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The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Sembcorp Industries Ltd or, as the case may be, Sembcorp Financial Services Pte. Ltd. in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

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## **SEMBCORP INDUSTRIES LTD**

(Incorporated in the Republic of Singapore on 20 May 1998)  
(UEN/Company Registration No. 199802418D)

and

## **SEMBCORP FINANCIAL SERVICES PTE. LTD.**

(Incorporated in the Republic of Singapore on 14 March 2003)  
(UEN/Company Registration No. 200302373G)

**S\$2,500,000,000**

### **Multicurrency Debt Issuance Programme (the "Programme")**

**(In the case of Securities issued by an Issuer other than Sembcorp Industries Ltd)  
guaranteed by  
SEMBCORP INDUSTRIES LTD**

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "Notes") and perpetual securities (the "Perpetual Securities" and, together with the Notes, the "Securities") to be issued from time to time by Sembcorp Industries Ltd ("SCI") and Sembcorp Financial Services Pte. Ltd. ("SFS") (each an "Issuer" and together, the "Issuers") pursuant to the Programme may not be circulated or distributed, nor may the Securities 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 Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

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

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

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

All sums payable in respect of the Securities issued from time to time by an Issuer other than SCI are unconditionally and irrevocably guaranteed by SCI (in such capacity, the "Guarantor").

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and quotation for any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST are not to be taken as an indication of the merits of the Issuers, the Guarantor, their respective subsidiaries and associated companies, the Programme or such Securities.



The date of this Information Memorandum is 25 November 2016.



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## NOTICE

The Hongkong and Shanghai Banking Corporation Limited (the “**Arranger**”) has been authorised by Sembcorp Industries Ltd (“**SCI**”) and Sembcorp Financial Services Pte. Ltd. (“**SFS**”) (each, an “**Issuer**” and together, the “**Issuers**”) to arrange the S\$2,500,000,000 Multicurrency Debt Issuance Programme (the “**Programme**”) described herein. Under the Programme, each of the Issuers may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the “**Notes**”) and perpetual securities (the “**Perpetual Securities**”) and, together with the Notes, the “**Securities**”) denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Securities issued by any Issuer other than SCI will be unconditionally and irrevocably guaranteed by SCI (in such capacity, the “**Guarantor**”). Unless and until a supplementary Information Memorandum is published providing details of the accession of a Specified Issuer (as defined herein) under the Programme, references in this Information Memorandum to “the Issuers” should be taken as references to SCI and SFS only.

This Information Memorandum contains information with regard to the Issuers, the Guarantor, the Programme and the Securities. Each of the Issuers and the Guarantor, to the best of its knowledge and belief, having made all reasonable enquiries, confirms that the information given in this Information Memorandum in respect of each Issuer, the Guarantor and the Group is true and accurate in all material respects, the opinions, expectations and intentions of each Issuer or of the Guarantor (if any) expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Securities would or might make any such statement herein misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described under the section “Summary of the Programme”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates.

The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with, or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Relevant Issuer (as defined herein) and the relevant Dealer (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Relevant Issuer and the relevant Dealer and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Relevant Issuer and the relevant Dealer. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either

a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with either CDP or a common depository for Euroclear and Clearstream, Luxembourg or otherwise delivered as agreed between the Relevant Issuer and the relevant Dealer. Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities will confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

No person has been authorised by the Issuers or the Guarantor to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, the Guarantor, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of any of the Issuers, the Guarantor or any of their respective subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) which may be delivered or supplied under or in relation to the Programme may be used for the purpose of or in connection with an offer of, or solicitation or invitation by or on behalf of any of the Issuers, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and includes Securities in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S).

Neither this Information Memorandum nor any other document or information (or any part thereof) which may be delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuers, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof (including copies thereof) in any manner whatsoever.



Neither the issue nor delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the results of operations, businesses, assets, financial condition, performance or prospects of any of the Issuers, the Guarantor or any of their respective subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness, prospects, financial condition or otherwise of any of the Issuers, the Guarantor and their respective subsidiaries or associated companies (if any). Further, neither the Arranger nor any of the Dealers gives any representation or warranty as to any of the Issuers, the Guarantor or their respective subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and/or the documents which are referred to in or incorporated by reference in, and form part of this Information Memorandum.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with any of the Issuers, the Guarantor, or the issue and offering of the Securities. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective subscriber or purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition, affairs and the creditworthiness of the Relevant Issuer, the Guarantor and their respective subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Relevant Issuer and the Guarantor and their respective subsidiaries or associated companies (if any). Accordingly, notwithstanding anything herein, none of the Issuers, the Guarantor, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or any part thereof) as a result of or arising from anything expressly or impliedly contained in or referred to in this Information Memorandum or such other document or information (or any part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or any part thereof).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Securities by the Relevant Issuer pursuant to the Programme Agreement. Any offer, invitation or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the

Issuers, (where applicable) the Guarantor, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Relevant Issuer pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under "Subscription, Purchase and Distribution" on page 130 of this Information Memorandum.

**Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Information Memorandum is furnished shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith, including this Information Memorandum, in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.**

**It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal, financial, tax and other advisers before purchasing or acquiring the Securities.**

## **SDOCUMENTS INCORPORATED BY REFERENCE**

The following documents shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) the most recently published annual reports and audited consolidated accounts or publicly announced unaudited interim results or published financial statements (if available) of the Issuers, SCI and its subsidiaries, taken as a whole from time to time (if any), SFS and its subsidiaries, taken as a whole from time to time, (2) any supplement or amendment to this Information Memorandum issued by any of the Issuers and (3) any announcements made by any of the Issuers and/or the Guarantor on the Singapore Exchange Securities Trading Limited. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

## FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of each Issuer, the Guarantor and/or the Group (including statements as to each Issuer's, the Guarantor's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of each Issuer, the Guarantor and/or the Group, expected growth in each Issuer, the Guarantor and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of each Issuer, the Guarantor and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under, in particular, but not limited to, the section "Investment Considerations".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of each Issuer, the Guarantor or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuers, the Guarantor, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuers, the Guarantor or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuers shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuers, the Guarantor, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuers, the Guarantor, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

## DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

- “Agency Agreement”** : The Agency Agreement dated 8 November 2004 between (1) SFS, and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, as amended and restated by an Amendment and Restatement Agency Agreement dated 8 April 2009 made between the same parties and a Second Amendment and Restatement Agency Agreement dated 17 May 2013 made between (1) SCI and SFS and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, (5) DBS Bank Ltd., as registrar, (6) DBS Bank Ltd., as transfer agent, and (7) the Trustee, as trustee, and as further amended, varied or supplemented from time to time
- “Agent Bank”** : DBS Bank Ltd.
- “Arranger”** : The Hongkong and Shanghai Banking Corporation Limited
- “Bearer Securities”** : Securities in bearer form
- “Business Day”** : A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks in Singapore are open for business
- “CDP” or “Depository”** : The Central Depository (Pte) Limited
- “CEO”** : Chief Executive Officer
- “Certificate”** : A registered certificate representing one or more Registered Securities of the same Series, and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series
- “Clearstream, Luxembourg”** : Clearstream Banking S.A.
- “Common Depository”** : In relation to a Series of the Securities, a depository common to Euroclear and Clearstream, Luxembourg
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time

<b>“Conditions”</b>	:	<p>(1) In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional or amendment provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and</p> <p>(2) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional or amendment provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly</p>
<b>“Couponholders”</b>	:	The holders of the Coupons
<b>“Coupons”</b>	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security
<b>“Dealers”</b>	:	Persons appointed as dealers under the Programme
<b>“Definitive Security”</b>	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue
<b>“Deed of Accession”</b>	:	A deed of accession between a Specified Issuer, the Guarantor, the Dealers, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent and the Trustee, pursuant to which the relevant Specified Issuer agrees to become bound by each of the Issue Documents as an Issuer therein in respect of any Securities issued by it

<b>“Deeds of Covenant”</b>	:	The SCI Deed of Covenant, the SFS Deed of Covenant and, in the case of a Specified Issuer, such other deed of covenant as may be referred to in the Deed of Accession to which it is a party
<b>“Depository Agreements”</b>	:	The SCI Depository Agreement, the SFS Depository Agreement and, in the case of a Specified Issuer, such other application form signed by such Specified Issuer and accepted by the Depository together with the terms and conditions for the provision of depository services by the Depository as may be referred to in the Deed of Accession to which such Specified Issuer is a party
<b>“Directors”</b>	:	The directors (including alternate directors, if any) of the Issuers and/or the Guarantor as the case may be as at the date of this Information Memorandum
<b>“Euroclear”</b>	:	Euroclear Bank S.A./N.V.
<b>“FY”</b>	:	Financial year ended/ending 31 December
<b>“Global Certificate”</b>	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) the Common Depository, (ii) CDP and/or (iii) any other clearing system
<b>“Global Security”</b>	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon
<b>“Group”</b>	:	SCI (whether as Issuer or Guarantor) and its subsidiaries
<b>“Guarantee”</b>	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed and shall, where the context so requires, mean either the Senior Guarantee or the Subordinated Guarantee
<b>“Guarantor”, “SCI” or “Sembcorp Industries”</b>	:	Sembcorp Industries Ltd
<b>“HSFO”</b>	:	High sulphur fuel oil
<b>“IRAS”</b>	:	The Inland Revenue Authority of Singapore
<b>“Issue Documents”</b>	:	The Programme Agreement, the Agency Agreement, the Depository Agreements, the Deeds of Covenant, the Trust Deed and any other agreement entered into pursuant thereto
<b>“Issuers”</b>	:	Sembcorp Industries Ltd Sembcorp Financial Services Pte. Ltd.
<b>“Issuing and Paying Agent”</b>	:	DBS Bank Ltd.

<b>“ITA”</b>	:	The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
<b>“Marine business”</b>	:	The Group’s marine business as described in Section 3(b) under the section “Sembcorp Industries Ltd” of this Information Memorandum
<b>“MAS”</b>	:	The Monetary Authority of Singapore
<b>“Noteholders”</b>	:	The holders of the Notes
<b>“Notes”</b>	:	The notes to be issued by the Issuers under the Programme
<b>“Permanent Global Security”</b>	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security
<b>“Perpetual Securities”</b>	:	The perpetual securities to be issued by the Issuers under the Programme
<b>“Perpetual Securityholders”</b>	:	The holders of the Perpetual Securities
<b>“Pricing Supplement”</b>	:	In relation to any Tranche or Series, a pricing supplement specifying the relevant issue details in relation to such Tranche or Series
<b>“Programme”</b>	:	The S\$2,500,000,000 Multicurrency Debt Issuance Programme of the Issuers
<b>“Programme Agreement”</b>	:	The Programme Agreement dated 8 November 2004 made between (1) SFS and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, (3) the Arranger, as arranger, and (4) Citicorp Investment Bank (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank and United Overseas Bank Limited, as dealers, as amended and restated by the Amendment and Restatement Programme Agreement dated 8 April 2009 made between the same parties, a Second Amendment and Restatement Programme Agreement dated 17 May 2013 made between (1) SCI and SFS and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, (3) the Arranger, as arranger, and (4) Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank and United Overseas Bank Limited, as dealers, and a Third Amendment and Restatement Programme Agreement dated 25 November 2016 made between the same parties, and as further amended, varied or supplemented from time to time



