
Mr Nino Ficca	48	Director

Mr Quek Poh Huat is Chairman and an executive director of the Manager. Mr Quek was appointed a director of Singapore Power Limited in November 2001 and Group Chief Executive Officer in May 2004. Within the Singapore Power Group, Mr Quek also serves as director on the boards of PowerGas Limited, SP PowerAssets and SP Services Limited. He is currently also Chairman of SPI Management Services Pty Ltd and SPI (Australia) Assets Pty Ltd. He is a board director of publicly-listed Singapore Technologies Engineering Ltd. Previously, Mr Quek was the Chairman of PowerGas Limited and a director of SP AusNet*.

Mr Quek is Singapore's non-resident Ambassador to Sweden. He was conferred the Public Service Star by the Government in 1994.

Mr Timothy Chia Chee Ming is a non-executive director of the Manager. He is also the Chairman of the Audit Committee of the Manager and with effect from July 4, 2008, he is a director and Chairman of the Audit Committee and Risk Management Committee of SPI (Australia) Assets Pty Ltd. Mr Chia is currently the Chairman of Gracefield Holdings Limited and Deputy Chairman & Group CEO of Hup Soon Global Corporation Limited. He also serves on the boards of several private and public companies, including Banyan Tree Holdings Ltd, FJ Benjamin Holdings Ltd, Fraser and Neave Limited and Singapore Post Limited. He is also a Member on the Board of Trustees of Singapore Management University.

Mr Chia was a director of Singapore Power Limited from 1998 to 2004. He was the President of PAMA Group Inc. from 1986 to 2004 and PAMA (Singapore) Private Ltd from 1988 to 2004. He has had directorships in several

* A stapled group comprising SP Australia Networks (Transmission) Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Finance) Trust, acting through its responsible entity, SP Australia Networks (RE) Ltd. It is dual listed on the Australian Stock Exchange and the Singapore Exchange Securities Trading Limited.

public listed companies, including The Hour Glass Limited, Magnecomp Precision Technology Public Co., Ltd, KorAm Bank Co. Ltd and Meritz Securities Co. Ltd.

Mrs Oon Kum Loon is a non-executive director of the Manager. She is also a member of the Audit Committee of the Manager. Mrs Oon currently serves on the boards of China Resources Microelectronics Limited, Keppel Corporation Limited, PSA International Pte Ltd and Schmidt Electronics Group Limited. She is also a member of the Board Risk Management Committee of Singapore Power Limited.

Mrs Oon has approximately 30 years of extensive experience with DBS Bank Ltd, having held a number of management and executive positions. She was the Chief Financial Officer of DBS Bank Ltd before she retired in 2003. Prior to serving as Chief Financial Officer, she was the Managing Director and Head of Group Risk Management, responsible for the development and implementation of a group-wide risk management framework.

Mr Sim Kwong Mian is an executive director of the Manager. He has been the Managing Director of the Manager since October 2003 and has been with the SP Group for 13 years. Prior to this, he was with the Public Utilities Board for 18 years. Mr Sim is currently the Chairman of Power Automation Pte Ltd. He is also a director of SP Global Solutions Pte. Ltd., SP Telecommunications Pte Ltd and SPI Management Services Pty Ltd.

Mr Sim represents Singapore in the Heads of ASEAN Power Utilities/Authorities, which leads the power interconnection project to link the member countries' electricity networks. He also represents Singapore in the Association of Electricity Supply Industry of East Asia and Western Pacific (AESIEAP).

Mr Sim is a registered Professional Engineer with the Professional Engineers Board, Singapore, and a Senior Member of the Institution of Engineers, Singapore. He holds a Bachelor of Engineering (Electrical) degree from the University of Singapore, a Master of Science (Electrical) from the University of Manchester Institute of Science & Technology, and a Diploma in Management Studies from the Singapore Institute of Management. He has also completed the Advanced Management Program at the Harvard Business School.

Mr Nino Ficca is an executive director of the Manager. He is the Managing Director of SPI Management Services Pty Ltd and SP AusNet* and also has directorships in these companies.

Mr Ficca has worked in the energy industry for over 25 years, including in a number of senior management roles. He has been a Director and Deputy Chairman of the Energy Supply Association of Australia until December 2007, and a member of the National Electricity Market Operations Committee.

Mr Ficca holds a Bachelor of Engineering (Electrical) Honours degree and a Graduate Diploma in Management from Deakin University.

Senior Management

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr Sim Kwong Mian	57	Managing Director
Mr Chang Swee Tong	59	Deputy Managing Director
Mr Cheng See Tau	56	General Manager (Network Management)
Mr Chan Eng Kiat	54	General Manager (Network Planning)
Mr Loy Sai Chin	54	General Manager (Network Development)
Mr Chung Choon Heong	59	General Manager (Projects)
Mr Albert Teow	56	Director (Corporate Services)
Mr Law Chin Ho	36	Head (Regulatory) & Director (Finance)
Dr Yoon Kok Thean	54	Director (Procurement)
Mr Han Tek Fong	45	Director (Asset Management)

Mr Sim Kwong Mian is a Member of the Board of Directors and the Managing Director of the Manager. For a biography of Mr Sim Kwong Mian, see “—Board of Directors.”

* A stapled group comprising SP Australia Networks (Transmission) Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Finance) Trust, acting through its responsible entity, SP Australia Networks (RE) Ltd. It is dual listed on the Australian Stock Exchange and the Singapore Exchange Securities Trading Limited.

Mr Chang Swee Tong is Deputy Managing Director of the Manager. He is a Colombo Plan Scholar graduated from University of Auckland, New Zealand in Electrical Engineering. A Professional Engineer and a Chartered Engineer, he has also completed the International Executive Program at INSEAD, France. Mr Chang has been involved in the planning, development and management of transmission and distribution network in Singapore for 30 years. He played a key role in the major developments of Singapore's power network including the 400kV transmission system and the Undersea Cable Tunnel project. He was awarded the Public Administration Medal (Bronze) in 1988 by the Government. Mr Chang has been successful in leading the condition monitoring and power quality programs for effective asset management.

Mr Cheng See Tau is General Manager (Network Management) of the Manager. He holds a Bachelor of Engineering (Electrical Engineering) and a Master of Science (Industrial Engineering) from the University of Singapore. Mr Cheng attended the Program for Global leadership at the Harvard Business School in 2000. He is a Professional Engineer, Singapore and Chartered Engineer. He is also a senior member of the Institution of Engineers, Singapore and the Institution of Engineering and Technology (U.K.). Mr Cheng has more than 30 years of extensive experience in the electricity transmission and distribution business. His experience covers network planning, engineering design, project management and implementation of the transmission and distribution network, supplier management, engineering procurement and network management.

Mr Chan Eng Kiat is General Manager (Network Planning) of the Manager. He holds a Bachelor of Engineering (Hons.) in Electrical Engineering and a Master of Science in Industrial Engineering from the University of Singapore. He is a Professional Engineer, Singapore and a member of the Institution of Engineers, Singapore. He has more than 32 years of experience in power transmission and distribution business, covering planning, system commissioning, protection and control, operation and maintenance, and regulatory management. He was seconded to be the Managing Director of Power Automation Pte Ltd, a joint venture of Singapore Power and Siemens, in 1995 before returning to SP PowerGrid in October 2004. He was awarded the Asean Engineering Award (Singapore) for Excellence in Technology in 1998.

Mr Loy Sai Chin is General Manager (Network Development) of the Manager. He graduated from the University of Western Australia in 1978 with a Bachelor of Engineering (Electrical Engineering). He is a registered Professional Engineer with the Professional Engineer Board, Singapore. Mr Loy has more than 28 years of experience in the electrical transmission and distribution business. His experience covers power system protection, transmission network operation and maintenance and project management and implementation of the transmission and distribution network.

Mr Chung Choon Heong is General Manager (Projects) of the Manager. He holds a Bachelor of Engineering (Electrical Engineering) from the University of Singapore. Mr Chung is a Professional Engineer, Singapore and a Chartered Engineer (U.K.). He was awarded the Efficiency Medal in 1984 by the Government. He has over 30 years of experience in the construction, maintenance and operation of both distribution and extra high voltage networks.

Mr Albert Teow is Director (Corporate Services) of the Manager. His portfolio includes human resource and administration, business continuity and crisis management, risk management and corporate communications. Mr Teow holds a Bachelor of Electrical Engineering from the University of Singapore, a Master of Business Administration and a Diploma in Marketing. He has over 13 years of electrical engineering experience in operational and management appointments. In the last 17 years, he held managerial positions in corporate service functions including corporate planning, public relations and administration and emergency planning in addition to his current portfolio.

Mr Law Chin Ho is Director (Finance) and Head (Regulatory) of the Manager. He holds a Bachelor of Accountancy from the Nanyang Technological University. Mr Law is a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore and a Chartered Financial Analyst. Mr Law was previously with PricewaterhouseCoopers and has over 10 years of experiences in finance, tax and accounting. He was also previously seconded to SP AusNet in Australia and played an active role in the dual listing of SP AusNet in Australia and Singapore.

Dr Yoon Kok Thean is Director (Procurement) of the Manager. He holds degrees in Bachelor of Science (Electrical Engineering), Master of Science (Power Systems Technology) and Doctor of Philosophy (Electrical Engineering) from the University of Salford, United Kingdom. Dr Yoon attended the Executive Program for Global Leadership at the Harvard Business School in 2000. He is a Corporate Member of the Institution of Engineering and Technology (UK), a member of the Institute of Electrical and Electronic Engineers (US) and a Registered Professional Engineer with the Professional Engineers Board, Singapore. Dr Yoon has more than 25 years of experience in the electricity transmission and distribution business covering operation and maintenance, engineering development, project management and procurement.

Mr Han Tek Fong is Director (Asset Management) of the Manager. He holds a Bachelor of Engineering (Electrical Engineering) from the National University of Singapore. Mr Han is a Professional Engineer, Singapore and had also completed the International Executive Programme at INSEAD, France in 2006. Mr Han has over 20 years of experience in the electricity transmission and distribution business covering planning and maintenance of the SCADA system, network engineering design and performance management of the transmission and distribution network. In recent years, he played a leading role in setting up and driving effective asset management initiatives across the various operational units within the company.

Employees

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

We do not reimburse the Manager directly for its staff costs. However, we pay the Manager a Management Fee of 1.45% of our average regulatory assets pursuant to the Management Services Agreement. See “—Management Services Agreement.”

As at March 31, 2008, the Manager employed 1,516 people. The Manager categorizes its employees as management, administrative or technical and as executive or non-executive for internal purposes and the Manager has adopted the same structure. The composition of the Manager’s employees as at March 31, 2008 is set forth in the table below:

<u>Category of Employee</u>	<u>Number</u>
Management	65
Administrative	156 ⁽¹⁾
Technical	1,295 ⁽²⁾
<u>Total</u>	<u>1,516</u>

Notes:

- (1) Includes 28 executive administrative employees.
- (2) Includes 254 executive technical employees.
- (3) All engineers are considered executive employees.

The Manager’s employees are highly experienced. As of March 31, 2008, the average length of service of all the Manager’s employees with the Singapore Power Group and/or the PUB was 20 years. The average length of service of the Manager’s executive and management employees with the Singapore Power Group and/or the PUB was 16 years and of the Manager’s non-executive and non-management employees was 21 years.

All of the Manager’s employees are full-time and salaried. 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, 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. In July 2007, the rates of employers’ CPF contributions were revised upwards. For example, the rate of employers’ CPF contributions for employees aged 50 or below was increased from the prevailing rate of 13.0% (effective from October 2003) to 14.5% of the employee’s total annual earnings.

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

The Manager encourages employee training and development through its “Annual Total Learning Plan,” pursuant to which 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 an employees’ union, UPAGE. As at March 31, 2008, approximately 91.9% of the Manager’s non-executive employees were unionized. A collective bargaining

agreement entered into by the Manager and UPAGE governs limitations on hiring, work hours and termination rights of UPAGE members. This collective bargaining agreement, which is binding on us, expires in February 2010 and negotiations will then be conducted for a new collective bargaining agreement. The quantum of employee bonuses and compensation increments are bargained separately with UPAGE on an annual basis, with a performance appraisal process used to determine variable pay 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 entered into a Management Services Agreement with the Manager on October 8, 2003. The Management Services Agreement is amended from time to time by agreement between us and the Manager and with the approval of the EMA.

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 manage, operate and maintain and do or cause to be done all things reasonably necessary for the efficient and proper management, operation and maintenance of our transmission and distribution network, and to manage and conduct the Business for and on our behalf, all in accordance with all applicable laws, regulations and guidelines, including, without limitation, requests, directions or guidelines of the EMA under the Electricity Act (the "EMA Directions"). The term of the Management Services Agreement commences from October 8, 2003 and continues until our Transmission License expires or terminates, or earlier upon 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:

- (i) negotiation and execution on our behalf of all contracts and agreements in the conduct of the Business;
- (ii) supervision and control of the operation of and the maintenance and repairs to and upgrading of our transmission and distribution network;
- (iii) employing all personnel and employees as may be required for the management, operation and maintenance of our transmission and distribution network and the conduct of the Business under the Management Services Agreement (the "SP PowerGrid Business Employees");
- (iv) supervising and controlling all of the SP PowerGrid Business Employees;
- (v) retention and maintenance of all accounting and other required records relating to the Business, and the preparation of all accounts relating to the Business, in each case in accordance with the requirements of all applicable laws, regulations and guidelines;
- (vi) generally, taking all necessary or appropriate actions to comply with all applicable laws, regulations and guidelines (including, without limitation, the EMA Directions); and
- (vii) generally, the performance, supervision, direction and control of the conduct of the Business as agent acting for and on our behalf.

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 thereafter, an annual plan for the Business for such 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) the amount of Gross Revenues, Capital Expenses, Operating Expenses, Management Fee and Performance Incentive Fees (each as defined in "—Management Fee" below) projected for that fiscal year;
- (iii) a recommended budget for operation and maintenance expenditures;
- (iv) the business, sales and marketing objectives and strategies of the Business; and

- (v) an analysis of results of operation of the Business.

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 can be made if it would preclude the Manager from managing and operating our transmission and distribution network and the Business in accordance with applicable laws, regulations and guidelines (including, without limitation, the EMA Directions).

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 withhold our agreement to such revision unreasonably or in the following situations:

- (i) after the occurrence of any Force Majeure Event (as defined in "—Management Fee" below) to the extent such revision is reasonable, having regard to the effect of such event on our transmission and distribution network and/or the Business and the actions required to be taken as a consequence; or
- (ii) to the extent that such revision is reasonably required to comply with any applicable laws, regulations and guidelines (including, without limitation, the EMA Directions).

Operating Guidelines

Under the Management Services Agreement, we and the Manager will agree on rules, procedures and 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 operation of our transmission and distribution network and/or the conduct of the Business, including all sums paid and expenses incurred by the Manager under the Corporate Services Agreement (see "—Corporate Services Agreement"), which terms are subject to our approval. 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 and any and all increases thereof; and
- (ii) any and all reduction or loss of Gross Revenues and/or Gross Operating Profit (which is defined in the Management Services Agreement in relation to any fiscal year or period, to mean 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 such SP PowerGrid Business Employee which has been authorized or sanctioned by the Manager. However, the foregoing shall not affect or diminish the liability of the Manager under "—Reimbursement by the Manager", "—Management Fee—Capex Efficiency Carryover Amount", "—Management Fee—Opex Efficiency Carryover Amount" and "—Management Fee—Limit", nor impose any obligation on us to bear or reimburse the Manager for salaries and remuneration payable by the Manager in employing the SP PowerGrid Business Employees (other than as described in the paragraph below).

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 SP PowerGrid Business Employees who immediately prior to the termination of the Management Services Agreement are engaged in the management, operation and maintenance of our transmission and distribution network and the 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 SP PowerGrid Business Employees arising from such termination of their employment by the Manager. We are not required under the Management Services Agreement to reimburse the Manager for the staff costs of its employees in any other event.

Reimbursement by the Manager

In the event that the total Operating Expenses in any fiscal year exceeds the Prescribed Opex Amount (as defined in “—Management Fee”) for that fiscal year, the Manager has agreed under the Management Services Agreement to pay us the sum equal to 60.0% of the excess, subject to the “Reimbursement Limit” defined below.

In the event that the total Capital Expenses in any fiscal year exceeds the Prescribed Capex Amount (as defined in “—Management Fee”) for that fiscal year, the Manager has also agreed under the Management Services Agreement to pay us the sum determined as follows, subject to the Reimbursement Limit:

$$PA = T \times (M \div 100)$$

Where:

“PA” is the amount payable by the Manager;

“T” is the amount equal to 60.0% of the total amount by which the Capital Expenses in any fiscal year exceeds the Prescribed Capex Amount for that fiscal year; and

“M” is the WACC (as defined in “—Management Fee”) for that fiscal year.

The total liability of the Manager to make any and all payments to us under the preceding two paragraphs with respect to the Operating Expenses and/or the Capital Expenses in any fiscal year is S\$5 million (the “Reimbursement Limit”).

Management Fee

We have agreed with the Manager under the Management Services Agreement to pay to the Manager a management fee (the “Management Fee”) and performance incentive fees (the “Performance Incentive Fees”) for each fiscal year during the term of the Management Services Agreement in the manner summarized below.

The Management Fee is designed to provide compensation to the Manager for expenses relating to all salaries and remuneration (including bonus and incentive payments) and other employment benefits of the SP PowerGrid Business Employees and for all compensation or payments for or arising from the termination of employment of the SP PowerGrid Business Employees and complying with all applicable statutory requirements in connection with the employment of each SP PowerGrid Business Employee, including, but not limited to, the provision of workmen’s compensation insurance and contributions to the Central Provident Fund in respect of such SP PowerGrid Business Employee.

The Performance Incentive Fees are to incentivize the Manager to pursue efficiencies in operating and capital expenditures. The Performance Incentive Fees calculation is consistent with the regulatory framework including the efficiency carryover scheme.

Determination of Management Fee Amount

The Management Fee, in relation to any fiscal year means a fee of an amount equal to 1.45% of the Average RAB (as defined below) of that fiscal year.

“Average RAB” in respect of any fiscal year means the amount derived as follows:

$$\text{Average RAB} = (\text{RAB}^1 + \text{RAB}^2) \div 2$$

“RAB¹” is the RAB (which, in relation to any fiscal year, is defined as 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) of that fiscal year; and

“RAB²” is the RAB of the fiscal year immediately preceding that fiscal year.

Determination of Performance Incentive Fees Amount

The Performance Incentive Fees is the total of the Opex Incentive Fee, the Capex Incentive Fee and the Base Incentive Fee (each as defined below). The payment of the Performance Incentive Fees may be reduced or disallowed as discussed in “—Performance Incentive Fees are Subject to Reduction or Cancellation” below.

Capex Incentive Fee

“Capex Incentive Fee” in relation to any fiscal year is derived as follows:

$$\text{CIF} = S \times (M \div 100)$$

Where:

“CIF” is the Capex Incentive Fee for that fiscal year;

“S” is the amount equal to 60.0% of the amount, if any, by which the Prescribed Capex Amount for that fiscal year exceeds the Capital Expenses for that fiscal year; and

“M” is the WACC for that fiscal year.

For the purpose of the formula set out above, the following terms bear the meaning ascribed to them below:

“Capital Expenses” means all capital expenses of the Business based on accounting standards, policies and practices adopted or applied in the audit of the accounts of the Business.

“Prescribed Capex Amount” in relation to any fiscal year means the total amount of Capital Expenses provided in the Regulatory Submission (as defined below) and approved by the EMA for that fiscal year.

“WACC” in relation to any fiscal year up to March 31, 2013 means 6.34 and in relation to any fiscal year thereafter means the weighted average cost of capital (nominal after tax, text book calculation) as computed or relied upon by the EMA for the purpose of determining or setting the rates or tariffs chargeable by us in that fiscal year for the transmission of electricity or for the provision of any services by us under any license granted under the Electricity Act.

“Regulatory Submission” means the regulatory submission by us to and approved by the EMA for the purpose of determining or setting the rates or tariffs chargeable for the transmission of electricity or for the provision of any services under any license granted to us or PowerGrid under the Electricity Act.

Opex Incentive Fee

“Opex Incentive Fee” in relation to any fiscal year means a fee of an amount equal to 60.0% of the amount, if any, by which the Prescribed Opex Amount for that fiscal year exceeds the total Operating Expenses for that fiscal year.

For the purpose of the determination of the Opex Incentive Fee set out above, the following terms bear the meaning ascribed to them below:

“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, which will include the Management Fee and exclude depreciation, amortization and expenses and payments in respect of property taxes and the Performance Incentive Fees.