<b>“Registrar”</b>	:	DBS Bank Ltd.
<b>“Relevant Issuer”</b>	:	In relation to any Tranche or Series, the Issuer which has concluded an agreement with the relevant Dealer(s) to issue, or which has issued, the Securities of that Tranche or Series
<b>“SCI Deed of Covenant”</b>	:	The deed of covenant dated 17 May 2013 executed by SCI by way of deed poll in relation to the Securities (which are represented by a Global Security or a Global Certificate and which are deposited with the Depository), and as further amended, varied or supplemented from time to time
<b>“SCI Depository Agreement”</b>	:	The application form dated 17 May 2013 signed by SCI and accepted by the Depository together with the terms and conditions for the provision of depository services by the Depository referred to therein, as amended and supplemented by the Notice of Change in Description of Securities dated 25 November 2016 and as further amended, varied, supplemented or replaced from time to time
<b>“Securities”</b>	:	The Notes and the Perpetual Securities
<b>“Securities Act”</b>	:	Securities Act of 1933 of the United States, as amended, varied or supplemented from time to time
<b>“Securityholders”</b>	:	The Noteholders and the Perpetual Securityholders
<b>“Sembcorp Marine”</b>	:	Sembcorp Marine Ltd, a subsidiary of Sembcorp Industries Ltd listed on the SGX-ST
<b>“Sembcorp Utilities”</b>	:	Sembcorp Utilities Pte Ltd
<b>“Senior Guarantee”</b>	:	The Guarantee by the Guarantor of the Notes, the Senior Perpetual Securities and the Coupons relating thereto on a senior basis
<b>“Senior Perpetual Securities”</b>	:	Perpetual Securities which are expressed to rank as senior obligations of the Relevant Issuer pursuant to Condition 3(a) of the Perpetual Securities
<b>“Series”</b>	:	(1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time

<b>“SFS Deed of Covenant”</b>	:	The deed of covenant dated 8 November 2004 executed by SFS by way of deed poll in relation to the Notes, as supplemented by the Supplemental Deed of Covenant dated 8 April 2009 and the Second Supplemental Deed of Covenant dated 17 May 2013, in relation to the Securities (which are represented by a Global Security or a Global Certificate and which are deposited with the Depository), and as further amended, varied or supplemented from time to time
<b>“SFS Depository Agreement”</b>	:	The application form dated 19 November 2012 signed by SFS and accepted by the Depository together with the terms and conditions for the provision of depository services by the Depository referred to therein, as amended and supplemented by the Notice of Change in Description of Securities dated 25 November 2016 and as further amended, varied, supplemented or replaced from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shares”</b>	:	Ordinary shares in the capital of the Guarantor
<b>“Specified Issuer”</b>	:	A subsidiary of the Guarantor based either within or outside Singapore which is a subsidiary of the Guarantor and which has executed a Deed of Accession
<b>“Subordinated Guarantee”</b>	:	The Guarantee by the Guarantor of the Subordinated Perpetual Securities and the Coupons relating thereto on a subordinated basis
<b>“Subordinated Perpetual Securities”</b>	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Relevant Issuer pursuant to Condition 3(b) of the Perpetual Securities
<b>“Talons”</b>	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions
<b>“Temporary Global Security”</b>	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue
<b>“Tranche”</b>	:	Securities which are identical in all respects (including as to listing)
<b>“Transfer Agent”</b>	:	DBS Bank Ltd.

<b>“Trust Deed”</b>	:	The Trust Deed dated 8 November 2004 made between (1) SFS, and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended and restated by an Amendment and Restatement Trust Deed dated 8 April 2009 made between the same parties and a Second Amendment and Restatement Trust Deed dated 17 May 2013 made between (1) SCI and SFS and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, and as further amended, varied or supplemented from time to time
<b>“Trustee”</b>	:	HSBC Institutional Trust Services (Singapore) Limited
<b>“UAE”</b>	:	United Arab Emirates
<b>“UK”</b>	:	United Kingdom
<b>“United States” or “U.S.”</b>	:	United States of America
<b>“Urban Development business”</b>	:	The Group’s urban development business as described in Section 3(c) under the section “Sembcorp Industries Ltd” of this Information Memorandum
<b>“Utilities business”</b>	:	The Group’s utilities business as described in Section 3(a) under the section “Sembcorp Industries Ltd” of this Information Memorandum
<b>“£”</b>	:	Sterling Pounds, being the lawful currency of the United Kingdom
<b>“Indian Rupee”</b>	:	Indian Rupee, being the lawful currency of the Republic of India
<b>“RMB” or “Renminbi”</b>	:	Renminbi, being the lawful currency of the People’s Republic of China
<b>“S\$”, “\$” or “Singapore Dollars” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“US\$” or “US dollars”</b>	:	United States Dollars
<b>“%”</b>	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include firms and corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

## INVESTMENT CONSIDERATIONS

*Prior to making an investment or divestment decision, prospective investors in or existing holders of the Securities should carefully consider all the information set forth in this Information Memorandum including the investment considerations set out below. The investment considerations set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses, assets, financial condition, performance or prospects of the Issuers, the Guarantor or the Group or any decision to subscribe for, purchase, sell, hold, own or dispose of the Securities. Additional risks which the Issuers or the Guarantor is currently unaware of or currently deems immaterial may also impair the businesses, assets, results of operations, financial condition, net sales, revenues, profitability, liquidity, capital resources, performance and/or prospects of the Issuers, the Guarantor or the Group.*

### **Limitations of this Information Memorandum**

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuers or the Guarantor, prior to making an investment or divestment decision in relation to the Securities. In particular, any announcement made by any of the Issuers and/or the Guarantor on the SGX-ST is deemed to be incorporated by reference in, and to form part of, this Information Memorandum and prospective investors should therefore consider the information found in such announcements, which is to be read in conjunction with this Information Memorandum, before making any investment decision. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's sole responsibility, even if the investor has received information to assist it in making such determination.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuers, Arranger or Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuers, the Guarantor, the Arranger or the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy, reliability or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers, the Guarantor and their respective subsidiaries and associated companies (if any), the Conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisors prior to deciding to make an investment in the Securities.

### **Investment considerations relating to the Group**

The Group comprises companies that are involved in and have interests in many businesses in utilities, marine and urban development. The Group operates in both Singapore and overseas. Notwithstanding the industries and countries referred to in this Information Memorandum, the Group may in future expand its businesses to include other industries and countries. The risk

profile of the Group therefore, will encompass the risks involved in each of the countries, industries or businesses that the Group operates in. The results of operations, businesses, assets, financial condition, performance or prospects of the Group may be adversely affected by any of such risks. Adverse economic developments, locally and/or globally, in the countries or industries that the businesses operate in may also have a material adverse effect on the operating results, businesses, assets, financial condition, performance or prospects of the Group.