“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.

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.

“Gross Revenues” means all the revenue and income derived from the conduct of the Business and shall include subsidy payments, business interruption insurance payments, governmental allowances and any form of incentive payments 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.

The Performance Incentive Fees are Subject to Reduction or Cancellation

The Performance Incentive Fees for any fiscal year will be reduced to:

- (i) 66.66% of Performance Incentive Fees for that fiscal year if any one of the Fee Reduction Events (as defined below) occurs at any time in that fiscal year;
- (ii) 33.33% of Performance Incentive Fees for that fiscal year if any two of the Fee Reduction Events occur at any time in that fiscal year; and
- (iii) 0.0% of Performance Incentive Fees if all three of the Fee Reduction Events occur at any time in that fiscal year.

“Fee Reduction Events” is defined in the Management Agreement to mean the following events:

- (i) “Unplanned SAIDI Event” means the occurrence of both:
 - the failure of the electricity transmission and distribution network to meet the minimum performance standards set out in the S-Factor Scheme (as defined below) with respect to the System Average Interruption Duration Index prescribed or approved by the EMA; and
 - the imposition of a penalty by the EMA under the S-Factor Scheme with respect to such failure.
- (ii) “Unplanned SAIFI Event” means the occurrence of both:
 - the failure of the electricity transmission and distribution network to meet the minimum performance standards set out in the S-Factor Scheme with respect to the System Average Interruption Frequency Index prescribed or approved by the EMA; and
 - the imposition of a penalty by the EMA under the S-Factor Scheme with respect to such failure.
- (iii) “22kV SARFI90 Event” means the occurrence of both:
 - the failure of the electricity transmission and distribution network to meet the minimum performance standards set out in the S-Factor Scheme with respect to the 22kV System Average RMS (Variation) Frequency Index, where the remaining voltage is less than 90.0% of nominal voltage, prescribed or approved by the EMA; and
 - the imposition of a penalty by the EMA under the S-Factor Scheme with respect to such failure.

The above is only applicable if the S-Factor Scheme is approved by the EMA. The EMA has not implemented any S-Factor Scheme to date.

“S-Factor Scheme” means the minimum performance standards and the associated penalties scheme with respect to the management and operation of the electricity transmission and distribution network prescribed or approved by the EMA.

In addition, we will not pay any Performance Incentive Fees to the Manager for any fiscal year if any of the following events occurs in that fiscal year:

- (i) our credit rating by either Standard & Poor’s or Moody’s falls or remains below “A” or “A2”, respectively, for any period in the absence of the occurrence of any Force Majeure Event (which is defined in the Management Services Agreement to mean 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) in that fiscal year affecting the Business; and
- (ii) if the total liability incurred by us for any and all fines and penalties imposed by the EMA on us in that fiscal year for any breach or breaches or non-compliance of any applicable laws, regulations and guidelines (including, without limitation, the EMA Directions) exceeds the sum of S\$5 million (the occurrence of such event in any fiscal year is defined in the Management Services Agreement as a “Significant Regulatory Liability Event”).

Payment of Management Fee and Performance Incentive Fees

We will pay the Management Fee, the Capex Incentive Fee, the Opex Incentive Fee and the Base Incentive Fee for each fiscal year in equal monthly instalments in the course of that fiscal year, based on the relevant fee amount stated in the Annual Plan for that fiscal year. In the case of the Capex Incentive Fee, we will only pay 60.0% of each

instalment to the Manager and the remaining 40.0% will be retained and deposited by us in an interest bearing reserve account maintained with a bank in our name (the “Capex Incentive Account”).

The actual amount of the Management Fee 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), we will pay, or if the actual amount is greater than the monthly payments made by us, the Manager will pay, the difference, in either case, within seven business days after the audited accounts have been approved by our Board of Directors.

Capex Incentive Account

We are not entitled to use the funds in the Capex Incentive Account except as permitted under the Management Services Agreement. We are only permitted under the Management Services Agreement to use the balance in the Capex Incentive Account after the end of any Regulatory Period as described below. (“Regulatory Period” is defined in the Management Services Agreement to mean the period for which the rates or tariffs chargeable by us for the transmission of electricity or for the provision of any services by us under any license granted under the Electricity Act have been determined or set by the EMA. The current Regulatory Period commenced on April 1, 2008 and ends on March 31, 2013.)

At the end of any Regulatory Period, the EMA may direct us to incur any Capital Expenses provided in the Regulatory Submission relating to that Regulatory Period which has not been incurred during that Regulatory Period and no return is provided for those Capital Expenses in setting our rates and tariffs for the next Regulatory Period. If the EMA makes such direction, we will be entitled to use the balance in the Capex Incentive Account as at the last day of that Regulatory Period (the “Balance”) to defray the Capital Expenses which we are required to incur. We are required to pay any balance that remains in the Capex Incentive Account after such utilization to the Manager. Provided that if the balance in the Capex Incentive Account as at the end of that Regulatory Period is insufficient to defray those Capital Expenses, then the Manager shall refund so much of the Capex Incentive Fees paid during that Regulatory Period as may be required to defray those Capital Expenses. If the EMA does not make any such direction within five months after the end of that Regulatory Period, we are required to pay the Balance (as defined above) to the Manager.

Capex Efficiency Carryover Amount

We have agreed with the Manager under the Management Services Agreement that in the event that the Capex Efficiency Carryover Amount (as defined below) with respect to any Regulatory Period is positive, we will pay the Manager a sum equal to 40.0% of the Capex Efficiency Carryover Amount. However, if the Capex Efficiency Carryover Amount with respect of that Regulatory Period is negative, the Manager will be obligated to pay us a sum equal to 40.0% of the Capex Efficiency Carryover Amount, subject to the limits described in “Limit” below.

“Capex Efficiency Carryover Amount” is defined in the Management Services Agreement to mean the amount approved by the EMA as the amount by which the aggregate Capital Expenses for an entire Regulatory Period is lesser or greater than the aggregate of the Prescribed Capex Amount for that Regulatory Period.

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

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, and negative if the aggregate Capital Expenses for that Regulatory Period exceeds the aggregate of the Prescribed Capex Amount for that Regulatory Period.

Opex Efficiency Carryover Amount

We have agreed with the Manager under the Management Services Agreement that in the event that the Opex Efficiency Carryover Amount (as defined below) with respect to any Regulatory Period is positive, we will pay the Manager a sum equal to 40.0% of the Opex Efficiency Carryover Amount. However, if the Opex Efficiency Carryover Amount with respect of that Regulatory Period is negative, the Manager will be obligated to pay us a sum equal to 40.0% of the Opex Efficiency Carryover Amount, subject to the limit described in “Limit” below.

“Opex Efficiency Carryover Amount” is defined in the Management Services Agreement to mean the amount approved by the EMA as the amount by which the aggregate Operating Expenses for an entire Regulatory Period is lesser or greater than the aggregate of the Prescribed Opex Amount 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 EMA for that fiscal year.

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, and negative if the aggregate Operating Expenses for that Regulatory Period exceeds the aggregate of the Prescribed Opex Amount for that Regulatory Period.

Limitation of Liability

We have agreed with the Manager under the Management Services Agreement to limit the total liability of the Manager to make any and all payments to us as described in “Capex Efficiency Carryover Amount” and “Opex Efficiency Carryover Amount” in respect of any Regulatory Period S\$5 million.

Mandatory Change 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 all SP PowerGrid Business Senior Executive(s) which have been so requested to be replaced:

- (i) such SP PowerGrid Business Senior Executive(s) had committed a serious breach or breaches of their duties as SP PowerGrid Business Senior Executive(s); or
- (ii) dishonesty or wilful misconduct on the part of such SP PowerGrid Business Senior Executive(s).

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

Our ability to terminate the Management Services Agreement is limited and is subject to prior approval by the EMA. We are entitled to terminate the Management Services Agreement immediately by giving notice thereof to the Manager at any time after the occurrence of any of the following events:

- (i) the Manager suspends or ceases business or becomes insolvent or admits its inability to pay its debts when due;
- (ii) winding up or dissolution of the Manager or the appointment of any liquidator or judicial manager of the Manager or of any receiver over the whole or any part of the Manager’s assets, save for an amalgamation or reconstruction approved by us;
- (iii) the making of any special administration order by the EMA referred to in Section 28 of the Electricity Act in relation to us; or
- (iv) the failure of the Manager to effect any replacement of SP PowerGrid Business Senior Executives as described in “Mandatory Change of SP PowerGrid Business Senior Executives” above.

We are also entitled to terminate the Management Services Agreement 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 any person to manage and/or operate our transmission and distribution network and/or conduct the Business on our behalf.

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, 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 of the Business during the term of the Management Services Agreement.

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.

Under the Management Services Agreement, we and the Manager have agreed that any amendments or revisions to the Management Services Agreement require the prior written consent of the EMA. The EMA also has the right to direct the Manager and us to effect any amendments or variations to the Management Services Agreement.

Dispute Resolution

In the event that a dispute between the Manager and us arises in connection with the Management Services Agreement, each company is required under the Management Services Agreement to use its best endeavours to discuss in good faith and achieve an amicable resolution of such dispute. If such dispute is not resolved, both the Manager and we are required to submit such dispute to the Singapore Mediation Center for resolution by mediation. The Management Services Agreement further provides that if such dispute remains unresolved, the Manager and we are required to settle the dispute by arbitration in accordance with the Arbitration Rules of the Singapore International Arbitration Center.

Corporate Services Agreement

The Manager is party to a Corporate Services Agreement with Singapore Power Limited dated October 8, 2003, pursuant to which the Manager receives various corporate services, including, among other things, legal support services, corporate secretarial services, information technology services, corporate finance and treasury services, support services for human resources, property conveyancing and lease management and providing assistance for 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, two full time executives of Singapore Power Limited will assume responsibilities as our Chief Financial Officer and General Counsel. They 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 Manager paid approximately S\$16.8 million for corporate services received by it from Singapore Power Limited for fiscal 2008.

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

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 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.

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.

Capital Expenditure

Total capital expenditure incurred for fiscal 2008, fiscal 2007 and fiscal 2006 were S\$521 million, S\$478 million and S\$539 million respectively.

Capital expenditure comprises mainly transmission projects arising from the expansion of our 400kV, 230kV and 66kV transmission networks to provide network infrastructure to meet demand growth and demand for generation connections and consumer connections. Capital expenditure relating to distribution projects was driven by consumer demand.

The total capital expenditure to be incurred for each of the fiscal years from fiscal 2009 to fiscal 2013 is expected to be higher than depreciation for each such fiscal year.

For the year ending March 31, 2009, we currently expect capital expenditure of approximately S\$900 million and for fiscal 2010 we currently expect capital expenditure of approximately S\$1 billion. The major capital projects planned over the next five years consist of:

- further expansion of the 400kV transmission network;
- renewal of two 230/66kV substations; and
- development of cable tunnel network infrastructure.

See “Our Business—Our Recent and Planned Network Enhancements.”

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

	For the year ended March 31,		
	2006	2007	2008
	(S\$ million)		
Transmission projects	445	359	338
Distribution projects	58	72	104
Cables renewals	9	14	16
SCADA system projects	5	6	6
Others	<u>22</u>	<u>27</u>	<u>57</u>
Total	<u>539</u>	<u>478</u>	<u>521</u>

Risk Management

We are exposed to specific risks in the conduct of our business and the environment in which we operate. These risks include exposure to foreign currency, interest rate, regulatory, counter-party and liquidity risks arising in the

normal course of our business. Generally, our overall objective is to ensure that we manage and minimize our exposure to such risks. Our policies for managing each of these risks are as described below.

We use forward exchange contracts, interest rate swaps, cross currency swaps and derivative financial instruments to mitigate our exposure to the financial risks identified. It is our policy not to trade in derivative contracts but to use them as hedging tools.

Foreign Currency Risk

We are exposed to foreign currency risks where our purchase, supply and installation contracts are denominated in a currency other than Singapore dollars. The principal currencies giving rise to this risk include Euros, U.S. dollars, Swiss francs, Australian dollars and Japanese yen.

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

We use foreign currency swaps to hedge against our foreign currency loan liabilities. All of our foreign currency borrowings are swapped back to Singapore dollars.

Interest Rate Risk

We manage our interest rate exposure by maintaining a significant portion of our debt at fixed interest rates. This is done either through (i) the issuance of fixed rate debts; (ii) the use of interest rate swaps to convert variable rate debt to fixed rate debt; or (iii) the use of cross currency interest rate swaps to convert fixed or variable rate non-measurement currency denominated debt to fixed rate measurement currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

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

Regulatory Reset Risk

Our tariff levels, which are the most significant determinant in our operating results, are subject to price controls set by the EMA. We are currently negotiating the reset of our tariffs with the EMA. The price controls for our transmission and distribution business are applicable for five years from their date of issue and are based on our weighted average cost of capital and our projected operating and capital expenditures and extensive price and performance benchmarking. If we do not meet these 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 favourable 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 representatives of the Manager to meet with Government officials and regulators on a regular basis on our behalf 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.

Counter-party risks

Surplus funds are invested in interest-bearing deposits with prime financial institutions. Counter-party risks are managed by limiting exposure to any individual counter-party. The Company's portfolio of financial instruments is entered into with several creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

Counter-party risks on derivatives are restricted to any gain or loss when marked to market, and not on the underlying notional amount transacted. As a prudent measure, the Company only enters into derivatives with creditworthy financial institutions. Therefore the possibility of material loss arising in the event of non-performance by a counter-party is considered to be remote.

Other than for related companies, there is no significant concentration of credit risk of trade debts. In addition to customers' deposits, the Company holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

Liquidity Risk

We have adopted prudent liquidity risk management practices to maintain sufficient cash and liquid financial assets. We have taken measures to ensure the availability of funding through an adequate amount of bank credit lines and the establishment of this Program.

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 of approximately U.S.\$108 billion as at March 31, 2007. Temasek is wholly owned by the Minister for Finance (Incorporated), 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:

- (a) no voting rights shall be exercisable in respect of the specified equity interest unless the EMA expressly permits such rights to be exercised;
- (b) no equity interest of the Company 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
- (c) 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 authorises 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:

- (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 denominated in a currency other than Singapore dollars shall be issued under an amended and restated indenture dated as of July 28, 2008 (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 denominated in Singapore dollars shall be issued under a supplemental trust deed dated as of October 16, 2003 and as amended and restated as of July 28, 2008, (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 (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.\$150,000 (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(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 €50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

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.” See “—Optional Tax Redemption.” 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 the Indenture §§ 501 to 515 and 1301.

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 the Indenture §§ 501 to 515 and 1301.

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.

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 Depository. 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 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 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 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 reasonable indemnity (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 in good faith 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 or 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, 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, or 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 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, or (4) 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 (3) inclusive above.

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 Average 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") 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 "Average 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 Average 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 of 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 display designated as Reuters Screen LIBO Page (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 or neither “LIBOR-LIBO” nor “LIBOR” is specified in the applicable Pricing Supplement as the method for calculating LIBOR, the rate which appears on the Reuters Screen LIBOR01 Page (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 Reuters Screen LIBO Page (if “LIBOR-LIBO” is specified in the applicable Pricing Supplement) or no rate appears on Reuters Screen LIBOR01 page (if “LIBOR” is specified in the applicable Pricing Supplement or neither “LIBOR-LIBO” nor “LIBOR” is specified in the applicable Pricing Supplement as the method for calculating LIBOR) 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 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 “ASSOCIATION OF BANKS IN SINGAPORE—SIBOR AND SWAP OFFER RATES AT 11:00 A.M. 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 $\frac{1}{16}$ 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 $\frac{1}{16}$ 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 $\frac{1}{16}$ 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 Average 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, Average Swap Rate 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 Average Swap Rate Interest Determination Date in respect of each Interest Period, the Average Swap Rate for such Interest Period will be the rate which appears on the Reuters Screen ABSIRFIX01 page under the caption “ASSOCIATION OF BANKS IN SINGAPORE—SIBOR AND SWAP OFFER RATES-RATES AT 11.00 A.M. SINGAPORE TIME” under the column headed “SGD SWAP OFFER” on the Reuters Screen ABSIRFIX01 page (or such other page as may replace the Reuters Screen ABSIRFIX01 page for the purpose of displaying the swap rates of leading reference banks) at or about 11.00 a.m., Singapore time, on such Average 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 Average Swap Rate Interest Determination Date, no such rate is quoted on the Reuters Screen ABSIRFIX01 page (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula.

In the case of “Premium”:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of “Discount”:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where “SIBOR” refers to the rate which appears under the caption “SINGAPORE INTERBANK OFFER RATES (DOLLAR DEPOSITS)” and the row headed “SIBOR USD” on the Reuters Screen SIBO Page of the Reuters Monitor Money Rates Service (or such other page as may replace Reuters Screen SIBO Page for the purpose of displaying Singapore inter-bank United States dollar offered rates of leading reference banks) at or about 11.00 a.m., Singapore time on the relevant Average Swap Rate Interest Determination Date for a period equal to the duration of the Interest Period concerned; “Spot Rate” refers to the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks and which appear on Reuters Screen ABSIRFIX06 under the caption “ASSOCIATION OF BANKS IN SINGAPORE-SGD SPOT AND SWAP OFFER RATES AT 11.00 A.M. SINGAPORE TIME” and the column headed “SPOT” (or such other replacement page thereof for the purpose of displaying the

spot rates and swap points of leading reference banks) at or about 11.00 a.m., Singapore time on the relevant Average Swap Rate Interest Determination Date for a period equal to the duration of the Interest Period concerned; “Premium” or “Discount” refers to the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear under the caption “ASSOCIATION OF BANKS IN SINGAPORE—SGD SPOT AND SWAP OFFER RATES AT 11.00 a.m. SINGAPORE TIME” (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about 11.00 a.m., Singapore time on the relevant Average Swap Rate Interest Determination Date for a period equal to the duration of the Interest Period concerned; and “T” refers to the number of days in the Interest Period concerned. The Average Swap Rate for such Interest Period shall be the Average Swap Rate (as determined by the Calculation Agent) and as adjusted by the Spread (if any);

- (c) if on any Average Swap Rate Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate as described above is not quoted on the relevant Reuters Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotations of their Swap Rates for the Interest Period concerned at or about 11.00 a.m., Singapore time on that Average Swap Rate Interest Determination Date and the Average Swap Rate for such Interest Period shall be the Average Swap Rate (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest $\frac{1}{16}$ per cent.) of the Swap Rates quoted by the Reference Banks to the Calculation Agent) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore inter-bank market at or about 11.00 a.m., Singapore time on the relevant Average Swap Rate Interest Determination Date and shall be calculated in accordance with the following formula.

In the case of “Premium”:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of “Discount”:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where “SIBOR” refers to the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about 11.00 a.m., Singapore time on the relevant Average Swap Rate Interest Determination Date; “Spot Rate” refers to the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore inter-bank market at or about 11.00 a.m., Singapore time, on the relevant Average Swap Rate Interest Determination Date; “Premium” refers to the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; “Discount” refers to the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; and “T” refers to the number of days in the Interest Period concerned; and

- (d) if on any Average Swap Rate Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest $\frac{1}{16}$ 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 Average 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 and Average Swap Rate for the relevant Interest Period

shall be the Average Swap Rate (as so determined by the Calculation Agent) and as adjusted by the Spread (if any), or if on such Average Swap Rate Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Average Swap Rate for the relevant Interest Period shall be the rate per annum equal to 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 Average 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 Average 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 Average 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 Average Swap Rate.

Variable Rate Note

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 Average 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, “Average 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

Unless otherwise specified in the applicable Pricing Supplement, the Notes will not be redeemable at the option of the Company, except for the reasons set forth in “—Optional Tax Redemption” below. In the event that Notes are so redeemable, notice of redemption will be provided by mailing a notice of such redemption to each Holder of such Notes by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the respective address of each such Holder as that address appears in the Note Register (Indenture §§ 106, 301(f) and 1104).

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, 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 (not denominated in Singapore dollars) 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 (not denominated in Singapore dollars) may be redeemable as a whole at the option of the Company upon not less than 30 nor 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 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 dollar 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 the ratings assigned by such Rating Agency to (i) 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 Ratings Group, Inc. and Moody’s Investors Service, Inc. or if Standard & Poor’s Ratings Group, Inc. 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 Ratings Group, Inc. 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 such Holders 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 or (Y) a ruling to such effect received from or published by the United States Internal Revenue Service and the Inland Revenue Authority of Singapore (Indenture § 1401).

Governing Law

Notes denominated in Singapore dollars will be governed by, and construed in accordance with, the laws of the Republic of Singapore, with all other Notes governed by, and construed in accordance with, the laws of the State of New York unless otherwise 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.

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. 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 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 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. Beneficial interests in a Temporary Global Note will be exchangeable for interests in a Permanent Global Note. Each Permanent Global Note may be exchanged for Definitive Bearer Notes only in the limited circumstances as described therein.

While any Bearer Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the later of (i) 40 days after the Issue Date and (ii) the expiration of the Distribution Compliance Period (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, as required by U.S. Treasury Regulations, 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.

After 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 or interest coupons 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.

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 U.S. Internal Revenue Code of 1986, as amended, provide that U.S. holders, 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. 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 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. 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 18.0% with effect from year of assessment 2008. The applicable rate for non-resident individuals is 20.0%. However, if the payment is due and payable on or after February 28, 1996, and 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.

However, as the Program as a whole was arranged by DBS Bank Ltd. and Morgan Stanley Asia (Singapore) Pte., each of whom was at all material times an Approved Bond Intermediary (as defined in the ITA) and the arrangement of the Program was completed on or before December 31, 2003, the Notes issued under the Program during the period from the date of this Supplemental Offering Circular to December 31, 2008 ("Relevant Notes") would be "qualifying debt securities" for the purposes of the ITA. Pursuant to the Singapore Budget Statement 2008, the Monetary Authority of Singapore has issued a Circular No: FSD Cir 03/2008 dated May 23, 2008 (the "MAS Circular") which provides that the Qualifying Debt Securities Scheme is renewed for a period of five years from January 1, 2009 to December 31, 2013. If the Relevant Notes are qualifying debt securities:

- (a) subject to certain conditions having been fulfilled (including the submission by us, or on our behalf of a return on debt securities in respect of the Relevant Notes within such period as the Comptroller of Income Tax in Singapore (the "Comptroller") may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the Monetary Authority of Singapore and the inclusion by us in all offering documents relating to the Relevant Notes of a statement to the effect that where interest or discount income 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 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 on the Relevant Notes and discount income (excluding discount from secondary trading) ("Relevant Discount Income") received 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 by us or on our behalf of a return on debt securities in respect of the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the Monetary Authority of Singapore), interest on the Relevant Notes and Relevant Discount Income received 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%; 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 or discount income derived from the Relevant Notes is not exempt from tax shall include such interest or discount income in a return of income made under the ITA; and
 - (ii) us, or such other person as the Comptroller may direct, furnishing to the Comptroller and the Monetary Authority of Singapore a return on the debt securities in respect of the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with those securities as the Comptroller may require,

interest and Relevant Discount Income derived from the Notes are not subject to the withholding of tax by us.

However, 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 "qualifying debt securities"; and
- (b) even though a particular tranche of the Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of the Relevant Notes, 50.0% or more of the principal amount of such Notes is held beneficially or funded, directly or indirectly, by any of our related parties, interest and discount income derived from such Notes held by:
 - (i) any related party of us, or
 - (ii) any other person where the funds used by such person to acquire the Relevant Notes are obtained, directly or indirectly, from any related party of us,

shall not be eligible for the withholding tax exemption or concessionary rate of tax of 10.0% 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.

Notwithstanding that we are permitted to make payments under the Relevant Notes without deduction or withholding of tax under Section 45 or Section 45A of the ITA, any person whose interest or discount income derived from the Relevant Notes is not exempt from tax is required under the ITA to include such interest or discount income in a return of income made under the ITA.

The Income Tax (Amendment No. 2) Act 2007 was enacted to provide, inter alia, that the tax incentives for qualifying debt securities is extended to accord tax exemption or concessionary tax rates on "prepayment fee", "redemption premium" and "break cost" (as such terms are defined in the ITA) that are derived by investors from qualifying debt securities issued during the period from February 15, 2007 to December 31, 2008, subject to conditions to be prescribed by regulations.

Where prepayment fee, redemption premium or break cost is derived from any such 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, any tax exemption available for such income 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 prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA.

The MAS Circular also introduces the QDS Plus Scheme, which is an enhancement of the Qualifying Debt Securities Scheme, whereby income tax exemption is granted on qualifying income derived by any investor from qualifying debt securities issued during the period from February 16, 2008 to December 31, 2013 that, inter alia, have an original maturity date of at least 10 years. The enhancement of the Qualifying Debt Securities Scheme for qualifying debt securities with original maturity of at least 10 years will however not be applicable to qualifying debt securities that are redeemable, convertible, callable or exchangeable within 10 years from the date of issue. Similarly, qualifying debt securities that are “re-opened” with a resulting tenure of less than 10 years to original maturity date will not enjoy the enhancement.

Tax Exemption for Individuals

In addition, interest from the Notes and Relevant Discount Income derived on or after January 1, 2004 (in the case of Relevant Discount Income from debt securities issued before February 17, 2006, the tenure of which is one year or less) 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 recognise gains or losses on the Notes, irrespective of disposal. Please 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

On December 30, 2005, the Inland Revenue Authority of Singapore issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39—Financial instruments: Recognition and Measurement” (the “FRS 39 Circular”). Legislative amendments to give effect to the FRS 39 Circular have been incorporated in the Income Tax (Amendment) Act 2007.

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 advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Pursuant to announcements made during Singapore Budget 2008, Singapore estate duty is abolished for deaths occurring on or after February 15, 2008.

United States Federal Income Taxation

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain material 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 purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation 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 other tax laws. 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 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, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar.

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 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 or any State thereof, (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 court within the United States is able to 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 a partnership 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 a partner of a partnership holding Notes should consult its own tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, 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.

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 United States Internal Revenue Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS 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 holder’s method of accounting for 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”) generally will constitute income from sources outside the United States and will generally be treated as “passive income” for U.S. foreign tax credit purposes. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

General. The following is a summary of the principal 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 excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more 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). An obligation 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 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 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 call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID 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. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first 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 the 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.

Acquisition Premium. A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its 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, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is 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.

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). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes “*de minimis* market discount.” 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.

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 that the gain does not exceed the accrued market discount on the Note. 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 (the “IRS”). 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 the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

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 Note with respect to which it is made and is irrevocable.

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 “Original Issue Discount—General,” with certain modifications. For purposes of this election, interest includes stated interest, 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. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “Market Discount” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Notes. 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 due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, 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. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (*i.e.*, a cap) or a minimum numerical limitation (*i.e.*, a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term 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 which is based on objective financial or economic information (*e.g.*, one or more qualified floating rates or the yield of actively traded personal property). 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 IRS 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 where the rate is 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 if 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 three months prior to the first day on which that value is in effect and no later than one 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 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 a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument," then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully 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 (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. 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 shall 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 IRS.

Fungible Issue

The Issuer may, without the consent of the Holders of outstanding Notes, 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 a 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 if the additional Notes are not otherwise distinguishable from the original Notes.

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, 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. Any election to amortize bond premium shall apply to all bonds (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 IRS. 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 could 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 tax basis in those Notes. However, in general, a change in obligor will not 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 advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Purchase, Sale and Retirement of Notes

A U.S. Holder's 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 applied to reduce interest on the Note.

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 or retirement and the 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 accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognized on the sale or retirement 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 sale or retirement 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 of a U.S. Holder, 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 IRS.

Upon receipt of an interest payment (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, the 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) measured by the difference between the spot rate in effect on that date, and 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 market loss when the Note matures.

Sale or Retirement. As discussed above under “Purchase, Sale and Retirement 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 or retirement and its tax basis in the Note. A U.S. Holder’s 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 or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement 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 IRS.

A U.S. Holder will recognize exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement 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 (or, if less, the principal amount of the Note) (i) on the date of sale or retirement 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.

Disposition of Foreign Currency. Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be ordinary income 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.

Backup Withholding and Information Reporting. In general, payments of interest and accrued 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 IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments 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 advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. 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. Pursuant to U.S. tax legislation enacted in 2004, a penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any 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. Accordingly, if a U.S. Holder realizes a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers 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 advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

European Union

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The transitional period is to terminate at the end of the first full fiscal year following an agreement by certain non-European Union countries to the exchange of information relating to such payments. A number of non-European Union countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

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 July 28, 2008 (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 the Program will qualify for listing on a stock exchange. 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 or 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.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

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 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 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.

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 unauthorised 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, warranted and agreed that:

- (i) 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 (ii) 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 (“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 such Notes in, from or otherwise involving the United Kingdom.

Singapore

Each Dealer has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed 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,

shares, debentures and units of shares and debentures 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 (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed 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 (Cap. 571) of Hong Kong 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 Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; 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 of 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 Securities and Futures Ordinance and any rules made under that Ordinance.

Public Offer Selling Restriction under the Prospectus Directive

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 specify 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;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 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
- (e) 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 (b) to (e) 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 and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the “Financial Instruments and Exchange Law”). Accordingly, each of the Dealers has represented and agreed 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, a 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 except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Canada

The Notes have not been and will not be qualified for sale under the securities laws of Canada or any province or territory thereof and may not be offered or sold directly or indirectly in Canada, or to or for the benefit of any resident thereof, in contravention of the securities laws of Canada or any province or territory thereof.

Each Dealer has represented and agreed and each further Dealer appointed under the Program Agreement will be required to represent and agree that it has not offered or sold, and that it will not offer or sell, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof.

Each Dealer has also agreed and each further Dealer appointed under the Program Agreement will be required to agree not to distribute this Offering Circular, or any other offering material relating to the Notes, in Canada in contravention of the securities laws of Canada or any province or territory thereof.

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 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. 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 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.
3. Such Notes, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF 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), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES 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(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. 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 TWO YEARS 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 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 HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION 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.

EXTERNAL AUDITORS

The financial statements of the Issuer as at and for the years ended March 31, 2006, 2007, 2008 in this Offering Circular have been audited without qualifications by KPMG, Certified Public Accountants, as stated in their reports appearing herein. KPMG have been the external auditors of the Issuer since June 6, 2003.

GENERAL INFORMATION

1. Our principal executive offices are located at 111 Somerset Road, Singapore 238164.
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 depository on behalf of Euroclear and Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream. Registered Notes sold in an “Offshore transaction” 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 CDP or a common depository 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. We have obtained all necessary consents, approvals and authorizations in Singapore in connection with the establishment and update of the Program. The establishment of the Program was authorized by a resolution of our Board of Directors on October 3, 2003. The update of the program was authorized by a resolution of our Board of Directors on July 22, 2008. The maximum aggregate principal amount of Notes from time to time outstanding was increased from S\$6,000,000,000 to S\$8,000,000,000 pursuant to a resolution of our Board of Directors on July 22, 2008.
4. 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.
5. Except as disclosed in this Offering Circular, there has been no significant change in our financial or trading position and no material adverse change in our financial position or prospects since March 31, 2008, the date of our last audited financial statements.
6. We are not and have not been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, 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.
7. 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.”
8. We have agreed to furnish to investors upon request such information as may be required by Rule 144A(d)(4).
9. KPMG, Certified Public Accountants have audited, and rendered unqualified audit reports on, the accounts of SP PowerAssets as at and for the period from April 1, 2005 to March 31, 2008, and have given their written consent to the issue of this document with the inclusion in it of their reports in the form and context in which they are respectively included.
10. 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.”
11. The Indenture is governed by the laws of the State of New York. The Supplemental Trust Deed is governed by the laws of Singapore.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Audited Financial Statements as at and for the period from March 31, 2008	
Directors' Report	F-2
Statement of Directors	F-5
Report of KPMG, Certified Public Accountants	F-6
Audited Balance Sheet	F-8
Audited Income Statement	F-9
Audited Statement of Changes in Equity	F-10
Audited Cash Flow Statement	F-11
Notes to the Financial Statements	F-12
Audited Financial Statements as at and for the period from March 31, 2007	
Directors' Report	F-34
Statement of Directors	F-37
Report of KPMG, Certified Public Accountants	F-38
Audited Balance Sheet	F-40
Audited Income Statement	F-41
Audited Statement of Changes in Equity	F-42
Audited Cash Flow Statement	F-43
Notes to the Financial Statements	F-45
Audited Financial Statements as at and for the period from March 31, 2006	
Directors' Report	F-67
Statement of Directors	F-70
Report of KPMG, Certified Public Accountants	F-71
Audited Balance Sheet	F-72
Audited Profit and Loss Account	F-73
Audited Statement of Changes in Equity	F-74
Audited Statement of Cash Flows	F-75
Notes to the Financial Statements	F-77

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 2008.

Directors

The directors in office at the date of this report are as follows:

Mr Alan Chan Heng Loon
 Mr Keith Tay Ah Kee
 Mr Tan Chee Meng
 Mr Quek Poh Huat

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	At beginning of the year	At end of the year
Mr Alan Chan Heng Loon		
Singapore Telecommunications Limited shares	2,970	2,970
SP AusNet securities*	100,000	100,000
CitySpring Infrastructure Trust units	10,000	10,000
Mr Keith Tay Ah Kee		
Singapore Telecommunications Limited shares	26,650	26,650
SP AusNet securities*	100,000	100,000
Singapore Airport Terminal Services Limited shares	-	35,000
Mr Tan Chee Meng		
SP AusNet securities*	50,000	50,000
Mr Quek Poh Huat		
Singapore Computer Systems Limited shares	15,000	15,000
Singapore Telecommunications Limited shares	5,210	5,210

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	At beginning of the year	At end of the year
Mr Quek Poh Huat		
Singapore Technologies Engineering Ltd shares	813,728	841,228
- Options to purchase at \$1.92 (exercisable between 13 August 2003 to 12 August 2007)	12,750	-
- Options to purchase at \$1.79 (exercisable between 7 February 2004 to 6 February 2008)	14,750	-
- Options to purchase at \$1.86 (exercisable between 12 August 2004 to 11 August 2008)	33,000	33,000
- Options to purchase at \$2.09 (exercisable between 10 February 2005 to 9 February 2009)	33,000	33,000
- Options to purchase at \$2.12 (exercisable between 11 August 2005 to 10 August 2009)	33,000	33,000
- Options to purchase at \$2.37 (exercisable between 8 February 2006 to 7 February 2010)	33,000	33,000
- Options to purchase at \$2.57 (exercisable between 11 August 2006 to 10 August 2010)	33,000	33,000
- Options to purchase at \$3.01 (exercisable between 10 February 2007 to 9 February 2011)	33,000	33,000
- Options to purchase at \$2.84 (exercisable between 11 August 2007 to 10 August 2011)	33,000	33,000
- Options to purchase at \$3.23 (exercisable between 16 March 2008 to 15 March 2012)	33,000	33,000
- Options to purchase at \$3.61 (exercisable between 11 August 2008 to 10 August 2012)	-	33,000
- Conditional Award of 18,500 Restricted Shares to be delivered after 2008	-	0 to 27,750 [#]
SMRT Corporation Ltd shares	8,000	8,000
SP AusNet securities*	206,000	206,000
STATS ChipPAC Ltd. shares	1,000	1,000

* 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.

A minimum threshold performance of 1-year from 1 January 2008 to 31 December 2008 is required for any restricted shares to be released and the actual number of restricted shares to be released is capped at 150% of the conditional award.

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.

Share options

During the financial year, there were:

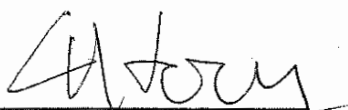
- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

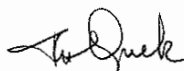
Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



MR ALAN CHAN HENG LOON
Chairman



MR QUEK POH HUAT
Director

28 May 2008

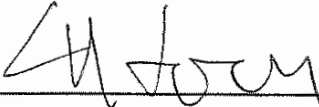
Statement by Directors

In our opinion:

- (a) the financial statements set out on pages FS1 to FS26 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2008 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 QUEK POH HUAT
Director

28 May 2008



KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
SP PowerAssets Limited

We have audited the financial statements of SP PowerAssets Limited (the Company), which comprise the balance sheet as at 31 March 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS26.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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.

KPMG, a Singapore registered partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.



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:

- (a) 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 2008 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) 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
Public Accountants and
Certified Public Accountants

Singapore
28 May 2008

Balance sheet
As at 31 March 2008

	Note	2008 \$ million	2007 \$ million
Non-current assets			
Property, plant and equipment	3	6,823.8	6,673.6
Intangible assets	4	2,234.8	2,236.8
		<u>9,058.6</u>	<u>8,910.4</u>
Current assets			
Inventories	5	41.5	44.2
Trade and other receivables	6	357.0	226.5
Cash and cash equivalents	7	231.9	527.5
		<u>630.4</u>	<u>798.2</u>
Total assets		<u>9,689.0</u>	<u>9,708.6</u>
Equity			
Share capital	8	2,300.0	2,300.0
Reserves	9	598.2	664.4
Total equity		<u>2,898.2</u>	<u>2,964.4</u>
Non-current liabilities			
Amounts due to a related company (trade)	15	-	29.8
Loan note issued to immediate holding company	10	441.0	441.0
Debt securities	11	2,901.1	3,883.5
Deferred income	13	151.3	97.0
Deferred taxation	14	964.5	946.0
		<u>4,457.9</u>	<u>5,397.3</u>
Current liabilities			
Trade and other payables	15	1,171.9	908.2
Debt securities	11	828.7	-
Short-term bank loan	12	250.0	-
Provision for taxation		82.3	88.7
Loan note issued to immediate holding company	10	-	350.0
		<u>2,332.9</u>	<u>1,346.9</u>
Total liabilities		<u>6,790.8</u>	<u>6,744.2</u>
Total equity and liabilities		<u>9,689.0</u>	<u>9,708.6</u>

The accompanying notes form an integral part of these financial statements.

Income statement
Year ended 31 March 2008

	Note	2008 \$ million	2007 \$ million
Revenue	16	1,328.3	1,303.3
Other income	17	47.1	39.4
Expenses			
Depreciation of property, plant and equipment	3	(338.7)	(325.5)
Amortisation of intangible assets	4	(7.8)	(7.5)
Maintenance		(61.8)	(63.2)
Management fee		(135.6)	(141.4)
Property tax		(62.5)	(58.5)
Other operating expenses		(65.6)	(65.9)
Profit from operations	18	703.4	680.7
Interest income	19	6.7	15.7
Interest expense	20	(189.2)	(194.0)
Profit before income tax		520.9	502.4
Income tax (expense)/credit			
- Based on results of the year and adjustments relating to prior years		(97.7)	(92.3)
- Effect of reduction in tax rate on deferred tax liability brought forward		-	103.3
	21	(97.7)	11.0
Profit for the year		423.2	513.4

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2008

	Share capital \$ million	Hedging reserve \$ million	Revenue reserve \$ million	Total \$ million
At 1 April 2006	2,300.0	(85.2)	582.9	2,797.7
Effective portion of changes in fair value of cash flow hedges	-	5.2	-	5.2
Reversal of changes in fair value of cash flow hedges included in income statement	-	(9.7)	-	(9.7)
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet	-	7.8	-	7.8
Net gain recognised directly in equity	-	3.3	-	3.3
Profit for the year	-	-	513.4	513.4
Total recognised income and expenses for the year	-	3.3	513.4	516.7
Final tax-exempt dividend paid of \$0.1522 per share	-	-	(350.0)	(350.0)
At 31 March 2007	2,300.0	(81.9)	746.3	2,964.4
At 1 April 2007	2,300.0	(81.9)	746.3	2,964.4
Effective portion of changes in fair value of cash flow hedges	-	8.0	-	8.0
Reversal of changes in fair value of cash flow hedges included in income statement	-	(1.8)	-	(1.8)
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet	-	4.4	-	4.4
Net gain recognised directly in equity	-	10.6	-	10.6
Profit for the year	-	-	423.2	423.2
Total recognised income and expenses for the year	-	10.6	423.2	433.8
Final tax-exempt dividend paid of \$0.2174 per share	-	-	(500.0)	(500.0)
At 31 March 2008	2,300.0	(71.3)	669.5	2,898.2

The accompanying notes form an integral part of these financial statements.