*The Group's earnings may be affected by general economic and business conditions in Singapore and other markets in which it operates, such as the UK, China, Vietnam, Bangladesh, Myanmar, UAE, Oman, India, Brazil, Chile, Panama and South Africa*

Significant dislocations and liquidity disruptions in the United States and Europe in recent years has created increasingly difficult conditions in the financial markets. More recently, the economic slowdown in China and increased frequency of terror attacks further heighten sentiments of uncertainty. These conditions have resulted in higher historic volatility, less liquidity, widening of credit spreads and a lack of price transparency in certain markets. As at 30 September 2016, approximately 47 per cent. of the Group's total assets are located in Singapore and 53 per cent. are located overseas. The fundamentals for the Group's businesses remain sound as its Utilities business has both short and long term customer contracts, and its Marine business has secured an order book of S\$8.4 billion as at 30 September 2016 (the net order book stands at S\$5.2 billion if Sete Brasil projects are excluded). However, a prolonged downturn in the credit markets continued economic uncertainty and persistently challenging industry outlook with low oil prices could change or delay investment plans as spending is reduced on budgeted activities such as oil exploration activities, which may impact the Group's rig building, conversion jobs and ship repairs. The Group's customers may default in their contracts/payments with the Group, close their plants or reduce their off-take from the Group. It is difficult to predict how long these conditions will exist and how the Group's related markets, products and businesses will be adversely affected. These conditions may be exacerbated by persisting volatility in the financial sector and the capital markets. Accordingly, these conditions could cause a decrease in demand for the Group's services, thereby adversely affecting the Group's earnings.

*The Group faces increasing competition in its key markets*

Domestic companies have extensive knowledge of the local market and in some cases, longer operational track records, and international companies are able to capitalise on their overseas experience and greater financial resources. Both domestic and international companies can compete in the markets in which the Group has an overseas presence. As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or in the context of increased competition with respect to the Group's activities and this may have a material adverse effect on the Group's operating results, businesses, assets, financial condition, performance or prospects.

*The performance of the Group may be affected by the Group's ability to attract and retain employees*

Generally, in order to develop, support and market the products and services offered by the Group and to grow the Group's businesses internationally, the Group depends on its ability to attract, train, retain and motivate high quality skilled and professional employees with the relevant expertise, especially for its management and technical teams. Whilst the Group recognises the importance of human capital and the desirability of developing and retaining key employees, the loss of key employees may have an adverse effect on the Group's businesses and operations. The implementation of the Group's strategic business plans could be undermined by failure in recruiting or retaining competent key personnel or in the Group's succession planning.

*The Group's business is subject to external factors, such as the ability to comply with government policies and obtain approvals, in the countries where it operates*

The Group is involved in a wide range of business activities and has development projects in many countries where the Group's operation is subject to and dependent on obtaining approvals from various governmental authorities at different levels. The granting of these approvals cannot be assured. These development projects have been, and may in the future be, subject to certain risks, including changes in governmental regulations and economic policies, limitations on extensions of credit, shortages in building material, increases in labour and material costs and changes in credit conditions. If, as a result of the Group's failure to comply with such regulations or policies or obtain such approvals, the Group is unable to fulfill its contractual obligations, its operations, operating results or financial condition could potentially be adversely affected.

There is also no assurance that the Group can adequately comply with government policies and regulations, particularly in the areas of corporate law, competition law, consumer protection and environmental law, as they may be amended from time to time. If the Group's operations have unintended or unexpected legal consequences due to a failure to keep up with, or implement appropriate measures in response to, such changes, this may adversely affect the Group's operations, operating results or financial condition.

*The Group could incur significant costs related to environmental and social matters*

The Group may be subject to various laws and regulations relating to protection of the environment in the countries where the Group operates. Such laws and regulations may impose liability without regard to whether the operator knew of, or was responsible for, the presence of the regulated substances or materials. The cost of investigation, remediation or removal of these substances or materials may be substantial and failure to comply with these laws may result in penalties or other sanctions.

Additionally, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability. The Group may be subject to liabilities or penalties relating to environmental matters which could adversely affect the Group's operating results, businesses, assets, financial condition, performance or prospects.

The Group is also exposed to various social risks which may be directly or indirectly caused by its projects such as those associated with land and natural resource tenure and use, including potential impact by its projects on local land use patterns, tenurial arrangements and various other resettlement related issues. These could entail legislative change and in turn, higher compliance costs for the Group, the Group's entities facing legal proceedings relating to the impact of the Group's projects on such areas and the Group's projects facing strikes and riots. Generally, any of these effects could also lead to reputational loss on the part of the Group. Further, during the course of the project life-cycle, there is a possibility that workers and project affected communities bring up issues relating to health, safety and well-being, which may result in potential settlement costs and other liabilities.

*The Group may be involved in legal and other proceedings from time to time*

From time to time, the Group may be involved in disputes with various parties such as contractors, subcontractors, consultants, suppliers, construction companies, purchasers and other partners involved in the development, operation, purchase and sale of its offshore engineering products and services, rigs, facilities, utilities plants and urban development parks. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays in the construction or completion of its offshore engineering products, rigs, facilities, utilities plants and urban development parks. In addition, the Group may have disagreements with

regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and delays in the construction or completion of its projects.

There can be no assurance that these disputes will be settled, or settled on favourable or reasonable terms. In the event such disputes are not settled on favourable or reasonable terms, or at all, the Group's operating results, businesses, assets, financial condition, performance or prospects may be adversely affected.

Please also refer to paragraph 9 of the section "General Information".

*Terrorist attacks, other acts of violence or war and adverse political developments or endemic outbreaks of avian influenza or other infectious diseases or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's operating results, businesses, assets, financial condition, performance or prospects*

Terrorist attacks, other acts of violence or war and adverse political developments may affect the businesses and results of operations of the Group. Further developments stemming from these events or other similar events could cause further volatility. Any additional significant military or other response by the US and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the Singapore economy and may adversely affect the operations, revenues and profitability of the Group.