Cash flow statement
Year ended 31 March 2008

	Note	2008 \$ million	2007 \$ million
Operating activities			
Profit before income tax		520.9	502.4
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets		346.5	333.0
(Gain)/Loss on disposal of property, plant and equipment		(3.0)	1.2
Recognition of deferred customer contributions		(4.1)	(3.1)
Revaluation of derivative assets/liabilities		3.3	3.5
Interest expense		189.2	194.0
Interest income		(6.7)	(15.7)
Exchange differences (gain)/loss		(0.3)	1.7
Fair value loss on financial instruments		2.2	1.2
		<u>1,048.0</u>	<u>1,018.2</u>
Changes in working capital:			
Inventories		2.7	(12.7)
Trade and other receivables		(53.8)	(18.8)
Trade and other payables		(9.4)	52.1
Balances with related companies (trade)		41.3	(5.4)
Cash generated from operations		<u>1,028.8</u>	<u>1,033.4</u>
Interest received		6.9	17.6
Tax paid		(85.6)	(90.7)
Cash flows from operating activities		<u>950.1</u>	<u>960.3</u>
Investing activities			
Purchase of property, plant and equipment		(501.9)	(528.6)
Purchase of intangible assets		(5.8)	-
Proceeds from disposal of property, plant and equipment		29.8	2.5
Cash flows from investing activities		<u>(477.9)</u>	<u>(526.1)</u>
Financing activities			
Interest paid		(194.5)	(195.0)
Redemption of debt securities		(100.0)	(200.0)
Customers' contributions received		58.4	23.3
Balances with related companies (trade)		(29.8)	5.2
Dividend paid		(500.0)	(37.0)
Cash flows from financing activities		<u>(765.9)</u>	<u>(403.5)</u>
Net (decrease)/increase in cash and cash equivalents		(293.7)	30.7
Cash and cash equivalents at beginning of year		527.5	500.1
Effect of exchange rate changes on balances held in foreign currencies		(1.9)	(3.3)
Cash and cash equivalents at end of year	7	<u>231.9</u>	<u>527.5</u>

The \$500.0 million final tax-exempt dividend declared in relation to the financial year ended 31 March 2007 was paid by cash in the financial year ended 31 March 2008.

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 28 May 2008.

1 Domicile and activities

SP PowerAssets Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 111 Somerset Road, Singapore 238164.

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 during the financial year were Singapore Power Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are prepared on the historical cost basis except as disclosed in the accounting policies below.

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 hundred thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have been applied consistently by the Company.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 4 – assumptions of recoverable amounts relating to goodwill impairment
- Note 23 – valuation of financial instruments

2.2 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Transactions in foreign currencies during the year are translated at rates ruling on transaction dates. Translation differences arising from translation are included in the income statement.

Non-monetary assets and liabilities measured at cost in a foreign currency are translated at rates ruling on transaction date. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into Singapore dollars at rates ruling at the dates the fair value was determined.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

No depreciation is provided on freehold land and construction-in-progress.

Depreciation is provided on a straight line basis so as to write off items of property, plant and equipment over the following estimated useful lives as follows:

Leasehold land	remaining term of the lease ranging from 2 to 99 years
Leasehold buildings	30 years
Transformers and switchgear	30 years
Other plant and machinery (principally remote control and telemetering equipment)	3 to 20 years
Mains	30 years
Other fixed assets (principally motor vehicles and office equipment)	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each balance sheet date.

2.4 Intangible assets

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is stated at cost less impairment losses.

Goodwill is tested for impairment on an annual basis as described in note 2.9.

Other intangible assets

Other intangible assets with finite useful lives are stated at cost less accumulated amortisation and impairment losses.

Deferred expenditure relates 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 a period of 7 to 18 years in which the Company derives benefits from the capital contribution payments, which is generally the useful life of the relevant equipment.

2.5 Derivative financial instruments

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in note 2.6.

The fair value of interest rate and cross currency swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rate, exchange rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is calculated by reference to forward exchange rates at the balance sheet date.

2.6 Hedging

Cash flow hedge

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

Fair value hedge

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the income statement immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement from that date.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

2.8 Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loan note issued to immediate holding company, debt securities, trade and other payables and short-term bank loan.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through income statement, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalent comprises cash balances and bank deposits.

Impairment of financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

2.9 Impairment - non financial assets

The carrying amounts of the Company's non-financial 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 amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

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.

2.10 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

2.11 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.12 Deferred income

Deferred income comprises contributions made by certain customers towards the cost of revenue earning capital projects.

Deferred income is recognised on the straight line basis and taken to the income statement over the periods necessary to match the depreciation of the assets purchased with the customers' contributions.

2.13 Revenue recognition

Revenue from use of system changes, net of rebates, is recognised when electricity is delivered to consumers.

2.14 Price regulation and electricity licence

The Company's operations in Singapore are regulated under the Electricity Licence issued by the Energy Market Authority of Singapore. Revenue to be earned from the supply and transmission of electricity is regulated based on certain formulae and parameters set out in the licences.

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 obligated for the refund.

2.15 Interest income and expense

Interest income is recognised as it accrues, using the effective interest method.

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred.

2.16 Leases

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease.

2.17 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 using the balance sheet method, providing for 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 the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit. 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 on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences 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.

3 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 2006	0.2	326.8	644.7	1,812.4	606.5	66.2	3,214.9	52.0	568.0	7,291.7
Additions	-	-	-	-	-	-	-	-	478.4	478.4
Disposals	-	(0.1)	-	(1.2)	(3.4)	-	-	(1.9)	-	(6.6)
Transfers	0.1	-	30.4	149.0	67.9	6.3	306.8	5.2	(565.7)	-
At 31 March 2007	0.3	326.7	675.1	1,960.2	671.0	72.5	3,521.7	55.3	480.7	7,763.5
Additions	-	-	-	-	-	-	-	-	515.7	515.7
Disposals	-	(0.2)	(0.1)	(32.0)	(1.4)	-	-	(0.1)	-	(33.8)
Transfers	-	-	13.8	35.7	48.6	35.7	117.4	5.3	(256.5)	-
Reclassification	-	-	-	-	-	(0.5)	-	0.5	-	-
At 31 March 2008	0.3	326.5	688.8	1,963.9	718.2	107.7	3,639.1	61.0	739.9	8,245.4
Accumulated depreciation										
At 1 April 2006	-	18.2	78.0	194.3	69.7	34.4	354.6	18.1	-	767.3
Depreciation for the year	-	7.4	33.2	83.5	29.7	14.3	150.2	7.2	-	325.5
Disposals	-	-	-	(0.7)	(0.5)	-	-	(1.7)	-	(2.9)
At 31 March 2007	-	25.6	111.2	277.1	98.9	48.7	504.8	23.6	-	1,089.9
Depreciation for the year	-	7.8	31.8	84.6	31.8	16.0	159.4	7.3	-	338.7
Disposals	-	-	-	(6.5)	(0.4)	-	-	(0.1)	-	(7.0)
At 31 March 2008	-	33.4	143.0	355.2	130.3	64.7	664.2	30.8	-	1,421.6
Carrying amount										
At 1 April 2006	0.2	308.6	566.7	1,618.1	536.8	31.8	2,860.3	33.9	568.0	6,524.4
At 31 March 2007	0.3	301.1	563.9	1,683.1	572.1	23.8	3,016.9	31.7	480.7	6,673.6
At 31 March 2008	0.3	293.1	545.8	1,608.7	587.9	43.0	2,974.9	30.2	739.9	6,823.8

4 Intangible assets

	Goodwill on acquisition \$ million	Deferred expenditure \$ million	Total \$ million
Cost			
At 31 March 2006 and 2007	2,166.8	94.2	2,261.0
Additions	-	5.8	5.8
At 31 March 2008	<u>2,166.8</u>	<u>100.0</u>	<u>2,266.8</u>
Accumulated amortisation			
At 1 April 2006	-	16.7	16.7
Amortisation charge for the year	-	7.5	7.5
At 31 March 2007	-	24.2	24.2
Amortisation charge for the year	-	7.8	7.8
At 31 March 2008	<u>-</u>	<u>32.0</u>	<u>32.0</u>
Carrying amount			
At 1 April 2006	2,166.8	77.5	2,244.3
At 31 March 2007	2,166.8	70.0	2,236.8
At 31 March 2008	<u>2,166.8</u>	<u>68.0</u>	<u>2,234.8</u>

Impairment test for goodwill

The Company as a whole is considered a cash generating unit (CGU).

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cashflow projections based on the cap on the Company's tariffs set by the Energy Market Authority for a five year regulatory period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the Singapore gross domestic product growth as estimated by the government. The discount rate is pre-tax and has been estimated from observation of market evidence of the cost of capital of electricity companies, including the Company, to reflect specific risks relating to the Company's business.

	2008	2007
	%	%
Growth rate	3.50	4.20
Discount rate	<u>7.42</u>	<u>7.42</u>

5 Inventories

	2008	2007
	\$ million	\$ million
Cables	29.6	33.8
Transformers	1.7	1.1
Switchgear	9.8	7.9
Spare parts and accessories	2.2	1.4
	43.3	44.2
Allowance for inventories obsolescence	(1.8)	-
	41.5	44.2

6 Trade and other receivables

	2008	2007
	\$ million	\$ million
Trade receivables	124.5	88.2
Allowance for doubtful receivables	(0.7)	(0.8)
Net receivables	123.8	87.4
Amounts due from immediate holding company (non-trade)	4.0	3.9
Amounts due from related companies (trade)	77.2	80.4
Interest receivable	0.1	0.3
Deposits	35.2	16.5
Prepayments	3.6	4.9
Financial derivative assets	113.1	33.1
	357.0	226.5

The non-trade amounts due from the immediate holding company are unsecured and bear interest at variable rates ranging from 1.22% to 2.67% per annum during the financial year (2007: 3.06% to 3.47%).

7 Cash and cash equivalents

	2008	2007
	\$ million	\$ million
Cash at bank and in hand	2.3	1.3
Fixed deposits	229.6	526.2
	231.9	527.5

8 Share capital

	2008	2007
	No. of shares million	No. of shares million
Fully paid ordinary shares, with no par value:		
At 31 March and 1 April	2,300.0	2,300.0

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.

9 Reserves

	2008 \$ million	2007 \$ million
Hedging reserve	(71.3)	(81.9)
Revenue reserve	669.5	746.3
	<u>598.2</u>	<u>664.4</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

10 Loan note issued to immediate holding company

	2008 \$ million	2007 \$ million
Loan note issued to immediate holding company	441.0	791.0
Less: Repayable within 12 months	-	(350.0)
Repayable after 12 months	<u>441.0</u>	<u>441.0</u>

The loan note is unsecured and bears interest at 3.7% (2007: 3.7%) per annum. The amounts are to be repaid as follows:

Financial year ending 31 March	2008 \$ million	2007 \$ million
2008	-	350.0
2011	82.0	82.0
2014	359.0	359.0
	<u>441.0</u>	<u>791.0</u>

11 Debt securities

	2008	2007
	\$ million	\$ million
Fixed rate notes of US\$600 million, swapped to \$1,044 million, repayable on 22 October 2008 and with interest fixed at 3.80% per annum	828.7	910.2
Fixed rate notes of \$550 million repayable on 22 October 2010 and with interest fixed at 3.73% per annum	559.2	556.3
Fixed rate notes of US\$1 billion, swapped to \$1,740 million, repayable on 22 October 2013 and with interest fixed at 5.00% per annum	1,426.4	1,494.1
Fixed rate notes of \$500 million repayable on 22 October 2018 and with interest fixed at 4.84% per annum	516.2	521.7
Fixed rate notes of \$200 million repayable on 27 April 2015 and with interest fixed at 3.385% per annum	199.3	201.2
	3,529.8	3,683.5
Floating rate notes of \$200 million repayable on 27 April 2012 and with interest at swap offer rate plus 0.15% per annum	200.0	200.0
	3,729.8	3,883.5
Less: Repayable within 12 months	(828.7)	-
Repayable after 12 months	2,901.1	3,883.5

12 Short term bank loan

Short-term bank loan relates to unsecured bank loan, bears interest at swap offer rate plus 0.13% (2007: Nil) per annum and repayable within 12 months.

13 Deferred income

	2008	2007
	\$ million	\$ million
Customers' contributions	161.6	103.2
Accumulated accretion	(10.3)	(6.2)
	151.3	97.0

Movements in accumulated accretion are as follows:

Balance at beginning of the year	6.2	3.1
Accretion for the year	4.1	3.1
Balance at end of the year	10.3	6.2

14 Deferred taxation

	At 31 March 2006 \$ million	Recognised in income statement (Note 21) \$ million	At 1 April 2007 \$ million	Recognised in income statement (Note 21) \$ million	At 31 March 2008 \$ million
Deferred tax liabilities					
Property, plant and equipment	(1,053.8)	83.4	(970.4)	(24.3)	(994.7)
Set off of tax	21.1	3.3	24.4	5.8	30.2
Net deferred tax liabilities	<u>(1,032.7)</u>	<u>86.7</u>	<u>(946.0)</u>	<u>(18.5)</u>	<u>(964.5)</u>
Deferred tax assets					
Deferred income	21.1	3.3	24.4	5.8	30.2
Set off of tax	(21.1)	(3.3)	(24.4)	(5.8)	(30.2)
Net deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15 Trade and other payables

	2008 \$ million	2007 \$ million
Trade payables	4.6	7.4
Interest payable	70.5	69.7
Advance receipts	27.1	50.3
Accrued operating expenditure	116.4	116.7
Accrued capital expenditure	152.4	138.6
Financial derivative liabilities	690.9	464.5
Other payable	52.3	35.4
Amounts due to immediate holding company:		
- trade	0.8	1.9
- interest payable on loan note	7.9	14.0
Amounts due to related companies (trade)	49.0	9.7
	<u>1,171.9</u>	<u>908.2</u>

Payables denominated in currencies other than the Company's functional currency comprise \$2.3 million (2007: \$13.7 million) of other payables and accruals denominated in US dollars, \$4.2 million (2007: \$5.3 million) in Euros, \$10.5 million (2007: \$3.8 million) in Swiss Francs, \$0.1 million (2007: \$Nil) in Australian Dollars and \$0.7 million (2007: \$2.9 million) in Japanese Yen.

Included in the trade amount due to a related company is a balance at \$36.5 million (2007: non-current \$29.8 million). This amount is unsecured and bears interest at variable rates ranging from 0.63% to 2.47% per annum during the financial year (2007: 2.78% to 3.44%). It is expected to be repaid in 2008.

16 Revenue

Revenue comprises use of system charges, net of rebates.

17 Other income

	2008	2007
	\$ million	\$ million
Rental income	6.6	6.7
Leasing income	3.4	3.4
Income related to disbursement recoverable jobs	18.2	19.9
Gain on disposal of property, plant and equipment	3.0	-
Sale of scrap	4.4	3.3
Customers' contributions	4.1	3.1
Insurance claims	4.3	0.6
Others	3.1	2.4
	<u>47.1</u>	<u>39.4</u>

18 Profit from operations

	Note	2008	2007
		\$ million	\$ million
Operating lease expenses		2.9	1.8
Depreciation of property, plant and equipment	3	338.7	325.5
Amortisation of intangible assets	4	7.8	7.5
Exchange (gain)/loss		(0.3)	2.1
Loss on disposal of property, plant and equipment		-	1.2
Fair value loss on financial instruments		2.2	1.2
		<u>2.2</u>	<u>1.2</u>

19 Interest income

	2008	2007
	\$ million	\$ million
Interest income received and receivable from:		
- banks	6.6	12.2
- immediate holding company	0.1	3.5
	<u>6.7</u>	<u>15.7</u>

20 Interest expense

	2008	2007
	\$ million	\$ million
Interest paid and payable to:		
- immediate holding company	22.5	29.3
- banks	166.7	164.7
	<u>189.2</u>	<u>194.0</u>

21 Income tax expense

	2008	2007
	\$ million	\$ million
Current tax expense		
Based on results for the year	79.3	85.7
Overprovision in respect of prior years	(0.1)	(10.0)
	79.2	75.7
Deferred tax expense		
Movements in temporary differences	18.5	8.2
Underprovision in respect of prior years	-	8.4
Effect of reduction in tax rate	-	(103.3)
	18.5	(86.7)
Income tax expense	97.7	(11.0)
 <i>Reconciliation of effective tax rate</i>		
Profit before income tax	520.9	502.4
Income tax using Singapore tax rate of 18% (2007: 18%)	93.8	90.4
(Over)/Underprovision in respect of prior years		
- current tax	(0.1)	(10.0)
- deferred tax	-	8.4
Effect of reduction in tax rate	-	(103.3)
Expenses not deductible for tax purposes	4.0	3.5
	97.7	(11.0)

22 Related parties

For the purpose of these 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 companies and are subject to common control. The Company engages in a wide variety of transactions with related companies 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 to the Temasek group. As the Company's rates for electricity transmission and distribution are based on posted tariffs approved by the electricity industry authorities in Singapore and Australia, 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:

	2008	2007
	\$ million	\$ million
<i>Related Companies</i>		
- management fee	135.7	141.4
- maintenance expenses	6.7	5.1
- support services	16.7	16.3
- use of system charges, net of rebates	1,174.2	1,303.3
- agency fee	17.7	17.7

23 Financial instruments

Financial risk management objectives and policies

Exposure to foreign currency, interest rate and credit risks arises in the normal course of the Company's 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 policies for managing each of these risks are described below.

The Company uses forward exchange contracts, interest rate swaps, cross currency swaps and derivative financial instruments to mitigate its exposure to the financial risks identified.

Foreign currency risks

There is exposure to foreign currency risks where purchase, supply and installation contracts are denominated in a currency other than Singapore dollars. The principal currencies giving rise to this risk include Euros, US dollars, Swiss francs, Australian dollars and the Japanese yen.

It is the Company's policy to hedge foreign currency risks attributable to purchase transactions. The Company uses forward foreign currency contracts to hedge such exposures. The maturities of the forward exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, the forward exchange contracts are either rolled over at maturity or translated into foreign currency deposits whichever is the more cost efficient method.

At 31 March 2008, the Company has outstanding forward exchange contracts with notional amounts of approximately \$221.4 million (2007: \$120.3 million).

The net fair value of forward exchange contracts as at 31 March 2008 is \$1.1 million (2007: \$3.3 million) comprising assets of \$5.6 million (2007: Nil) and liabilities of \$6.7 million (2007: \$3.3 million). These amounts are recognised as financial derivative assets and liabilities in trade and other receivables and trade and other payables respectively.

All foreign currency borrowings are swapped back to Singapore dollars. The Company uses foreign currency swaps to hedge against foreign currency loan liabilities.

Interest rate risks

The Company manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rates. This is done either by (i) issuance of fixed rate debts; (ii) the use of interest rate swaps to convert variable rate debt to fixed rate debt; and (iii) the use of cross currency interest rate swaps to convert fixed or variable rate non-measurement currency denominated debt to fixed rate measurement currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

At 31 March 2008, the Company has interest rate and cross-currency swaps with notional amount of \$14,242million (2007: \$8,758 million). Under FRS 39, the Company classifies these swaps as cash flow and fair value hedges except for swaps of notional amount of \$2,500 million (2007: Nil) that do not meet the requirements of hedge accounting in which case, changes in fair value are recorded in the income statement. The Company classifies interest rate and cross currency swaps as cash flow and fair value hedges. The net fair value of swaps as at 31 March 2008 is \$576.7 million (2007: \$428.1 million) comprising assets of \$107.5 million (2007: \$33.1 million) and liabilities of \$684.2 million (2007: \$461.2 million). These amounts are recognised as financial derivative assets and liabilities in trade and other receivables and trade and other payables respectively.

The Company's excess funds are invested in bank deposits of varying maturities to match its cash flow needs, or deposited with the immediate holding company.

Counter-party risks

Surplus funds are invested in interest-bearing deposits with prime financial institutions. Counter-party risks are managed by limiting exposure to any individual counter-party. The Company's portfolio of financial instruments is entered into with several creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

Counter-party risks on derivatives are restricted to any gain or loss when marked to market, and not on the underlying notional amount transacted. As a prudent measure, the Company enters into derivatives only with credit-worthy financial institutions. Therefore the possibility of material loss arising in the event of non-performance by a counter-party is considered to be remote.

Other than for related companies, there is no significant concentration of credit risk of trade debts. In addition to customers' deposits, the Company holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

Liquidity risk

The Company adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate amount of bank credit lines and the establishment of medium term note programmes.

Estimating the fair values

Debt securities

Fair value is based on quoted market prices or determined by reference to the valuation provided by financial institutions at the balance sheet date.

Derivative financial instruments

The fair values of derivative financial instruments such as foreign exchange contracts and interest rate and cross-currency swaps are based on quoted market prices at the balance sheet 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 balance sheet date.

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables) approximate their fair values.

Effective interest rates and repricing analysis

The following table indicates the effective interest rates of interest-earning financial assets and interest-bearing financial liabilities at the balance sheet date and the periods in which they reprice.

		Fixed rate maturing						
			1 to 2	2 to 3	3 to 4	4 to 5	After 5	
	Note	Effective interest rate %	years	years	years	years	years	Total
			\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
As at 31 March 2008								
Financial Assets								
Fixed deposits	7	1.09	-	-	-	-	-	229.6
Amounts due from immediate holding company (non-trade)	6	1.216	-	-	-	-	-	4.0
Financial Liabilities								
Debt securities	11	2.72 - 4.84	200.0	559.2 *	-	-	2,141.9 #	3,729.8
Effect of interest rate swaps		-	(200.0)	-	-	200.0 *	-	-
Bank loans	12	1.27	250.0	-	-	-	-	250.0
Loan note issued to immediate holding company	10	-	250.0	559.2	-	200.0	2,141.9	3,979.8
		3.7	-	82.0	-	-	359.0	441.0

* Forward start interest rate swaps to hedge interest rate risks for forecast transactions (to refinance the relevant debt securities) up to April 2013.

Forward start interest rate swaps to swap from fixed rate (ranging from 3.39% to 4.84%) to floating rate (based on six-month swap offer rate) from April 2013 to maturity of the relevant debt securities.

←-----Fixed rate maturing-----→

As at 31 March 2007

Financial Assets

	Note	Effective interest rate %	Floating interest \$ million	Within 1 year \$ million	1 to 2 years \$ million	2 to 3 years \$ million	3 to 4 years \$ million	4 to 5 years \$ million	After 5 years \$ million	Total \$ million
Fixed deposits	7	2.88	526.2	-	-	-	-	-	-	526.2
Amounts due from immediate holding company (non-trade)	6	3.06	3.9	-	-	-	-	-	-	3.9

Financial Liabilities

Debt securities	11	2.72 - 4.84	200.0	-	910.2	-	556.3 *	-	2,217.0 *	3,883.5
Effect of interest rate swaps			(200.0)	-	200.0	-	-	-	-	-
Amount due to a related company	15	3.44	29.8	-	1,110.2	-	556.3	-	2,217.0	3,883.5
Loan note issued to immediate holding company	10	3.7	-	350.0	-	-	82.0	-	359.0	791.0

* Forward start interest rate swaps of \$2,773.3 million to swap from fixed rate (ranging from 3.39% to 4.84%) to floating rate (based on six-month swap offer rate) from April 2008 to maturity of the relevant debt securities.

The aggregate net fair values of financial assets and liabilities that are not carried at fair value in the balance sheet as at 31 March are presented in the following table:

	Note	← 2008 →		← 2007 →	
		Carrying amount \$ million	Fair value \$ million	Carrying amount \$ million	Fair value \$ million
Loan note issue to immediate holding company	10	441.0	462.6	791.0	813.0
Debt securities:					
- non-current portion	11	2,701.1	2,720.3	3,683.5	3,723.4
- current portion	11	828.7	831.0	-	-
Total		3,970.8	4,013.9	4,474.5	4,536.4
Unrecognised loss			43.1		61.9

24 Commitments

(a) Capital commitments

	2008 \$ million	2007 \$ million
Contracted but not provided for in the financial statements	1,118.7	815.3

(b) Operating lease commitments

As at 31 March, the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2008 \$ million	2007 \$ million
Payable:		
- Within 1 year	4.0	0.9
- After 1 year but within 5 years	14.0	0.1
	18.0	1.0

25 New accounting standards and interpretations not yet adopted

The Company has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 *Borrowing Costs*
- FRS 107 *Financial Instruments: Disclosures* and the amendment to *FRS 1 Presentation of Financial Statements: Capital Disclosures*
- FRS 108 *Operating Segments*
- INT FRS 112 *Service Concession Arrangements*
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 114 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

FRS 1 (revised 2008) will become effective for the Company's financial statements for the year ending 31 March 2010. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Company's financial position or results.

FRS 107 and the amendment to FRS 1, which will become effective for the Company's financial statements for the year ending 31 March 2009, will require extensive additional disclosures with respect to the Company's financial instruments and share capital. This standard does not have any impact on the Company's financial result or position.

The initial application of these standards and interpretations are not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the balance sheet date.

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 2007.

Directors

The directors in office at the date of this report are as follows:

Mr Alan Chan Heng Loon
 Mr Keith Tay Ah Kee
 Mr Tan Chee Meng
 Mr Quek Poh Huat

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	At beginning of the year	At end of the year
Mr Alan Chan Heng Loon		
Singapore Telecommunications Limited shares	3,500	2,970
SP AusNet securities*	100,000	100,000
Mr Keith Tay Ah Kee		
Singapore Telecommunications Limited shares	29,480	26,650
SP AusNet securities*	100,000	100,000
Mr Tan Chee Meng		
SP AusNet securities*	50,000	50,000
Mr Quek Poh Huat		
Singapore Computer Systems Limited shares	15,000	15,000
Singapore Telecommunications Limited shares	3,370	5,210
- Options to purchase at \$1.39 (exercisable between 9 September 2003 to 9 September 2007)	60,000	-

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	At beginning of the year	At end of the year
Mr Quek Poh Huat		
Singapore Technologies Engineering Limited shares	813,728	813,728
- Options to purchase at \$1.92 (exercisable between 13 August 2003 to 12 August 2007)	12,750	12,750
- Options to purchase at \$1.79 (exercisable between 7 February 2004 to 6 February 2008)	14,750	14,750
- Options to purchase at \$1.86 (exercisable between 12 August 2004 to 11 August 2008)	33,000	33,000
- Options to purchase at \$2.09 (exercisable between 10 February 2005 to 9 February 2009)	33,000	33,000
- Options to purchase at \$2.12 (exercisable between 11 August 2005 to 10 August 2009)	33,000	33,000
- Options to purchase at \$2.37 (exercisable between 8 February 2006 to 7 February 2010)	33,000	33,000
- Options to purchase at \$2.57 (exercisable between 11 August 2006 to 10 August 2010)	33,000	33,000
- Options to purchase at \$3.01 (exercisable between 10 February 2007 to 9 February 2011)	33,000	33,000
- Options to purchase at \$2.84 (exercisable between 11 August 2007 to 10 August 2011)	-	33,000
- Options to purchase at \$3.23 (exercisable between 16 March 2008 to 15 March 2012)	-	33,000
SMRT Corporation Ltd shares	8,000	8,000
SP AusNet securities*	206,000	206,000

* 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.

Share options

During the financial year, there were:

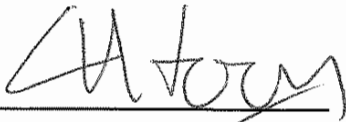
- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



MR ALAN CHAN HENG LOON
Chairman



MR QUEK POH HUAT
Director

16 May 2007

Statement by Directors

In our opinion:

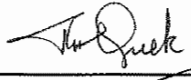
- (a) the financial statements set out on pages FS1 to FS27 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2007 and of the results, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Act 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 QUEK POH HUAT
Director

16 May 2007



KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
SP PowerAssets Limited

We have audited the financial statements of SP PowerAssets Limited (the Company), which comprise the balance sheet as at 31 March 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS27.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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 the directors, 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:

- (a) 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 2007 and of the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) 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.

A handwritten signature in black ink, appearing to be 'W. S. G.' or similar.

KPMG
Certified Public Accountants

Singapore
16 May 2007

Balance sheet
As at 31 March 2007

	Note	2007 \$ million	2006 \$ million
Non-current assets			
Property, plant and equipment	3	6,673.6	6,524.4
Intangible assets	4	2,236.8	2,244.3
		8,910.4	8,768.7
Current assets			
Inventories	5	44.2	31.5
Trade and other receivables	6	226.5	505.3
Cash and cash equivalents	7	527.5	500.1
		798.2	1,036.9
Total assets		9,708.6	9,805.6
Equity			
Share capital	8	2,300.0	2,300.0
Reserves	9	664.4	497.7
Total equity		2,964.4	2,797.7
Non-current liabilities			
Amounts due to a related company	10	29.8	19.3
Loan note issued to immediate holding company	11	441.0	791.0
Debt securities	12	3,883.5	4,184.3
Deferred income	13	97.0	76.8
Deferred taxation	14	946.0	1,032.7
		5,397.3	6,104.1
Current liabilities			
Trade and other payables	15	908.2	800.1
Provision for taxation		88.7	103.7
Loan note issued to immediate holding company	11	350.0	-
		1,346.9	903.8
Total liabilities		6,744.2	7,007.9
Total equity and liabilities		9,708.6	9,805.6

The accompanying notes form an integral part of these financial statements.

Income statement
Year ended 31 March 2007

	Note	2007 \$ million	2006 \$ million
Revenue	17	1,303.3	1,285.2
Other income	18	39.4	38.2
Expenses			
Depreciation	3	(325.5)	(311.3)
Amortisation	4	(7.5)	(7.5)
Maintenance		(63.2)	(56.3)
Management fee		(141.4)	(135.7)
Property tax		(58.5)	(60.5)
Other operating expenses		(65.9)	(60.0)
Profit from operations	19	680.7	692.1
Interest income	20	15.7	17.3
Interest expense	21	(194.0)	(199.5)
Profit before income tax		502.4	509.9
Income tax credit/(expense)			
- Based on results of the year and adjustments relating to prior years		(92.3)	(107.7)
- Effect of reduction in tax rate on deferred tax liability brought forward		103.3	-
	22	11.0	(107.7)
Profit for the year		513.4	402.2

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2007

	Share capital \$ million	Hedging reserve \$ million	Revenue reserve \$ million	Total \$ million
At 1 April 2005	2,300.0	(150.9)	217.2	2,366.3
Effective portion of changes in fair value of cash flow hedges	-	80.1	-	80.1
Reversal of changes in fair value of cash flow hedges included in income statement	-	(15.2)	-	(15.2)
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet	-	0.8	-	0.8
Net gain recognised directly in equity	-	65.7	-	65.7
Profit for the year	-	-	402.2	402.2
Total recognised income and expenses for the year	-	65.7	402.2	467.9
Final tax-exempt dividend paid of \$0.0159 per share	-	-	(36.5)	(36.5)
At 31 March 2006	2,300.0	(85.2)	582.9	2,797.7
At 1 April 2006	2,300.0	(85.2)	582.9	2,797.7
Effective portion of changes in fair value of cash flow hedges	-	(158.4)	-	(158.4)
Reversal of changes in fair value of cash flow hedges included in income statement	-	153.9	-	153.9
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet	-	7.8	-	7.8
Net gain recognised directly in equity	-	3.3	-	3.3
Profit for the year	-	-	513.4	513.4
Total recognised income and expenses for the year	-	3.3	513.4	516.7
Final tax-exempt dividend paid of \$0.1522 per share	-	-	(350.0)	(350.0)
At 31 March 2007	2,300.0	(81.9)	746.3	2,964.4

The accompanying notes form an integral part of these financial statements.

Cash flow statement
Year ended 31 March 2007

	Note	2007 \$ million	2006 \$ million
Operating activities			
Profit before income tax		502.4	509.9
Adjustments for:			
Depreciation and amortisation		333.0	318.8
Loss/(Gain) on disposal of property, plant and equipment		1.2	(0.3)
Recognition of deferred customer contributions		(3.1)	(1.9)
Revaluation of derivative assets/liabilities		3.5	(2.9)
Interest expense		194.0	199.5
Interest income		(15.7)	(17.3)
Exchange differences		2.9	(0.7)
		1,018.2	1,005.1
Changes in working capital:			
Inventories		(12.7)	(2.5)
Trade and other receivables		(18.8)	(0.9)
Trade and other payables		52.1	(1.4)
Balances with related companies (trade)		(5.4)	(1.5)
Cash generated from operations		1,033.4	998.8
Interest received		17.6	12.0
Tax paid		(90.7)	(49.6)
Cash flows from operating activities		960.3	961.2
Investing activities			
Purchase of property, plant and equipment		(528.6)	(462.3)
Proceeds from disposal of property, plant and equipment		2.5	1.2
Cash flows from investing activities		(526.1)	(461.1)
Financing activities			
Interest paid		(195.0)	(211.1)
Redemption of debt securities		(200.0)	-
Repayment of loan notes		-	(909.0)
Proceeds from issuance of debt securities, net of transaction cost of \$1.2 million		-	598.8
Customers' contributions received		23.3	37.9
Balances with related companies (non-trade)		5.2	4.9
Dividend paid		(37.0)	-
Cash flows from financing activities		(403.5)	(478.5)
Net increase in cash and cash equivalents		30.7	21.6
Cash and cash equivalents at beginning of year		500.1	477.8
Effect of exchange rate changes on balances held in foreign currencies		(3.3)	0.7
Cash and cash equivalents at end of year	7	527.5	500.1

The accompanying notes form an integral part of these financial statements.

The \$36.5 million final tax-exempt dividend declared in relation to the financial year ended 31 March 2005 was paid by way of offset against the amounts due from the immediate holding company in the year ended 31 March 2006. The \$350.0 million final tax-exempt dividend declared in relation to the financial year ended 31 March 2006 was paid by way of offset of \$313.0 million against the amounts due from the immediate holding company and \$37.0 million by cash in the financial year ended 31 March 2007.

In the financial year ended 31 March 2006, there was a reversal of group loss relief previously transferred to a related company for a consideration of \$38.2 million that was equivalent to the income tax benefit foregone.

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 16 May 2007.

1 Domicile and activities

SP PowerAssets Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 111 Somerset Road, Singapore Power Building, Singapore 238164.

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 during the financial year were Singapore Power Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are presented in Singapore dollars. They are prepared on the historical cost basis, except that certain financial assets and financial liabilities are stated at fair value.

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 hundred thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently by the Company. The accounting policies used by the Company have been applied consistently to all periods presented in these financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 2.11 – impairment of assets
- Note 4 – assumptions of recoverable amounts relating to goodwill impairment
- Note 24 – valuation of financial instruments

2.2 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Transactions in foreign currencies during the year are translated at rates ruling on transaction dates. Translation differences arising from translation are included in the income statement.

Non-monetary assets and liabilities measured at cost in a foreign currency are translated at rates ruling on transaction date. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into Singapore dollars at rates ruling at the dates the fair value was determined.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

No depreciation is provided on freehold land and construction-in-progress.

Depreciation is provided on a straight line basis so as to write off items of property, plant and equipment over the following estimated useful lives as follows:

Leasehold land	remaining term of the lease ranging from 2 to 99 years
Leasehold buildings	30 years
Transformers and switchgear	30 years
Other plant and machinery (principally remote control and telemetering equipment)	3 to 20 years
Mains	30 years
Other fixed assets (principally motor vehicles and office equipment)	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each balance sheet date.

2.4 Intangible assets

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is stated at cost less impairment losses.

Goodwill is tested for impairment on an annual basis as described in note 2.11.

Other intangible assets

Other intangible assets with finite useful lives are stated at cost less accumulated amortisation and impairment losses.

Deferred expenditure relates 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 a period of 7 to 18 years in which the Company derives benefits from the capital contribution payments, which is generally the useful life of the relevant equipment.

2.5 Derivative financial instruments

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in note 2.6.

The fair value of interest rate and cross currency swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rate, exchange rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is calculated by reference to forward exchange rates at the balance sheet date.

2.6 Hedging

Cash flow hedge

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

Fair value hedge

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the income statement immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement from that date.

2.7 Leases

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Company's cash management.

2.11 Impairment

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Impairment of non financial assets

The carrying amounts of the Company's non-financial 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 amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

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.

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Liabilities and interest-bearing liabilities

Trade and other payables are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities designated as fair value through income statement are stated at fair value with any resultant gain or loss recognised in the income statement.

2.14 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.15 Deferred income

Deferred income comprises contributions made by certain customers towards the cost of revenue earning capital projects.

Deferred income is recognised on the straight line basis and taken to the income statement over the periods necessary to match the depreciation of the assets purchased with the customers' contributions.

2.16 Interest income and expense

Interest income is recognised as it accrues, using the effective interest method.

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

2.17 Income tax

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the income statement except for the tax effects of items recognised directly in equity, which are recognised in the statement of changes in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the tax bases of assets and liabilities. Temporary differences are not recognised for goodwill not deductible for tax purposes nor for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

2.18 Revenue recognition

Revenue is recognised when electricity is delivered to consumers.

2.19 Price regulation and electricity licence

The Company's operations in Singapore are regulated under the Electricity Licence issued by the Energy Market Authority of Singapore. Revenue to be earned from the supply and transmission of electricity is regulated based on certain formulae and parameters set out in the licences.

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 obligated for the refund.

3 Property, plant and equipment

Cost	Freehold	Leasehold	Leasehold	Leasehold	Switchgear	Transformers	Other plant	Mains	Other fixed	Construction-	Total
	land	land	buildings	and			assets		in-progress	assets	
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
At 1 April 2005	0.2	327.9	503.2	1,737.6	575.2	59.8	3,134.6	50.7	365.4	6,754.6	
Additions	-	-	-	-	-	-	-	-	538.9	538.9	
Disposals	-	(0.1)	-	(0.3)	(0.1)	-	-	(1.3)	-	(1.8)	
Transfers	-	(1.0)	141.5	75.1	31.4	6.4	80.3	2.6	(336.3)	-	
At 31 March 2006	0.2	326.8	644.7	1,812.4	606.5	66.2	3,214.9	52.0	568.0	7,291.7	
Additions	-	-	-	-	-	-	-	-	478.4	478.4	
Disposals	-	(0.1)	-	(1.2)	(3.4)	-	-	(1.9)	-	(6.6)	
Transfers	0.1	-	30.4	149.0	67.9	6.3	306.8	5.2	(565.7)	-	
At 31 March 2007	0.3	326.7	675.1	1,960.2	671.0	72.5	3,521.7	55.3	480.7	7,763.5	
Accumulated depreciation											
At 1 April 2005	-	10.8	46.7	115.7	41.5	22.0	208.8	11.4	-	456.9	
Depreciation	-	7.4	31.3	78.6	28.3	12.4	145.8	7.5	-	311.3	
Disposals	-	-	-	-	(0.1)	-	-	(0.8)	-	(0.9)	
At 31 March 2006	-	18.2	78.0	194.3	69.7	34.4	354.6	18.1	-	767.3	
Depreciation	-	7.4	33.2	83.5	29.7	14.3	150.2	7.2	-	325.5	
Disposals	-	-	-	(0.7)	(0.5)	-	-	(1.7)	-	(2.9)	
At 31 March 2007	-	25.6	111.2	277.1	98.9	48.7	504.8	23.6	-	1,089.9	
Carrying amount											
At 1 April 2005	0.2	317.1	456.5	1,621.9	533.7	37.8	2,925.8	39.3	365.4	6,297.7	
At 31 March 2006	0.2	308.6	566.7	1,618.1	536.8	31.8	2,860.3	33.9	568.0	6,524.4	
At 31 March 2007	0.3	301.1	563.9	1,683.1	572.1	23.8	3,016.9	31.7	480.7	6,673.6	

4 Intangible assets

	Goodwill on acquisition \$ million	Deferred expenditure \$ million	Total \$ million
Cost			
At 1 April 2005	2,166.8	93.0	2,259.8
Additions	-	1.2	1.2
At 31 March 2006 and 2007	<u>2,166.8</u>	<u>94.2</u>	<u>2,261.0</u>
Accumulated amortisation and impairment losses			
At 1 April 2005	-	9.2	9.2
Amortisation	-	7.5	7.5
At 31 March 2006	-	16.7	16.7
Amortisation	-	7.5	7.5
At 31 March 2007	<u>-</u>	<u>24.2</u>	<u>24.2</u>
Carrying amount			
At 1 April 2005	<u>2,166.8</u>	<u>83.8</u>	<u>2,250.6</u>
At 31 March 2006	<u>2,166.8</u>	<u>77.5</u>	<u>2,244.3</u>
At 31 March 2007	<u>2,166.8</u>	<u>70.0</u>	<u>2,236.8</u>

Impairment test for goodwill

The Company as a whole is considered a cash generating unit (CGU).

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cashflow projections based on the cap on the Company's tariffs set by the Energy Market Authority for a five year regulatory period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the Singapore gross domestic product growth as estimated by the government. The discount rate is pre-tax and has been estimated from observation of market evidence of the cost of capital of electricity companies, including the Company, to reflect specific risks relating to the Company's business.

	%
Growth rate	4.20
Discount rate	<u>7.42</u>

The calculations show that there has been no impairment of the goodwill balance during the year ended 31 March 2007.