The Group's business could also be adversely affected by the effects of avian influenza, Severe Acute Respiratory Syndrome, H1N1 Influenza, Ebola, Zika virus, Middle East Respiratory Syndrome or other similar endemic outbreaks. The outbreak of an infectious disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantine measures, could have a negative impact on the global economy, and business activities in Asia and could thereby adversely impact the revenues and results of the Group. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

The consequences of a future outbreak of infectious disease, terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on its operating results, businesses, assets, financial condition, performance or prospects.

*The Group's success in the future may depend on the successful implementation of its strategies*

The Group's ability to successfully pursue new growth opportunities will depend on its continued ability to implement its strategies. There can be no assurance that the Group will be able to successfully implement its strategies.

The Group anticipates its future growth will come from the expansion of its operations within and outside Singapore. The Group's overseas projects are located both in countries of varying economic growth such as the UK, China, Vietnam, UAE, Oman, India, Bangladesh, Myanmar, Brazil, Chile, Panama and South Africa. Overseas expansion may also include entering into new markets. As a participant in such markets, the Group's businesses are subject to various risks beyond its control, such as instability of foreign economies and governments and changes in laws and policies in overseas countries affecting trade and investment. The materialisation of such risks could potentially affect the Group's overseas businesses in the future.

The Group's ability to further expand its operations successfully depends on its ability to successfully identify suitable opportunities for investment and reach agreements with potential partners on satisfactory commercial terms. There can be no assurance that such opportunities or agreements can be established or that any of the Group's proposed agreements will be completed on the commercial terms contemplated or at all. The Group's risk assessments carried out on, and

mitigation strategies implemented for, its investments may also be insufficient to exhaustively address the inherent risks in the investments. Consequently, there can be no assurance that the Group's investments would yield the expected returns.

*The Group is exposed to project cost overruns and delays*

In preparation for tender submissions for projects, internal costing and estimates of labour and materials costs are compiled by project managers. The contract value quoted in the tender submission is determined after the evaluation of the scope of work and all related costs including indicative prices of suppliers and sub-contractors. However, unforeseen circumstances such as unanticipated price fluctuations in the cost of materials, equipment and labour costs, as well as damages and errors in estimation, may arise during the course of the project. As these circumstances may require additional costs and work which are not factored into the contract value, they may lead to cost overruns and delays which may erode the Group's profit margin for the project and have an adverse impact on the Group's overall profitability. Such cost overruns and delays may also incur penalties and fines and lead to proceedings being brought against the Group.

*The Group's insurance coverage may not adequately cover all situations, some of which may not be insurable*

The Group currently maintains broad insurance coverage on its assets (including, in most cases, business interruption due to insurable damage to its assets), its employees (including comprehensive health and surgical insurance) and against legal liability arising from third party claims, bodily injury and property damage arising from tortious conduct of its business and operations. However, such insurance coverage does not cover all types of losses, and are subject to insurance deductibles. In the event of an uninsured or uninsurable incident or the amounts of claims exceed the insurance coverage or fall within the policy deductibles of the insurance policies which the Group has taken up, the Group may be liable to cover the amounts or the shortfall of the amounts claimed. If such events were to occur, the Group's operating results, businesses, assets, financial condition, performance or prospects may be materially and adversely affected.

*Indebtedness of the Group and availability of funds*

As at 31 December 2015, the Group had approximately S\$6,833 million equivalent of total indebtedness, including approximately S\$1,801 million equivalent which is repayable in one year or less. While the Group has unutilised facilities and funds available for use, the availability of such facilities and funds depends on a number of factors that are beyond the Group's control, including general economic conditions, availability of liquidity in the market amidst the global credit crunch, and changes in government policies, laws and regulations, which may affect the terms on which financial institutions are willing to extend credit to it. There can be no assurance that the Group will be able to refinance its indebtedness as they become due on commercially reasonable terms or at all.

Further, the Group may require additional financing to fund working capital requirements and support the future growth of its business. The Group's level of indebtedness means that a portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to the Group for use in its general business operations. The Group's level of indebtedness could restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn. Accordingly, there can also be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on commercially reasonable terms or at all.



*Foreign exchange controls may limit the Group's ability to receive dividends and other payments from its subsidiaries*

The Group's overseas subsidiaries are subject to the rules and regulations on currency conversion of the jurisdictions in which they are incorporated and/or have operations in.

The ability of these subsidiaries to pay dividends or make other distributions to the Group may be restricted by foreign exchange control restrictions imposed by the jurisdictions in which they are incorporated and/or have operations in. There can be no assurance that the relevant regulations will not be amended to the Group's disadvantage and that the ability of its overseas subsidiaries to distribute dividends to the Group will not be adversely affected.

*The Group relies on third parties to fulfill their obligations on a timely basis and any delay or default would impair the Group's ability to conduct business*

The Group outsources to or depends on many third parties for various aspects of the Group's businesses. Accordingly, the Group faces the risk that its suppliers, customers and service providers may fail to fulfill their contractual obligations. Amongst others, the Group relies on third parties to supply fuel and raw materials, to provide shipping services for the shipment of materials and inventory and for waste collection services. The failure of these third parties to fulfill their obligations to the Group or to provide the services they have agreed to provide may in turn lead to the Group's inability to fulfill its contractual obligations to other parties. The Group is also exposed to credit risk arising from sales to its trade customers and downpayments which have to be placed with the Group's suppliers and contractors. In the event of the termination of contracts with suppliers and/or contractors, the time and effort taken to search for new suppliers and/or contractors will almost invariably translate into financial losses and the Group may only be able to secure new contracts with terms and conditions which are less favourable. These will in turn subject the Group to claims and other liabilities which might have a material adverse effect on the Group's businesses.