5 Inventories

	2007	2006
	\$ million	\$ million
Cables	33.8	22.1
Transformers	1.1	0.8
Switchgear	7.9	7.5
Spare parts and accessories	1.4	1.2
	<u>44.2</u>	<u>31.6</u>
Allowance for inventories obsolescence	-	(0.1)
	<u>44.2</u>	<u>31.5</u>

6 Trade and other receivables

	Note	2007	2006
		\$ million	\$ million
Trade receivables		88.2	82.4
Allowance for doubtful receivables		(0.8)	(0.9)
Net receivables		<u>87.4</u>	<u>81.5</u>
Balances with related companies	10	84.3	389.0
Interest receivable		0.3	0.4
Deposits		16.5	2.1
Prepayments		4.9	6.4
Financial derivative assets		33.1	25.9
		<u>226.5</u>	<u>505.3</u>

7 Cash and cash equivalents

	2007	2006
	\$ million	\$ million
Cash at bank and in hand	1.3	1.1
Fixed deposits	526.2	499.0
	<u>527.5</u>	<u>500.1</u>

8 Share capital

	2007	2006
	No of shares	No of shares
	million	million
Issued and fully-paid:		
Ordinary shares	<u>2,300.0</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.

9 Reserves

	2007	2006
	\$ million	\$ million
Hedging reserve	(81.9)	(85.2)
Revenue reserve	746.3	582.9
	664.4	497.7

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

10 Balances with related companies

	Note	2007	2006
		\$ million	\$ million
Current:			
Amounts due from immediate holding company			
- non-trade		3.9	313.4
Amounts due from related companies			
- trade		80.4	75.6
	6	84.3	389.0
Current:			
Amounts due to immediate holding company			
- trade		1.9	0.1
- interest payable		14.0	14.0
Amounts due to related companies			
- trade		9.7	12.1
	15	25.6	26.2
Non-current:			
Amount due to a related company (non-trade)		29.8	19.3

The interest payable due to the immediate holding company comprises the interest payable on the loan note issued.

The non-trade amounts due from the immediate holding company are unsecured and bear interest at variable rates ranging from 3.06% to 3.47% per annum during the financial year (2006: 1.95% to 3.38%).

The non-current amount due to a related company is unsecured and bears interest at variable rates ranging from 2.78% to 3.44% per annum during the financial year (2006: 1.81% to 3.25%). It is expected to be repaid in 2008.

11 Loan note issued to immediate holding company

	2007	2006
	\$ million	\$ million
Loan note issued to immediate holding company	791.0	791.0
Less: Repayable within 12 months	(350.0)	-
Repayable after 12 months	<u>441.0</u>	<u>791.0</u>

The loan note is unsecured and bears interest at 3.7% (2006: 3.7%) per annum. The amounts are to be repaid as follows:

Financial year ending 31 March	2007	2006
	\$ million	\$ million
2008	350.0	350.0
2011	82.0	82.0
2014	359.0	359.0
	<u>791.0</u>	<u>791.0</u>

12 Debt securities

	2007	2006
	\$ million	\$ million
Fixed rate notes of US\$600 million, swapped to \$1,044 million, repayable on 22 October 2008 and with interest fixed at 3.80% per annum	910.2	971.6
Fixed rate notes of \$550 million repayable on 22 October 2010 and with interest fixed at 3.73% per annum	556.3	547.8
Fixed rate notes of US\$1 billion, swapped to \$1,740 million, repayable on 22 October 2013 and with interest fixed at 5.00% per annum	1,494.1	1,571.3
Fixed rate notes of \$500 million repayable on 22 October 2018 and with interest fixed at 4.84% per annum	521.7	498.8
Fixed rate notes of \$200 million repayable on 27 April 2015 and with interest fixed at 3.385% per annum	201.2	194.8
	<u>3,683.5</u>	<u>3,784.3</u>
Floating rate notes of \$200 million (2006: \$400 million) repayable on 27 April 2012 and with interest at swap offer rate plus 0.15% per annum (\$200 million was prepaid on 27 July 2006)	200.0	400.0
	<u>3,883.5</u>	<u>4,184.3</u>

13 Deferred income

	2007 \$ million	2006 \$ million
Customers' contributions	103.2	79.9
Accumulated accretion	(6.2)	(3.1)
	97.0	76.8

Movements in accumulated accretion are as follows:

Balance at beginning of the year	3.1	1.2
Accretion	3.1	1.9
Balance at end of the year	6.2	3.1

14 Deferred taxation

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1 April 2005 \$ million	Recognised in income statement (Note 22) \$ million	At 31 March 2006 \$ million	Recognised in income statement (Note 22) \$ million	At 31 March 2007 \$ million
Deferred tax liabilities					
Property, plant and equipment	(1,011.8)	(42.0)	(1,053.8)	83.4	(970.4)
Set off of tax	14.9	6.2	21.1	3.3	24.4
Net deferred tax liabilities	(996.9)	(35.8)	(1,032.7)	86.7	(946.0)
Deferred tax assets					
Deferred income	14.8	6.3	21.1	3.3	24.4
Trade and other receivables	0.1	(0.1)	-	-	-
Set off of tax	(14.9)	(6.2)	(21.1)	(3.3)	(24.4)
Net deferred tax assets	-	-	-	-	-

15 Trade and other payables

	Note	2007 \$ million	2006 \$ million
Trade payables		7.4	5.6
Other payables and accruals	16	875.2	768.3
Balances with related companies	10	25.6	26.2
		908.2	800.1

Payables denominated in currencies other than the Company's functional currency comprise \$13.7 million (2006: \$18.0 million) of other payables and accruals denominated in US dollars and \$12.0 million (2006: \$5.2 million) of other payables and accruals denominated in various other foreign currencies.

16 Other payables and accruals

	Note	2007 \$ million	2006 \$ million
Interest payable		69.7	70.7
Advance receipts		50.3	38.8
Accrued operating expenditure		116.7	85.3
Accrued capital expenditure		138.6	188.8
Financial derivative liabilities		464.5	356.7
Others		35.4	28.0
	15	875.2	768.3

17 Revenue

	2007 \$ million	2006 \$ million
Use of system charges, net of rebates	1,303.3	1,285.2

18 Other income

	2007 \$ million	2006 \$ million
Rental income	6.7	6.1
Leasing income	3.4	3.4
Income related to disbursement recoverable jobs	19.9	20.6
Exchange gain	-	0.7
Gain on disposal of property, plant and equipment	-	0.3
Others	9.4	7.1
	39.4	38.2

19 Profit from operations

	Note	2007 \$ million	2006 \$ million
Operating lease expenses		1.8	1.8
Depreciation of property, plant and equipment	3	325.5	311.3
Amortisation of intangible assets	4	7.5	7.5
Exchange loss		2.1	-
Loss on disposal of property, plant and equipment		1.2	-
Fair value loss on financial instruments		1.2	-
		1.2	-

20 Interest income

	2007	2006
	\$ million	\$ million
Interest income from:		
- banks	12.2	9.2
- immediate holding company	3.5	8.1
	15.7	17.3

21 Interest expense

	2007	2006
	\$ million	\$ million
Interest paid and payable to:		
- immediate holding company	29.3	33.0
- banks	164.7	166.5
	194.0	199.5

22 Income tax expense

	2007	2006
	\$ million	\$ million
Current tax expense		
Based on results for the year	85.7	129.3
Overprovision in respect of prior years	(10.0)	(57.4)
	75.7	71.9
Deferred tax expense		
Movements in temporary differences	8.2	(21.6)
Reversal of group loss relief previously transferred to related company with consideration	-	38.2
Underprovision in respect of prior years	8.4	19.2
Effect of reduction in tax rate	(103.3)	-
	(86.7)	35.8
Income tax expense	(11.0)	107.7

Reconciliation of effective tax rate

Profit before income tax	502.4	509.9
Income tax using Singapore tax rate of 18% (2006: 20%)	90.4	102.0
(Over)/underprovision in respect of prior years		
- current tax	(10.0)	(57.4)
- deferred tax	8.4	19.2
Effect of reduction in tax rate	(103.3)	-
Reversal of group loss relief previously transferred to related company	-	38.2
Expenses not deductible for tax purposes	3.5	5.7
	(11.0)	107.7

23 Related parties

For the purpose of these 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 companies and are subject to common control. The Company engages in a wide variety of transactions with related companies 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 to the Temasek group. As the Company's rates for electricity transmission and distribution are based on posted tariffs approved by the electricity industry authorities in Singapore and Australia, 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:

	2007	2006
	\$ million	\$ million
<i>Related Companies</i>		
- management fee	141.4	135.7
- service expenses	5.1	4.3
- support services	16.3	15.7
- use of system charges, net of rebates	1,303.3	1,258.1
- agency fee	17.7	17.7

24 Financial instruments

Financial risk management objectives and policies

Exposure to foreign currency, interest rate and credit risks arises in the normal course of the Company's 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 policies for managing each of these risks are described below.

The Company uses forward exchange contracts, interest rate swaps, cross currency swaps and derivative financial instruments to mitigate its exposure to the financial risks identified.

Foreign currency risks

There is exposure to foreign currency risks where purchase, supply and installation contracts are denominated in a currency other than Singapore dollars. The principal currencies giving rise to this risk include Euros, US dollars, Swiss francs, Australian dollars and the Japanese yen.

It is the Company's policy to hedge foreign currency risks attributable to purchase transactions. The Company uses forward foreign currency contracts to hedge such exposures. The maturities of the forward exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, the forward exchange contracts are either rolled over at maturity or translated into foreign currency deposits whichever is the more cost efficient method.

At 31 March 2007, the Company has outstanding forward exchange contracts with notional amounts of approximately \$120.3 million (2006: \$63.2 million).

The net fair value of forward exchange contracts at 31 March 2007 was \$3.3 million (2006: \$4.5 million) and this is recognised as financial derivative liabilities in other payables.

All foreign currency borrowings are swapped back to Singapore dollars. The Company uses foreign currency swaps to hedge against foreign currency loan liabilities.

Interest rate risks

The Company manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rates. This is done either by (i) issuance of fixed rate debts; (ii) the use of interest rate swaps to convert variable rate debt to fixed rate debt; and (iii) the use of cross currency interest rate swaps to convert fixed or variable rate non-measurement currency denominated debt to fixed rate measurement currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

At 31 March 2007, the Company has interest rate and cross-currency swaps with a notional amount of \$8,758 million (2006: \$8,708 million). The Company classifies interest rate and cross currency swaps as cash flow and fair value hedges. The net fair value of swaps as at 31 March 2007 is \$428.1 million (2006: \$326.3 million) comprising assets of \$33.1 million (2006: \$25.9 million) and liabilities of \$461.2 million (2006: \$352.2 million). These amounts are recognised as financial derivative assets and liabilities in other receivables and payables respectively.

The Company's excess funds are invested in bank deposits of varying maturities to match its cash flow needs, or deposited with the immediate holding company.

Counter-party risks

Surplus funds are invested in interest-bearing deposits with prime financial institutions. Counter-party risks are managed by limiting exposure to any individual counter-party. The Company's portfolio of financial instruments is entered into with several creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

Counter-party risks on derivatives are restricted to any gain or loss when marked to market, and not on the underlying notional amount transacted. As a prudent measure, the Company enters into derivatives only with credit-worthy financial institutions. Therefore the possibility of material loss arising in the event of non-performance by a counter-party is considered to be remote.

Other than for related companies, there is no significant concentration of credit risk of trade debts. In addition to customers' deposits, the Company holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

Liquidity risk

The Company adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate amount of bank credit lines and the establishment of medium term note programmes.

Estimating the fair values

Debt securities

Fair value is based on quoted market prices or determined by reference to the valuation provided by financial institutions at the balance sheet date.

Derivative financial instruments

The fair values of derivative financial instruments such as foreign exchange contracts and interest rate and cross-currency swaps are based on quoted market prices at the balance sheet 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 balance sheet date.

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

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, trade and other payables) approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Effective interest rates and repricing analysis

The following table indicates the effective interest rates of interest-earning financial assets and interest-bearing financial liabilities at the balance sheet date and the periods in which they reprice.

←-----Fixed rate maturing-----→

Note	Effective interest rate %	Floating interest \$ million	Fixed rate maturing					Total \$ million
			Within 1 year \$ million	1 to 2 years \$ million	2 to 3 years \$ million	3 to 4 years \$ million	4 to 5 years \$ million	
As at 31 March 2007								
Financial Assets								
7	2.88	526.2	-	-	-	-	526.2	
Fixed deposits								
10	3.06	3.9	-	-	-	-	3.9	
Amounts due from immediate holding company (non-trade)								
Financial Liabilities								
12)	2.72 - 4.84	200.0	-	910.2	-	556.3 *	2,217.0 *	
)		(200.0)	-	200.0	-	-	-	
)		-	-	1,110.2	-	556.3	2,217.0	
10	3.44	29.8	-	-	-	-	29.8	
11	3.7	-	350.0	-	-	82.0	359.0	
Amount due to a related company								
Loan note issued to immediate holding company								

* Forward start interest rate swaps of \$2,773.3 million to swap from fixed rate (ranging from 3.39% to 4.84%) to floating rate (based on six-month swap offer rate) from April 2008 to maturity of the relevant bonds.

←-----Fixed rate maturing-----→

Note	Effective interest rate %	Floating interest \$ million	Within 1 year \$ million	Fixed rate maturing					Total \$ million
				1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	
As at 31 March 2006									
Financial Assets									
7	3.24	499.0	-	-	-	-	-	-	499.0
10	3.38	313.4	-	-	-	-	-	-	313.4
Financial Liabilities									
12)	2.97 - 4.84	400.0	-	971.6	-	-	547.9*	2,264.8*	4,184.3
)		(200.0)	-	200.0	-	-	-	-	-
)		200.0	-	1,171.6	-	-	547.9*	2,264.8*	4,184.3
10	3.25	19.3	-	-	-	-	-	-	19.3
11	3.7	-	-	350.0	-	-	82.0	359.0	791.0

* Forward start interest rate swaps of \$2,812.7 million to swap from fixed rate (ranging from 3.39% to 4.84%) to floating rate (based on six-month swap offer rate) from April 2008 to maturity of the relevant bonds.

The aggregate net fair values of financial assets and liabilities that are not carried at fair value in the balance sheet as at 31 March are presented in the following table:

	Note	← 2007 →		← 2006 →	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$ million	\$ million	\$ million	\$ million
Loan note	11	791.0	813.0	791.0	795.9
Fixed rate notes	12	3,683.5	3,723.4	3,784.3	3,783.0
Total		<u>4,474.5</u>	<u>4,536.4</u>	<u>4,575.3</u>	<u>4,578.9</u>
Unrecognised loss			<u>61.9</u>		<u>3.6</u>

25 Commitments

(a) Capital commitments

	2007	2006
	\$ million	\$ million
Contracted but not provided for in the financial statements	<u>815.3</u>	<u>702.9</u>

(b) Operating lease commitments

As at 31 March, the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2007	2006
	\$ million	\$ million
Payable:		
- Within 1 year	0.9	1.6
- After 1 year but within 5 years	0.1	1.0
	<u>1.0</u>	<u>2.6</u>

26 New accounting standards and interpretations not yet adopted

The Company has not applied the following accounting standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 40 *Investment Property*
- FRS 107 *Financial Instruments: Disclosures and the Amendment to FRS 1 Presentation of Financial Statements: Capital Disclosures*

- *INT FRS 108 Scope of FRS 102 Share-based Payment*
- *INT FRS 109 Reassessment of Embedded Derivatives*
- *INT FRS 110 Interim Financial Reporting and Impairment*
- *FRS 108 Operating Segments*
- *INT FRS 111 FRS 102 Group and Treasury Share Transactions*
- *INT FRS 112 Service Concession Arrangements*

The initial application of these standards and interpretations is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the balance sheet date.

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 2006.

Directors

The directors in office at the date of this report are as follows:

Mr Alan Chan Heng Loon
 Mr Keith Tay Ah Kee
 Mr Tan Chee Meng (Appointed as Director on 1 August 2005)
 Mr Quek Poh Huat

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, 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 companies are as follows:

Name of director and related companies in which interests (fully paid ordinary shares unless otherwise stated) are held	At beginning of the year	At end of the year
Mr Alan Chan Heng Loon		
Singapore Telecommunications Limited shares	3,500	3,500
SP AusNet securities*	-	100,000
Mr Keith Tay Ah Kee		
Singapore Telecommunications Limited shares	29,480	29,480
SP AusNet securities*	-	100,000
Mr Tan Chee Meng		
SP AusNet securities*	-	50,000
Mr Quek Poh Huat		
Singapore Telecommunications Limited shares	3,370	3,370
- Options to purchase at \$1.42 (exercisable between 9 September 2003 to 9 September 2007)	60,000	60,000
SembCorp Industries Limited shares	36,890	19,676
Singapore Computer Systems Limited shares	15,000	15,000

Name of director and related companies in which interests (fully paid ordinary shares unless otherwise stated) are held	At beginning of the year	At end of the year
Mr Quek Poh Huat (cont'd)		
Singapore Technologies Engineering Limited shares	763,228	813,728
- Options to purchase at \$1.92 (exercisable between 13 August 2003 to 12 August 2007)	43,000	12,750
- Options to purchase at \$1.79 (exercisable between 7 February 2004 to 6 February 2008)	35,000	14,750
- Options to purchase at \$1.86 (exercisable between 12 August 2004 to 11 August 2008)	33,000	33,000
- Options to purchase at \$2.09 (exercisable between 10 February 2005 to 9 February 2009)	33,000	33,000
- Options to purchase at \$2.12 (exercisable between 11 August 2005 to 10 August 2009)	33,000	33,000
- Options to purchase at \$2.37 (exercisable between 8 February 2006 to 7 February 2010)	33,000	33,000
- Options to purchase at \$2.57 (exercisable between 11 August 2006 to 10 August 2010)	-	33,000
- Options to purchase at \$3.01 (exercisable between 10 February 2007 to 9 February 2011)	-	33,000
SMRT Corporation Ltd shares	8,000	8,000
SP AusNet securities*	-	206,000

* 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 companies, 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 company 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.

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.

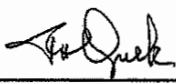
Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



MR ALAN CHAN HENG LOON
Chairman



MR QUEK POH HUAT
Director

29 May 2006

Statement by Directors

In our opinion:

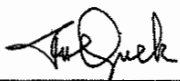
- (a) the financial statements set out on pages FS2 to FS31 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2006 and of the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of 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 QUEK POH HUAT
Director

29 May 2006



KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Report of the Auditors to the Member of SP PowerAssets Limited

We have audited the accompanying financial statements of SP PowerAssets Limited for the year ended 31 March 2006 as set out on pages FS2 to FS31. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2006 and of the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) 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
Certified Public Accountants

Singapore
29 May 2006

Balance Sheet as at 31 March 2006

	Note	2006 \$ million	2005 \$ million
Non-current assets			
Property, plant and equipment	3	6,524.4	6,297.7
Intangible assets	4	2,244.3	2,250.6
		<u>8,768.7</u>	<u>8,548.3</u>
Current assets			
Inventories	5	31.5	29.0
Trade and other receivables	6	505.3	556.9
Cash and cash equivalents	7	500.1	477.8
		<u>1,036.9</u>	<u>1,063.7</u>
Total assets		<u>9,805.6</u>	<u>9,612.0</u>
Equity			
Share capital	8	2,300.0	2,300.0
Reserves	9	497.7	214.9
Total equity		<u>2,797.7</u>	<u>2,514.9</u>
Non-current liabilities			
Amounts due to a related company	10	19.3	11.6
Loan note issued to immediate holding company	11	791.0	791.0
Debt securities	12	4,184.3	3,834.0
Deferred income	13	76.8	40.8
Deferred taxation	14	1,032.7	997.0
		<u>6,104.1</u>	<u>5,674.4</u>
Current liabilities			
Trade and other payables	15	800.1	394.1
Provision for taxation		103.7	119.6
Loan note issued to immediate holding company	11	-	909.0
		<u>903.8</u>	<u>1,422.7</u>
Total liabilities		<u>7,007.9</u>	<u>7,097.1</u>
Total equity and liabilities		<u>9,805.6</u>	<u>9,612.0</u>

The accompanying notes form an integral part of these financial statements.

Profit and Loss Account
Year ended 31 March 2006

	Note	2006 \$ million	2005 \$ million
Revenue	17	1,285.2	1,274.3
Other income	18	38.2	58.5
Expenses			
Depreciation	3	(311.3)	(310.2)
Amortisation	4	(7.5)	(98.4)
Maintenance		(56.3)	(42.9)
Management fee		(135.7)	(145.7)
Property tax		(60.5)	(57.7)
Other operating expenses		(60.0)	(60.7)
Profit from operations	19	692.1	617.2
Interest income	20	17.3	9.0
Interest expense	21	(199.5)	(213.2)
Profit before tax		509.9	413.0
Income tax expense	22	(107.7)	(106.6)
Profit for the year		402.2	306.4

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity
Year ended 31 March 2006

	Share capital \$ million	Hedging reserve \$ million	Revenue reserve \$ million	Total \$ million
At 1 April 2004	2,300.0	-	219.5	2,519.5
Profit for the year	-	-	306.4	306.4
Total recognised income and expenses for the year	-	-	306.4	306.4
Final tax-exempt dividend paid of \$0.0700 per share	-	-	(161.0)	(161.0)
Interim tax-exempt dividend paid of \$0.0652 per share	-	-	(150.0)	(150.0)
At 31 March 2005, as previously reported	2,300.0	-	214.9	2,514.9
Effects of adopting FRS 39	-	(150.9)	2.3	(148.6)
At 1 April 2005, restated	2,300.0	(150.9)	217.2	2,366.3
Effective portion of changes in fair value of cash flow hedges	-	80.1	-	80.1
Reversal of changes in fair value of cash flow hedges taken to profit and loss account	-	(15.2)	-	(15.2)
Reversal of changes in fair value of cash flow hedges on recognition of the hedged item on balance sheet	-	0.8	-	0.8
Net gain recognised directly in equity	-	65.7	-	65.7
Profit for the year	-	-	402.2	402.2
Total recognised income and expenses for the year	-	65.7	402.2	467.9
Final tax-exempt dividend paid of \$0.0159 per share	-	-	(36.5)	(36.5)
At 31 March 2006	2,300.0	(85.2)	582.9	2,797.7

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows
Year ended 31 March 2006

	Note	2006 \$ million	2005 \$ million
Operating activities			
Profit before tax		509.9	413.0
Adjustments for:			
Depreciation and amortisation		318.8	408.6
Gain on disposal of property, plant and equipment		(0.3)	(1.4)
Recognition of deferred customer contributions		(1.9)	(1.1)
Revaluation of derivative assets/liabilities		(2.9)	-
Interest expense		199.5	213.2
Interest income		(17.3)	(9.0)
Exchange differences on cash balances		(0.7)	(14.3)
Operating profit before working capital changes		1,005.1	1,009.0
Changes in working capital:			
Inventories		(2.5)	(4.6)
Trade and other receivables		(0.9)	2.4
Trade and other payables		(1.4)	16.4
Balances with related companies (trade)		(1.5)	(3.7)
Cash generated from operations		998.8	1,019.5
Interest received		12.0	3.4
Tax paid		(49.6)	-
Cash flows from operating activities		961.2	1,022.9
Investing activities			
Purchase of property, plant and equipment		(462.3)	(268.6)
Proceeds from disposal of property, plant and equipment		1.2	2.4
Cash flows from investing activities		(461.1)	(266.2)
Financing activities			
Interest paid		(211.1)	(213.8)
Redemption of debt securities		-	(9.0)
Repayment of loan notes		(909.0)	-
Proceeds from issuance of debt securities, net of transaction cost of \$1.2 million		598.8	-
Customers' contributions received		37.9	28.3
Balances with related companies (non-trade)		4.9	(404.9)
Cash flows from financing activities		(478.5)	(599.4)
Net increase in cash and cash equivalents		21.6	157.3
Cash and cash equivalents at beginning of year		477.8	306.2
Effect of exchange rate changes on balances held in foreign currencies		0.7	14.3
Cash and cash equivalents at end of year	7	500.1	477.8

The accompanying notes form an integral part of these financial statements.

The \$161 million final tax-exempt dividend declared in relation to the financial period ended 31 March 2004 and the \$150 million interim tax-exempt dividend declared in relation to the financial year ended 31 March 2005 were paid by way of offsetting against the amounts due from the immediate holding company in the year ended 31 March 2005. The \$36.5 million final tax-exempt dividend declared in relation to the financial year ended 31 March 2005 were paid by way of offsetting against the amounts due from the immediate holding company in the year ended 31 March 2006.

During the year ended 31 March 2006, there was also a reversal of group loss relief previously transferred to a related company for a consideration of \$38.2 million that is equivalent to the income tax benefit foregone.

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 directors on 29 May 2006.

1 Domicile and Activities

SP PowerAssets Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 111 Somerset Road, Singapore Power Building, Singapore 238164.

The principal activities of the Company are those relating to the provision of services in connection with the transfer, transmission and distribution of electricity.

The immediate and ultimate holding companies during the financial year are Singapore Power Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

In the financial year ended 31 March 2006, the Company adopted the following new and revised FRSs which are relevant to its operations:

FRS 1 (revised)	<i>Presentation of Financial Statements</i>
FRS 2 (revised)	<i>Inventories</i>
FRS 8 (revised)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
FRS 10 (revised)	<i>Events After the Balance Sheet Date</i>
FRS 16 (revised)	<i>Property, Plant and Equipment</i>
FRS 17 (revised)	<i>Leases</i>
FRS 21 (revised)	<i>The Effects of Changes in Foreign Exchange Rates</i>
FRS 24 (revised)	<i>Related Party Disclosures</i>
FRS 27 (revised)	<i>Consolidated and Separate Financial Statements</i>
FRS 32 (revised)	<i>Financial Instruments: Disclosure and Presentation</i>
FRS 36 (revised)	<i>Impairment of Assets</i>
FRS 38 (revised)	<i>Intangible Assets</i>
FRS 39	<i>Financial Instruments: Recognition and Measurement</i>
FRS 103	<i>Business Combinations</i>

The effects of adopting the new and revised FRSs in financial year ended 31 Mar 2006 are set out in note 23.

The financial statements are presented in Singapore dollars, unless otherwise stated. They are prepared on the historical cost basis except that certain financial assets and liabilities are stated at fair value.

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and 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 the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2.2 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Transactions in foreign currencies during the year are translated at rates ruling on transaction dates. Translation differences arising from translation are included in the profit and loss account.

Non-monetary assets and liabilities measured at cost in a foreign currency are translated at rates ruling on transaction date. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into Singapore dollars at rates ruling at the dates the fair value was determined.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

No depreciation is provided on freehold land and construction-in-progress.

Depreciation is provided on a straight line basis so as to write off items of property, plant and equipment over the following estimated useful lives as follows:

Leasehold land	-	remaining term of the lease ranging from 2 to 99 years
Leasehold buildings	-	30 years
Transformers and switchgear	-	30 years
Other plant and machinery (principally remote control and telemetering equipment)	-	3 to 20 years
Mains	-	30 years
Other fixed assets (principally motor vehicles and office equipment)	-	5 to 10 years

The useful lives and residual values, if not insignificant, are reassessed annually.

2.4 Intangible assets

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is stated at cost less impairment losses.

Goodwill is tested for impairment on an annual basis as described in note 2.10.

Other intangible assets

Other intangible assets with finite useful lives are stated at cost less accumulated amortisation and impairment losses.

Deferred expenditure relates 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 a period of 7 to 18 years in which the Company derives benefits from the capital contribution payments, which is generally the useful life of the relevant equipment.

2.5 Derivative financial instruments

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in note 2.6.

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is calculated by reference to forward exchange rates at the balance sheet date.

2.6 Hedging

Cash flow hedge

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss account.

Amounts deferred in equity are recycled in profit and loss account in the periods when the hedged item is recognised in profit and loss account. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit and loss account.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit and loss account.

Fair value hedge

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit and loss account immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit and loss account from that date.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

2.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Company's cash management.

2.10 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cashflows 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 assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of other assets 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. All reversals of impairment are recognised in the profit and loss account.

2.11 Share capital

Ordinary shares are classified as equity. Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable cost, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the profit and loss account.

2.12 Liabilities and interest-bearing liabilities

Trade and other payables are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

2.13 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.14 Deferred income

Deferred income comprises contributions made by certain customers towards the cost of revenue earning capital projects.

Deferred income is recognised on the straight line basis and taken to the profit and loss account over the periods necessary to match the depreciation of the assets purchased with the customers' contributions.

2.15 Income tax

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the profit and loss account except for the tax effects of items recognised directly in equity, which are recognised in the statement of changes in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the tax bases of assets and liabilities. Temporary differences are not recognised for goodwill not deductible for tax purposes nor for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.16 Revenue recognition

Revenue is recognised when electricity is delivered to the consumers.

2.17 Price regulation and electricity licence

The Company's operations in Singapore are regulated under the Electricity Licence issued by the Energy Market Authority of Singapore. Revenue to be earned from the supply and transmission of electricity is regulated based on certain formulae and parameters set out in the licences.

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 obligated for the refund.

2.18 Operating leases

Where the Company has the use of assets under operating leases, payments made under the lease are recognised in the profit and loss account on a straight line basis over the term of the lease.

2.19 Interest expense

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

3 Property, Plant and Equipment

2006	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
						Other plant and machinery \$ million	Construction-in-progress \$ million				
Cost											
At 1 April 2004	0.2	315.4	467.3	1,717.6	564.9	51.6	3,076.8	41.8	244.4	6,480.0	
Additions	-	-	-	-	-	-	-	-	276.5	276.5	
Disposals	-	-	-	(0.5)	(0.2)	-	-	(1.2)	-	(1.9)	
Transfers	-	12.5	35.9	20.5	10.5	8.2	57.8	10.1	(155.5)	-	
At 31 March 2005	0.2	327.9	503.2	1,737.6	575.2	59.8	3,134.6	50.7	365.4	6,754.6	
Additions	-	-	-	-	-	-	-	-	538.9	538.9	
Disposals	-	(0.1)	-	(0.3)	(0.1)	-	-	(1.3)	-	(1.8)	
Transfers	-	(1.0)	141.5	75.1	31.4	6.4	80.3	2.6	(336.3)	-	
At 31 March 2006	0.2	326.8	644.7	1,812.4	606.5	66.2	3,214.9	52.0	568.0	7,291.7	
Accumulated depreciation											
At 1 April 2004	-	3.5	15.5	38.4	13.7	7.6	64.9	4.0	-	147.6	
Depreciation	-	7.3	31.2	77.3	27.8	14.4	143.9	8.3	-	310.2	
Disposals	-	-	-	-	-	-	-	(0.9)	-	(0.9)	
At 31 March 2005	-	10.8	46.7	115.7	41.5	22.0	208.8	11.4	-	456.9	
Depreciation	-	7.4	31.3	78.6	28.3	12.4	145.8	7.5	-	311.3	
Disposals	-	-	-	-	(0.1)	-	-	(0.8)	-	(0.9)	
At 31 March 2006	-	18.2	78.0	194.3	69.7	34.4	354.6	18.1	-	767.3	
Carrying amount											
At 1 April 2004	0.2	311.9	451.8	1,679.2	551.2	44.0	3,011.9	37.8	244.4	6,332.4	
At 31 March 2005	0.2	317.1	456.5	1,621.9	533.7	37.8	2,925.8	39.3	365.4	6,297.7	
At 31 March 2006	0.2	308.6	566.7	1,618.1	536.8	31.8	2,860.3	33.9	568.0	6,524.4	

4 Intangible Assets

2006	Goodwill on	Deferred	Total
Cost	acquisition	expenditure	\$ million
	\$ million	\$ million	\$ million
At 1 April 2004 and 31 March 2005	2,303.2	93.0	2,396.2
At 1 April 2005, as previously reported	2,303.2	93.0	2,396.2
Effects of adopting FRS 103	(136.4)	-	(136.4)
At 1 April 2005, restated	2,166.8	93.0	2,259.8
Additions	-	1.2	1.2
At 31 March 2006	2,166.8	94.2	2,397.4
Accumulated amortisation and impairment losses			
At 1 April 2004	44.3	2.9	47.2
Amortisation	92.1	6.3	98.4
At 31 March 2005	136.4	9.2	145.6
At 1 April 2005, as previously reported	136.4	9.2	145.6
Effects of adopting FRS 103	(136.4)	-	(136.4)
At 1 April 2005, restated	-	9.2	9.2
Amortisation	-	7.5	7.5
At 31 March 2006	-	16.7	153.1
Carrying amount			
At 1 April 2004	2,258.9	90.1	2,349.0
At 31 March 2005	2,166.8	83.8	2,250.6
At 31 March 2006	2,166.8	77.5	2,244.3

Impairment test for goodwill

The Company as a whole is considered a cash generating unit (CGU).

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cashflow projections based on the cap on the Company's tariffs set by the Energy Market Authority for a five year regulatory period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the Singapore gross domestic product growth as estimated by the government. The discount rate is pre-tax and reflect specific risks relating to the Company's business.

Growth rate	4.0
Discount rate	7.2

5 Inventories

	2006	2005
	\$ million	\$ million
Cables	22.1	19.9
Transformers	0.8	0.7
Switchgear	7.5	7.2
Spare parts and accessories	1.2	1.5
	<u>31.6</u>	<u>29.3</u>
Allowances for inventories obsolescence	(0.1)	(0.3)
	<u>31.5</u>	<u>29.0</u>

6 Trade and Other Receivables

	2006	2005
Note	\$ million	\$ million
Trade receivables	82.4	76.6
Allowance for doubtful receivables	(0.9)	(0.6)
Net receivables	<u>81.5</u>	<u>76.0</u>
Balances with related companies	10 389.0	467.1
Interest receivable	0.4	0.4
Deposits	2.1	6.3
Prepayments	6.4	7.1
Financial derivative assets	25.9	-
	<u>505.3</u>	<u>556.9</u>

7 Cash and Cash Equivalents

	2006	2005
	\$ million	\$ million
Cash at bank and in hand	1.1	1.2
Fixed deposits	499.0	476.6
	<u>500.1</u>	<u>477.8</u>

8 Share Capital

	2006		2005	
	No of shares million	\$ million	No of shares million	\$ million
Issued and fully paid: Ordinary shares (2005: par value \$1 each)	2,300.0	2,300.0	2,300.0	2,300.0

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.

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

- a) the concept of authorised share capital was abolished; and
- b) share of the Company ceased to have par value.

9 Reserves

	2006 \$ million	2005 \$ million
Hedging reserve	(85.2)	-
Revenue reserve	582.9	214.9
	<u>497.7</u>	<u>214.9</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

10 Balances with Related Companies

	Note	2006 \$ million	2005 \$ million
Current:			
Amounts due from immediate holding company			
- non-trade		313.4	341.8
Amounts due from related companies			
- trade		75.6	87.1
- non-trade		-	38.2
	6	<u>389.0</u>	<u>467.1</u>

	Note	2006 \$ million	2005 \$ million
Current:			
Amounts due to immediate holding company			
- trade		0.1	-
- interest payable		14.0	30.2
Amounts due to related companies			
- trade		12.1	25.2
	15	26.2	55.4
Non-current:			
Amount due to a related company (non-trade)		19.3	11.6

The interest payable due to the immediate holding company comprises the interest payable on the loan note issued.

The non-trade amounts due from the immediate holding company are unsecured and bear interest at variable rates ranging from 1.95% to 3.38% per annum during the financial year (2005: 0.62% to 1.89%).

The non-trade amounts due from related companies at 31 March 2005 were unsecured, interest-free and repayable on demand.

The non-current amount due to a related company is unsecured and bears interest at variable rates ranging from 1.81% to 3.25% per annum during the financial year (2005: 0.44% to 1.90%). It is expected to be repaid in 2008.

11 Loan Note Issued to Immediate Holding Company

	2006 \$ million	2005 \$ million
Loan note issued to immediate holding company	791.0	1,700.0
Less: Repayable within 12 months	-	909.0
Repayable after 12 months	791.0	791.0

The loan note is unsecured and bears interest at 3.7% (2005: 3.7%) per annum. The amounts are to be repaid as follows:

	2006 \$ million	2005 \$ million
Financial year ending 31 March		
2006	-	909.0
2008	350.0	350.0
2011	82.0	82.0
2014	359.0	359.0
	791.0	1,700.0

12 Debt Securities

	2006 \$ million	2005 \$ million
Fixed rate notes of US\$600 million, swapped to \$1,044 million, repayable on 22 October 2008 and with interest fixed at 3.80% per annum	971.6	1,044.0
Fixed rate notes of \$550 million repayable on 22 October 2010 and with interest fixed at 3.73% per annum	547.8	550.0
Fixed rate notes of US\$1 billion, swapped to \$1,740 million, repayable on 22 October 2013 and with interest fixed at 5.00% per annum	1,571.3	1,740.0
Fixed rate notes of \$500 million repayable on 22 October 2018 and with interest fixed at 4.84% per annum	498.8	500.0
Floating rate notes of \$400 million repayable on 27 April 2012 and with interest at SOR plus 0.15% per annum	400.0	-
Fixed rate notes of \$200 million repayable on 27 April 2015 and with interest fixed at 3.385% per annum	194.8	-
	4,184.3	3,834.0

13 Deferred Income

	2006 \$ million	2005 \$ million
Customers' contributions	79.9	42.0
Accumulated accretion	(3.1)	(1.2)
	76.8	40.8
Movements in accumulated accretion are as follows:		
Balance at beginning of the year	1.2	0.1
Accretion	1.9	1.1
Balance at end of the year	3.1	1.2

14 Deferred Taxation

Movements in deferred tax assets and liabilities during the year are as follows:

	At 31 March 2005	Effects of adoption of FRS 39	At 1 April 2005	Credited / (charged) to profit and loss account (note 22)	At 31 March 2006
	\$ million	\$ million	\$ million	\$ million	\$ million
Deferred tax liabilities					
Property, plant and equipment	(1,011.8)	-	(1,011.8)	(42.0)	(1,053.8)
Set off of tax	14.8	0.1	14.9	6.2	21.1
Net deferred tax liabilities	<u>(997.0)</u>	<u>0.1</u>	<u>(996.9)</u>	<u>(35.8)</u>	<u>(1,032.7)</u>
Deferred tax assets					
Deferred income	14.8	-	14.8	6.3	21.1
Trade and other receivables	-	0.1	0.1	(0.1)	-
Set off of tax	(14.8)	(0.1)	(14.9)	(6.2)	(21.1)
Net deferred tax asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15 Trade and Other Payables

	Note	2006 \$ million	2005 \$ million
Trade payables		5.6	7.2
Other payables and accruals	16	768.3	331.5
Balances with related companies	10	26.2	55.4
		<u>800.1</u>	<u>394.1</u>

16 Other Payables and Accruals

	Note	2006 \$ million	2005 \$ million
Interest payable		70.7	66.2
Advance receipts		38.8	42.5
Accrued operating expenditure		85.3	83.9
Accrued capital expenditure		188.8	113.4
Financial derivative liabilities		356.7	-
Others		28.0	25.5
	15	<u>768.3</u>	<u>331.5</u>

17 Revenue

	2006	2005
	\$ million	\$ million
Use of system charges, net of rebates	1,285.2	1,274.3

18 Other Income

	2006	2005
	\$ million	\$ million
Rental income	6.1	6.0
Leasing income	3.4	3.4
Income related to disbursement recoverable jobs	20.6	27.6
Exchange gain	0.7	14.3
Gain on disposal of property, plant and equipment	0.3	1.4
Others	7.1	5.8
	38.2	58.5

19 Profit from Operations

The following items have been included in arriving at profit from operations:

		2006	2005
	Note	\$ million	\$ million
Operating lease expenses		1.8	2.5
Depreciation of property, plant and equipment	3	311.3	310.2
Amortisation of intangible assets	4	7.5	98.4
		320.6	411.1

20 Interest Income

	2006	2005
	\$ million	\$ million
Interest income from:		
- banks	9.2	3.7
- immediate holding company	8.1	5.3
	17.3	9.0

21 Interest Expense

	2006	2005
	\$ million	\$ million
Interest paid and payable to:		
- immediate holding company	33.0	62.9
- banks	166.5	150.3
	<u>199.5</u>	<u>213.2</u>

22 Income Taxes

	2006	2005
	\$ million	\$ million
Current tax expense		
Based on results for the year	129.3	119.6
Overprovision in respect of prior years	(57.4)	-
	<u>71.9</u>	<u>119.6</u>
Deferred tax expense		
Movements in temporary differences	(21.6)	25.2
Reversal of group loss relief previously transferred to related company with consideration	38.2	-
Group loss relief transferred to related company with consideration	-	(38.2)
Underprovision in respect of prior years	19.2	-
	<u>35.8</u>	<u>(13.0)</u>
Income tax expense	<u>107.7</u>	<u>106.6</u>

	2006	2005
	\$ million	\$ million
Reconciliation of effective tax rate:		
Profit before tax	<u>509.9</u>	<u>413.0</u>
Income tax using Singapore tax rate of 20% (2005: 20%)	102.0	82.6
(Over)/underprovision in respect of prior years		
- current tax	(57.4)	-
- deferred tax	19.2	-
Reversal of group loss relief previously transferred to related company	38.2	-
Expenses not deductible for tax purposes	5.7	24.0
	<u>107.7</u>	<u>106.6</u>

23 Changes in Accounting Policies

The accounting policies set out in note 2 have been applied in preparing the financial statements for the financial year ended 31 March 2006.