*The Group is reliant upon a limited number of manufacturers and suppliers*

The Group relies on a limited number of manufacturers and suppliers for certain specialised equipment used in the Group's businesses (such as engines, propellers, bulk tanks, compressors, winches and generator sets) as there are only a few manufacturers of such equipment and the supply of such equipment is limited. The Group also prefers to purchase these specialised equipment from manufacturers and suppliers with established track records. In the event that these manufacturers and suppliers are unable to provide the Group with the equipment needed on a timely basis, or on terms which are commercially acceptable to the Group, the Group may encounter delays in securing or may be unable to secure alternative manufacturers and suppliers on favourable terms or at all. As a result, the cost of the Group's equipment may increase or the Group may not be able to undertake or to complete a particular project. If the Group is unable to undertake a project or to complete a project for which the Group has already contracted, this could have a material adverse effect on the Group's revenues, profits and reputation and the Group may be subject to contractual claims by customers.

*Information relating to the Group's order book may not be representative of its future results*

Although the contracts that make up the Group's order book have a significant impact on its future revenues and profits, they do not necessarily indicate future earnings related to the Group's performance. Further, while projects in the order book represent business that the Group considers firm, defaults or scope adjustments by the customers or other unforeseen delays may occur. Because of these uncertainties, the Group cannot predict when or if the projects in the order book will be performed and will generate revenue. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed or

dispute the amounts owed. There can be no assurance that the Group would be able to recover against such defaulting parties. There may also be delays associated with collection of receivables from its customers. Any delay, cancellation or payment default could materially harm the Group's cash flow position, revenues or profits.

*The Group may suffer losses if its customers prematurely terminate or seek to renegotiate their contracts with the Group*

The Group's contracts may be prematurely terminated by its customers. Although such contracts may require the customer in default to make an early termination payment, such payment may not fully compensate the Group for the loss of the contract. In periods of rapid market downturn, the Group's customers may also not honour the terms of existing contracts, and in cases of material breach by them, the Group may be forced to prematurely terminate the contracts and make claims against them. In such an event, there can be no assurance that the amount of damages awarded to the Group upon successful litigation would fully compensate the Group for the loss of the contract. Further, the Group's customers may seek to renegotiate contract rates and terms to conform to depressed market conditions. The Group's operating results may be adversely affected by such premature termination of contracts and contract renegotiations.

*The Group's operating results may be negatively impacted as a result of any tariff adjustment and volatility in spreads and carbon pricing*

The operating results for the Group's Utilities business are heavily dependent on tariff levels which are subject to price controls set by the relevant governmental and/or regulatory authorities in the jurisdictions that the Group operates in. The Group's Utilities business also participates in the electricity merchant market and selling of carbon credit in some countries in which it operates. Hence, the volatility in the spreads and carbon pricing can adversely affect the Group's operating results, businesses, assets, financial condition, performance or prospects.

*The Group is susceptible to fluctuations in the prices of energy, raw materials and other commodities*

The Group is subject to fluctuations in energy prices such as oil and natural gas (for its Utilities business), and prices of raw materials such as steel and copper (for its Marine business). The Group endeavours to incorporate pricing formulae for coal, oil, natural gas and raw material costs such that these costs may be passed on to its customers and, in accordance with its risks management policy, hedges the residual risks arising from the price fluctuation of these items. However, the prices of such raw materials and commodities are unpredictable because they are closely dependent on global demand and supply conditions and there can be no assurance that the Group will be able to fully and adequately hedge against such increases in prices and/or pass on all or any of the incremental costs to its customers. If the Group is unable to successfully manage the risks associated with these cost fluctuations, its financial results and condition may be adversely affected.

*The Group is subject to interest rate fluctuations*

The Group faces risks in relation to interest rate movements, particularly as a result of debts undertaken to finance its developments and working capital. Part of the Group's debts bear floating interest rates which are subject to fluctuations in interest rates. This could in turn have a material and adverse effect on the Group's results of operations. In addition, the Group is subject to market disruption clauses contained in its loan agreements with banks. Such clauses may state that to the extent that banks face difficulties in raising funds in the interbank market or pay materially more for interbank deposits than the displayed screen rates, they may pass on the higher costs of funds to the borrower despite the margins agreed. Although the Group may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations, they may

not adequately cover the Group's exposure to interest rate fluctuations. As a result, the Group's operations or financial condition could potentially be adversely affected by interest rate fluctuations.

*The Group is subject to foreign exchange rate fluctuations*

The Group operates globally and the Group's revenue, costs and capital expenditure are mainly denominated in Singapore dollars, US dollars, Sterling Pounds, Euros and Brazilian Real. Consequently, portions of the Group's costs and its margins are exposed to and affected by fluctuations in the exchange rates of the above-mentioned currencies. Although the Group engages in certain hedging activities to mitigate currency exchange rate exposure, the impact of future exchange rates fluctuations among the US dollar, the Singapore dollar and other currencies on the Group's cost of sales and margins cannot be accurately predicted. Some of the currencies may not be convertible or exchangeable or may be subject to exchange controls. The reporting currency for the Group is Singapore dollars. Exchange rate fluctuations will arise when the assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting purposes. If the foreign currencies depreciate against the Singapore dollar, this may adversely affect the consolidated financial statements of the Group.

**Investment considerations relating to the Programme and the Securities generally**

*Limited liquidity of the Securities issued under the Programme*

There can be no assurance regarding the future development of the market for the Securities issued under the Programme, the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities.

Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

*Absence of secondary market*

There can be no assurance that there will be a secondary market for the Securities, or that there will be liquidity for the Securityholders during the life of the Securities. Any secondary market activities may not be continuous or regular and the value of the Securities may fluctuate for various reasons.

*Fluctuation of market value of Securities*

Trading prices of the Securities are influenced by numerous factors, including the operating results and/or financial condition of the Issuers, the Guarantor and/or the Group, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuers, the Guarantor and/or the Group generally. Adverse economic developments, in Singapore and countries with significant trade relations with Singapore or in which the Group operates or has business dealings, could have a material adverse effect on the Singapore economy and the results of operations and/or the financial condition of the Group.