The changes in accounting policies arising from the adoption of FRS 39 Financial Instruments: Recognition and Measurement and FRS 103 Business Combinations, FRS 36 (revised) Impairment of Assets and FRS 38 (revised) Intangible Assets are summarised below:

FRS 39 Financial Instruments: Recognition and Measurement

The adoption of FRS 39 resulted in the Company recognising its derivative financial instruments as assets or liabilities at fair values. Financial assets and financial liabilities are stated at amortised cost instead of cost. Previously, derivative financial instruments were not recorded on the balance sheet. Where a derivative or non-derivative financial instrument is an effective hedge in a cash flow hedge relationship, the change in fair value of the hedging instrument relating to the effective portion is recorded in equity. The time value of forward exchange contracts and the associated gains or losses relating to the portion of the notional principal of the hedging instrument in excess of the hedged item have been reclassified to accumulated profits. Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in accumulated profits together with any change in the fair value of the hedged liabilities that are attributable to the hedged risks.

These changes have been accounted for by recording an opening balance of \$150.9 million for the hedging reserve and increasing the opening balance of accumulated profits by \$2.6 million as at 1 April 2005. Comparatives have not been restated.

In addition, with the adoption of FRS 39, allowance for doubtful trade receivables are made based on historical bad debts experienced. In the past, allowance for doubtful debts were primarily based on expectation of future customer payments. The change has been accounted for by decreasing the opening balance of the accumulated profits of the Company at 1 April 2005 by \$0.3 million for the impairment loss incurred. Comparatives have not been restated.

There is no impact on net profit for the year ended 31 March 2006 and 31 March 2005 arising from the adoption of FRS 39.

FRS 103 Business Combinations, FRS 36 (revised) Impairment of Assets and FRS 38 (revised) Intangible Assets

The adoption of FRS 103, FRS 36 (revised) and FRS 38 (revised) has resulted in a change in the accounting policy for goodwill.

Until 31 March 2005, goodwill has been amortised on a straight line basis over a period of 25 years. In accordance with FRS 103, the Company ceased amortisation of goodwill from 1 April 2005 and the accumulated amortisation of \$136.4 million has been eliminated with a corresponding decrease in goodwill. Goodwill is thereafter tested annually for impairment or when circumstances change, indicating that goodwill might be impaired.

Had there not been a change in accounting policy, the net profit for the financial year ended 31 March 2006 would decrease by \$92.1 million.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards.

24 Significant Related Party Transactions

For the purpose of these 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 companies and are subject to common control. The Company engages in a wide variety of transactions with related companies in the normal course of business on terms similar to those available to other customers. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2006	2005
	\$ million	\$ million
<i>Related Companies</i>		
- management fee	135.7	145.7
- service expenses	4.3	3.8
- support services	15.7	16.4
- use of system charges, net of rebates	1,258.1	1,227.5
- agency fee	17.7	17.6
	<hr/>	<hr/>

25 Financial Instruments

Financial risk management objectives and policies

Exposure to foreign currency, interest rate and credit risks arises in the normal course of the Company's business. Generally the Company's overall objective is to minimise exposure to such risks. The Company adopts the risk management policies and guidelines established by its immediate holding company, Singapore Power Limited. The policies for managing each of these risks are described below.

The Company uses forward exchange contracts, interest rate swaps, cross currency swaps and derivative financial instruments to mitigate its exposure to the financial risks identified.

Foreign currency risks

There is exposure to foreign currency risks where purchase, supply and installation contracts are denominated in a currency other than Singapore dollars. The principal currencies giving rise to this risk include Euros, US dollars, Swiss francs, Australian dollars and the Japanese yen.

It is the Company's policy to hedge foreign currency risks attributable to purchase transactions. The Company uses forward foreign currency contracts to hedge such exposures. The maturities of the forward exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, the forward exchange contracts are either rolled over at maturity or translated into foreign currency deposits whichever is the more cost efficient method.

At 31 March 2006, the Company had outstanding forward exchange contracts with notional amounts of approximately \$63.2 million (2005: \$144.9 million).

The net fair value of forward exchange contracts at 31 March 2006 was \$4.5 million (2005: \$0.1 million) and recognised as financial derivative liabilities in other payables. Previously, derivative financial instruments are not recorded on the balance sheet.

All foreign currency borrowings are swapped back to Singapore dollars. The Company uses foreign currency swaps to hedge against foreign currency loan liabilities.

Interest rate risks

The Company manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rate. This is done either by (i) issuance of fixed rate debts; (ii) the use of interest rate swap to convert variable rate debt to fixed rate debt; and (iii) the use of cross currency interest rate swap to convert fixed or variable non-measurement currency denominated debt to fixed rate measurement currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

At 31 March 2006, the Company had interest rate and cross-currency swaps with a notional amount of \$8,708 million (2005: \$5,768 million). With the adoption of FRS 39, the Company classifies interest rate and cross currency swaps as cash flow and fair value hedges. The net fair value of swaps at 31 March 2006 was \$326.3 million (2005: \$295.4 million) comprising assets of \$25.9 million and liabilities of \$352.2 million. These amounts were recognised as financial derivative assets and liabilities in other receivables and payables respectively. Previously, derivative financial instruments were not recorded on the balance sheet.

The Company's excess funds are invested in bank deposits or deposited with the immediate holding company.

Counter-party risks

Surplus funds are invested in interest-bearing deposits with prime financial institutions. Counter-party risks are managed by limiting exposure to any individual counter-party. The Company's portfolio of financial instruments is entered into with several creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

Counter-party risks on derivatives are restricted to any gain or loss when marked to market, and not on the underlying notional amount transacted. As a prudent measure, the Company enters into derivatives only with credit-worthy financial institutions. Therefore the possibility of material loss arising in the event of non-performance by a counter-party is considered to be remote.

Other than for related companies, there is no significant concentration of credit risk of trade debts. In addition to customers' deposits, the Company holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

Liquidity risk

The Company adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate amount of bank credit lines and the establishment of medium term note programmes.

Estimating the fair values

Debt securities

Fair value is based on quoted market prices or determined by reference to the valuation provided by financial institutions at the balance sheet date.

Derivative financial instruments

The fair values of derivative financial instruments such as foreign exchange contracts, interest rate swaps and currency swaps are based on quoted market prices at the balance sheet date or calculated based on discounted cash flow techniques as appropriate.

Where the discounted cash flow techniques are used, the expected future cash flows are discounted using the applicable yield curve for the relevant duration at the balance sheet date.

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

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, trade and other payables) are assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Effective Interest Rates and Repricing Analysis

The following table indicates the effective interest rates of interest-earning financial assets and interest-bearing financial liabilities at the balance sheet date and the periods in which they reprice.

←-----As at 31 March 2006----->
 ←-----Fixed rate maturing----->

Note	Effective interest rate %	Floating interest \$ million	Within 1 year \$ million	Fixed rate maturing				Total \$ million
				1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
Financial Assets								
7	3.24	499.0	-	-	-	-	-	499.0
10	3.38	313.4	-	-	-	-	-	313.4
Financial Liabilities								
12)	2.97 - 4.84	400.0	-	-	971.6	-	547.9*	2,264.8*
)		(200.0)	-	-	200.0	-	-	-
)		200.0	-	-	1,171.6	-	547.9*	2,264.8*
10	3.25	19.3	-	-	-	-	-	19.3
11	3.7	-	-	350.0	-	-	82.0	359.0
								791.0

* Forward start interest rate swaps of \$2,812.7 million to swap from fixed rate (ranging from 3.39% to 4.84%) to floating rate (based on six-month swap offer rate) from April 2008 to maturity of the relevant bonds.

← As at 31 March 2005 →
← Fixed rate maturing →

	Note	Effective interest rate %	Floating interest \$ million	Within 1 year \$ million	1 to 2 years \$ million	2 to 3 years \$ million	3 to 4 years \$ million	4 to 5 years \$ million	After 5 years \$ million	Total \$ million
Financial Assets										
Fixed deposits	7	1.86	476.6	-	-	-	-	-	-	476.6
Amounts due from immediate holding company (non-trade)	10	1.89	341.8	-	-	-	-	-	-	341.8
Financial Liabilities										
Debt securities	12	2.97 to 4.84	-	-	-	-	1,044.0	-	2,790.0	3,834.0
Amount due to a related company	10	1.90	11.6	-	-	-	-	-	-	11.6
Loan note issued to immediate holding company	11	3.70	-	909.0	-	350.0	-	-	441.0	1,700.0

The aggregate net fair values of financial assets and liabilities that are not carried at fair value in the balance sheet as at 31 March are presented in the following table:

	2006	2006	2005	2005
Note	Carrying amount \$ million	Fair value \$ million	Carrying amount \$ million	Fair value \$ million
Loan note	11	791.0	795.9	1,700.0
Fixed rate notes	12	3,784.3	3,783.0	3,834.0
Total		<u>4,575.3</u>	<u>4,578.9</u>	<u>5,534.0</u>
Unrecognised loss/(gain)		<u>3.6</u>		<u>(61.5)</u>

26 Commitments

(a) Capital Commitments

	2006 \$ million	2005 \$ million
Contracted but not provided for in the financial statements	<u>702.9</u>	<u>852.1</u>

(b) Operating Lease Commitments

As at 31 March, the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2006 \$ million	2005 \$ million
Payable:		
Within 1 year	1.6	1.5
After 1 year but within 5 years	1.0	2.0
	<u>2.6</u>	<u>3.5</u>

27 Accounting Estimates and Judgement

Management discussed with the Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates, and the application of these policies and estimates.

Key sources of estimation uncertainty

Note 4 contains information about the assumptions and their risk factors relating to goodwill impairment. In note 25, detailed analysis is given of the foreign exchange exposure of the Company and risks in relation to foreign exchange movements.

28 FRS Yet to be Adopted

The Company has not applied the following standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

FRS 102	<i>Share-based Payment</i>
FRS 40	<i>Investment Property</i>
Amendments to FRS 19	<i>Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures</i>
INT FRS 104	<i>Determining Whether an Arrangement Contains a Lease</i>
INT FRS 105	<i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
Amendments to FRS 39	<i>Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Group Transactions</i>
FRS 106	<i>Exploration and Evaluation of Mineral Resources</i>
INT FRS 106	<i>Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>
Amendments to FRS 39	<i>Financial Instruments: Recognition and Measurement – The Fair Value Option</i>
Amendments to FRS 39	<i>Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts and Credit Insurance</i>
FRS 107	<i>Financial Instruments: Disclosures</i>
Amendments to FRS 1	<i>Presentation of Financial Statements – Capital Disclosures</i>
Amendments to FRS 21	<i>The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation</i>
INT FRS 107	<i>Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies</i>

The initial application of these standards and interpretations are not expected to have any material impact on the Company's financial statements except for INT FRS 104.

INT FRS 104 addresses arrangements that do not take the legal form of a lease, but convey rights to use items for agreed periods of time in return for a payment or series of payments. INT FRS 104 provides guidance for evaluating whether such arrangements are, or contain, leases should be accounted for under FRS 17 Leases. If an agreement is determined to contain a lease, then INT FRS 104 requires FRS 17 to be applied to classify and account for the lease. The Company is currently evaluating the impact the interpretation will have on the Company's financial statements.

The Company has not considered the impact of accounting standards issued after the balance sheet date.

29 Comparative Information

Comparatives in the financial statements have been changed from the previous year due to the changes in accounting policies as described in note 23.

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 SARF190	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
EMA	Energy Market Authority
EMC	Energy Market Company
EMCP	Earthworks Monitoring and Cable Protection
GDP	Gross domestic product
GMAP	Geographical 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, 1,000,000,000 watt-hours or 1,000 kilowatt-hours of electrical energy
NEM	New Electricity Market
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
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 <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 Tier 2: Where monthly electricity demand capacity (in kW) exceeds 200.0% of the contracted capacity for more than 10 seconds

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, Inc. 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 depositories (“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 or supplemented 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 Indenture, dated July 28, 2008, entered into between the Issuer and the Trustee, (the “Indenture”),] [(iii) the Supplemental Trust Deed (the “Supplemental Trust Deed”), dated October 16, 2003 and amended and restated as of July 28, 2008, 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 REGULATIONS UNDER THE SECURITIES ACT (“REGULATIONS”))]. 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 REGULATIONS [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(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 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 under Sections 13(1)(a), 13(1)(aa) and 13(1)(ba) of 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) Issue Price: per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- [(iii) 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
[Zero Coupon]
[Indexed Interest (*specify*)]
[Other (*specify*)]
(further particulars specified below)
- 10 **Redemption/Payment Basis:** [Redemption at par]
[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)]

(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).

14	Status of the Notes:	[Senior/Other]
15	Listing:	[SGX-ST/Other (<i>specify</i>)/None]
16	Method of distribution:	[Syndicated/Non-syndicated]
17	Fixed Rate Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(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] [Semiannually _____ 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]
	(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] <i>(Consider if day count fraction for fixed rate euro denominated issues should be on an Actual/Actual-ISDA, Actual/Actual-ISMA or other basis)</i>
	(v) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/ <i>give details</i>]
18	Floating Rate Note and Variable Rate Note Provisions (Section 3A):	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph.)</i>
	(i) Interest Rate Basis:	[CD Rate] [Commercial Paper Rate] [Prime Rate] [Federal Funds Rate] [LIBOR] [EURIBOR] [SIBOR] [Average Swap Rate] [Variable Rate] [Treasury Rate] [CMT Rate] [Other (<i>specify reference rate</i>)] +/- _____ 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 (<i>specify reference rate</i>)] (if different from that set out in terms and conditions of Note and Indenture):	[Not Applicable/ <i>give details</i>]
	(iii) Interest Maturity:	
	(iv) Spread (Plus or Minus):	
	(v) Spread Multiplier:	
	(vi) Initial Interest Rate:	
	(vii) Maximum Interest Rate (if any):	[Not Applicable]
	(viii) Minimum 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] [LIBOR Telerate] [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] [Specify]
— Interest Period
— 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:** [Applicable/Not Applicable]
(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) *(If not applicable, delete the remaining subparagraphs 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) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (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):
 - (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 subparagraphs 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	<p>Original Issue Discount Notes: (If Applicable, the following will be completed solely for the purpose of applying the United States federal income tax original discount (“OID”) rules)</p> <ul style="list-style-type: none"> (i) Yield to Maturity: (ii) Total Amount of OID: (iii) OID as a percentage of Principal Amount: (iv) Short Accrual Period OID: 	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p>
PROVISIONS RELATING TO REDEMPTION		
23	<p>General Provisions Relating to Redemption</p> <ul style="list-style-type: none"> (i) Redemption Date(s): (ii) Redemption Price: 	
24	<p>Call Option: (If Applicable, provisions relating to a Call Option are set out in Clause of Annex to this Pricing Supplement)</p>	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p>
25	<p>Issuer’s Purchase Option: Issuer’s Purchase Option Period</p>	<p>[Applicable/Not Applicable] [Specify maximum and minimum number of days for notice period and specify dates]</p>
26	<p>Put Option: (Section 6)</p> <ul style="list-style-type: none"> (i) Redemption Date(s) (Option of Holder): (ii) Range(s) of Redemption Date(s) (Option of Holder): (iii) Redemption Price (Option of Holder): (iv) Description of any other Noteholders’ option: (v) Notice period: additional business days⁽³⁾ 	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>[Not Applicable] [Not Applicable]</p> <p style="text-align: center;">per Note of specified denomination</p> <p>[Specify]</p>
27	<p>Holder’s Purchase Option: Holder’s VRN Purchase Option Period</p>	<p>[Applicable/Not Applicable] [Specify maximum and minimum number of days for notice period and specify dates]</p>
28	<p>Final Redemption Amount:</p>	<p>[per Note of specified denomination /Other/See Appendix]</p>
29	<p>Optional Tax Redemption by the Issuer: (Section 6)</p> <ul style="list-style-type: none"> (i) Early redemption amount(s) of each Note payable on redemption for taxation reasons (Redemption Price): (ii) Unmatured Coupons to become void upon early redemption (Bearer Notes only): 	<p>[Applicable] [Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)</p> <p>[100% of the Principal Amount] [The Amortized Face Amount <i>(use only for Original Issue Discount Note)</i>]</p> <p>[Yes/No/Not Applicable]</p>

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30 Form of Notes:

(i) Temporary or Permanent Global Note/Certificate:

Bearer Notes/Registered Notes

[Delete as appropriate] [Definitive Registered Notes] [Regulation S Global Notes] [Restricted Global Note] [Not Applicable/give details] [Definitive Bearer Note⁽²⁾] [Global Bearer Note⁽⁴⁾

[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]

(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: "EUR50,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR99,000". 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:

[C Rules/D Rules/Not Applicable]

31 Financial Centre(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]

33 Details relating to Partly Paid Notes: 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

[Not Applicable/give details.]

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 and reconventioning provisions:

[Not Applicable/The provisions as further detailed in this Pricing Supplement apply]

(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

36	Consolidation provisions:	[Not Applicable/The provisions as further detailed in this Pricing Supplement apply]
37	Use of proceeds:	
38	Other terms or special conditions ⁽³⁾ :	[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):	
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:	[Indenture dated July 28, 2008 between the Issuer and the Trustee] [Supplemental Trust Deed dated July 28, 2008 between the Issuer and the Trustee]
54	Governing law of Note:	[New York] [Singapore]

(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.

[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 significant change in the financial or trading position of the Issuer or any Principal Subsidiary since [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position of the Issuer or any Principal Subsidiary since [insert date of last published annual accounts.]]⁽⁴⁾

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of SP PowerAssets Limited

By: _____
Duly authorized

(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.

THE COMPANY

SP PowerAssets Limited

111 Somerset Road
Singapore 238164

JOINT GLOBAL ARRANGERS

DBS Bank Ltd.

6 Shenton Way
#35-00
DBS Building Tower One
Singapore 068809

**Morgan Stanley Asia
(Singapore) Pte.**

23 Church Street
#16-01 Capital Square
Singapore 049481

DEALERS

Calyon

26th, 27th, 29th and 30th Floors
Two Pacific Place
88 Queensway
Hong Kong

DBS Bank Ltd.

6 Shenton Way
#35-00
DBS Building Tower One
Singapore 068809

Citicorp Investment Bank (Singapore) Limited

3 Temasek Avenue
#17-00 Centennial Tower
Singapore 039190

Deutsche Bank AG, Singapore Branch

One Raffles Quay
#17-00 South Tower
Singapore 048583

J.P. Morgan Securities Ltd.

125 London Wall
London EC2Y 5AJ
United Kingdom

**Morgan Stanley & Co.
International plc**

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

**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

Standard Chartered Bank

6 Battery Road, #03-00
Singapore 049909

United Overseas Bank Limited

80 Raffles Place #03-01
UOB Plaza 1
Singapore 048624

**TRUSTEE AND EXCHANGE AGENT, AND
TRANSFER AND PAYING AGENT IN NEW YORK**

The Bank of New York Mellon

101 Barclay Street, Floor 21W
New York New York 10286
United States of America

REGISTRAR

The Bank of New York Mellon

1 Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

**PAYING AGENT AND TRANSFER
AGENT IN LONDON**

The Bank of New York Mellon
One Canada Square, 48th Floor
London E14 5AL
United Kingdom

**LEGAL ADVISERS TO
THE COMPANY**

as to Singapore law

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

PAYING AGENT IN SINGAPORE

DBS Bank Ltd.
6 Shenton Way #14-01
DBS Building Tower One
Singapore 068809

**LEGAL ADVISERS TO
THE JOINT GLOBAL ARRANGERS**

*as to English, New York and
United States Federal law*

Linklaters Allen & Gledhill
One Marina Boulevard #28-00
Singapore 018989

LEGAL ADVISERS TO THE TRUSTEE

as to New York and United States federal law

Linklaters Allen & Gledhill
One Marine Boulevard #28-00
Singapore 019989

AUDITORS TO THE COMPANY

KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581



SP POWERASSETS

A subsidiary of Singapore Power