*Interest rate risk*

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in note and/or perpetual security prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest or distribution

payments at higher prevailing interest rates. Conversely, when interest rates fall, note and/or perpetual security prices may rise. The Securityholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

#### *Inflation risk*

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.

#### *Currency risk associated with Securities denominated in foreign currencies*

As the Securities can be denominated in currencies other than Singapore dollars, the Relevant Issuer may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under Securities denominated in foreign currencies. There can be no assurance that the Relevant Issuer will be able to fully hedge the currency risks associated with Securities denominated in foreign currencies.

#### *Securities may be issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *The Securities and the Guarantee are not secured*

The Notes and Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer. The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference among themselves and with any Parity Obligations (as defined in the Conditions of the Perpetual Securities) of the Relevant Issuer.

The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor. The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with any Parity Obligations of the Guarantor.

Accordingly, on a winding-up or insolvency of the Relevant Issuer or, as the case may be, the Guarantor at any time prior to maturity of any Securities, the Securityholders will not have recourse to any specific asset of the Relevant Issuer or, as the case may be, the Guarantor or their respective subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Relevant Issuer or the Guarantor, as the case may be, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons or Guarantee, as the case may be, owed to the Securityholders.

## *Modification*

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

*The Trustee may request the Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction before taking action on behalf of Securityholders*

In certain circumstances (including giving of notice to the Relevant Issuer pursuant to Condition 10 of the Notes), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes action on behalf of Securityholders. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, if doing so will or may result in a breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations. In such circumstances, to the extent permitted by the agreements and the applicable law, it may be for the Securityholders to take action directly.

*Performance of contractual obligations by the Relevant Issuer is dependent on other parties*

The ability of the Relevant Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent, the Agent Bank, the Registrar and/or the Transfer Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Relevant Issuer of its obligations to make payments in respect of the Securities, the Relevant Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders and the Couponholders.

*The Securities may not be a suitable investment for all investors*

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal, interest or distributions (as the case may be) payable in one or more currencies, or where the currency for principal, interest or distribution payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **Investment considerations relating to the Notes**

*Variable Rate Notes may have a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Singapore Taxation Risk*

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

### **Investment considerations relating to the Perpetual Securities**

*Perpetual Securities may be issued for which investors have no right to require redemption*

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Relevant Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

*If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Relevant Issuer elects not to pay all or a part of a distribution under the Conditions of the Perpetual Securities*

If Optional Payment is specified in the relevant Pricing Supplement, the Relevant Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Relevant Issuer may be subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations (as defined in the Conditions of the Perpetual Securities) and (except on a *pro rata* basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Relevant Issuer is not subject to any limit as to the number of times or the amount with respect to which the Relevant Issuer can elect not to pay distributions under the Perpetual Securities, subject to compliance with the foregoing restrictions. While the Relevant Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Relevant Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Relevant Issuer not to pay a distribution,

whether in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of any potential non-cumulative distribution feature of the Perpetual Securities and the Relevant Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

*If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Relevant Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events*

The Perpetual Securities are perpetual and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Relevant Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "*Terms and Conditions of the Perpetual Securities – Redemption and Purchase*".

The date on which the Relevant Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

*There are limited remedies for default under the Perpetual Securities and the Guarantee*

Any scheduled distribution will not be due if, as provided for in the relevant Pricing Supplement, the Relevant Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment under the Perpetual Securities has become due and the Relevant Issuer (failing which, the Guarantor) fails to make the payment when due. The only remedy against the Relevant Issuer and/or the Guarantor available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities and/or the Guarantee will be proving in such winding-up and/or claiming in the liquidation of the Relevant Issuer and/or the Guarantor in respect of any payment obligations of the Relevant Issuer or, as the case may be, the Guarantor arising from the Perpetual Securities and/or the Guarantee.

*The Relevant Issuer may raise or redeem other capital which affects the price of the Perpetual Securities*

The Relevant Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Relevant Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Relevant Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any)

recoverable by holders of Perpetual Securities on a winding-up of the Relevant Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

*The Subordinated Perpetual Securities and the Subordinated Guarantee are subordinated obligations*

The obligations of the Relevant Issuer under the Subordinated Perpetual Securities, and the Guarantor under the Subordinated Guarantee, will constitute unsecured and subordinated obligations of the Relevant Issuer and Guarantor respectively. In the event of the winding-up of the Relevant Issuer or the Guarantor, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities or the Subordinated Guarantee will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuers and the Guarantor without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Relevant Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Relevant Issuer or the Guarantor and/or may increase the likelihood of a non-payment under the Subordinated Perpetual Securities and/or the Subordinated Guarantee.

*A change in the law governing the subordination provisions of the Perpetual Securities may adversely affect Securityholders*

The provisions of the Conditions of the Perpetual Securities that relate to subordination are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice after the date of issue of the relevant Perpetual Securities.

*Tax treatment of the Perpetual Securities is unclear*

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as debt securities by the IRAS for the purposes of the ITA, or whether distribution payments made under each tranche of the Perpetual Securities will be regarded by the IRAS as interest payable on indebtedness, and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in “Singapore Taxation”) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.



## SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with and qualified in its entirety by, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuers	:	Sembcorp Industries Ltd  Sembcorp Financial Services Pte. Ltd., a wholly-owned subsidiary of the Guarantor  Other subsidiaries of the Guarantor based either within or outside Singapore may become issuers under the Programme by executing a deed of accession in accordance with the terms of the Programme Agreement
Guarantor (in the case of Securities issued by Issuers other than SCI)	:	Sembcorp Industries Ltd
Arranger	:	The Hongkong and Shanghai Banking Corporation Limited
Dealers	:	Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank and United Overseas Bank Limited and/or such other Dealers as may be appointed by the Relevant Issuer in accordance with the terms of the Programme Agreement
Issuing and Paying Agent, Agent Bank, Transfer Agent and Registrar	:	DBS Bank Ltd.
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited
Description	:	Multicurrency Debt Issuance Programme
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$2,500,000,000 (or its equivalent in other currencies) or such higher amount as may be agreed between the Issuers and the Arranger in accordance with the terms of the Programme Agreement
Guarantee	:	The payment of all sums payable by any Issuer other than SCI under the Trust Deed, the Securities and the Coupons relating to them will be unconditionally and irrevocably guaranteed by the Guarantor
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars or any other currency agreed between the Relevant Issuer and the relevant Dealer(s)

- Method of Issue : Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement
- Issue Price : Securities may be issued at par or at a discount, or premium, to par
- Form and Denomination of Securities : The Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s). Each Tranche or Series of Bearer Securities may initially be represented by a temporary global Security or a permanent global Security. Each temporary global Security may be deposited on the relevant issue date with CDP, a Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a permanent global Security or definitive Securities (as indicated in the applicable Pricing Supplement). Each permanent global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Securities upon the terms therein. Each Tranche or Series of registered Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, a Common Depositary, CDP and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. A Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series
- Custody of the Securities : Securities which are to be listed on the SGX-ST may be cleared through CDP. Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Securities which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a Common Depositary
- Taxation : Payments of principal and interest or, as the case may be, distribution on the Securities will be free and clear of, and without deduction or withholding for or on account of, any taxes or duties of whatever nature imposed by Singapore unless such withholding or deduction is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result in the receipt by the Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see the section on "Singapore Taxation" below

- Listing : Each Series of the Securities may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. For so long as any Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of offering material relating to the Securities, see the section on “Subscription, Purchase and Distribution” below. Further restrictions may apply in connection with any particular Series or Tranche of Securities
- Governing Law : The Programme, the Guarantee and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore

#### NOTES

- Maturities : Subject to compliance with all relevant laws, regulations and directives, Notes shall have such maturities as may be agreed between the Relevant Issuer and the relevant Dealer(s)
- Mandatory Redemption : Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the interest payment date falling in the redemption month shown on its face (if it is a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period))
- Interest Basis : Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest
- Fixed Rate Notes : Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity
- Floating Rate Notes : Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue

Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)

Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue

Hybrid Notes : Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (or such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)) (in the case of Hybrid Notes denominated in Singapore Dollars), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore Dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Relevant Issuer and the relevant Dealer(s). S\$ SIBOR and S\$ SWAP RATE shall be determined as set out in Condition 5 of the Notes

Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment

Status of the Notes and the Senior Guarantee : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer.

The payment obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor

Redemption and Purchase : If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes. Further,

if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Relevant Issuer (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes

- Negative Pledge : The Notes will have the benefit of a negative pledge as described in Condition 4 (Negative Pledge) of the Notes
- Events of Default : The events of default are as described in Condition 10 (Events of Default) of the Notes

#### PERPETUAL SECURITIES

- No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Relevant Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities
- Distribution Basis : Perpetual Securities may confer a right to distribution at fixed or floating rates
- Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be subject to reset on such date and bases as may be set out in the relevant Pricing Supplement
- Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.
- Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)
- Distribution Discretion : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Relevant Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than

15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Relevant Issuer may not elect to defer any distribution if during the “Reference Period” (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

- (a) a discretionary dividend, distribution or other payment has been declared or paid on or in respect of any of the Relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the Relevant Issuer’s Parity Obligations or any of the Guarantor’s Parity Obligations; or
- (b) any of the Relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the Relevant Issuer’s Parity Obligations or any of the Guarantor’s Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Parity Obligations of the Relevant Issuer or, as the case may be, the Guarantor for Junior Obligations of the Relevant Issuer or, as the case may be, the Guarantor and/or as otherwise specified in the applicable Pricing Supplement

Non-Cumulative Deferral and Cumulative Deferral : If Non-Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue distribution. The Relevant Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Relevant Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (“**Optional Distribution**”) (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Relevant Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities. Any partial

payment of outstanding Optional Distribution by the Relevant Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro-rata* basis.

If Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The Relevant Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Relevant Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution

Restrictions in the case of  
Non-Payment

: If Dividend Stopper is so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Relevant Issuer and the Guarantor shall not and shall procure that none of its subsidiaries shall:

- (a) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Relevant Issuer’s or the Guarantor’s Junior Obligations

or in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the Relevant Issuer's or the Guarantor's Parity Obligations; or

- (b) redeem, reduce, cancel, buy-back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition is made in respect of any of the Relevant Issuer's or the Guarantor's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the Relevant Issuer's or the Guarantor's Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Parity Obligations of the Relevant Issuer or, as the case may be, the Guarantor for Junior Obligations of the Relevant Issuer or, as the case may be, the Guarantor, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Relevant Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Relevant Issuer or, as the case may be, the Guarantor is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement

Status of the Senior Perpetual Securities and the Senior Guarantee

: The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer.

The obligations of the Guarantor under the Senior Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor



Status of the Subordinated Perpetual Securities and the Subordinated Guarantee : The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves and *pari passu* with any Parity Obligations of the Relevant Issuer.

The obligations of the Guarantor under the Subordinated Guarantee are contained in the Trust Deed. The obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with any Parity Obligations of the Guarantor

Subordination of Subordinated Perpetual Securities : Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Relevant Issuer or the Guarantor, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them or, as the case may be, the Subordinated Guarantee are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Relevant Issuer or, as the case may be, the Guarantor but at least *pari passu* with all other subordinated obligations of the Relevant Issuer or, as the case may be, the Guarantor that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities or, as the case may be, the Subordinated Guarantee and in priority to the claims of shareholders of the Relevant Issuer or, as the case may be, the Guarantor and/or as otherwise specified in the applicable Pricing Supplement

No set-off in relation to Subordinated Perpetual Securities : Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Relevant Issuer or the Guarantor in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them or, as the case may be, the Subordinated Guarantee, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Relevant Issuer and the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Relevant Issuer or the Guarantor in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them or, as the case may be, the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or

any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Relevant Issuer or, as the case may be, the Guarantor (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Relevant Issuer or, as the case may be, the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Relevant Issuer or, as the case may be, the Guarantor (or the liquidator or, as appropriate, administrator of the Relevant Issuer or, as the case may be, the Guarantor) and accordingly any such discharge shall be deemed not to have taken place

Redemption at the Option of the Relevant Issuer : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Relevant Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) (if any) to (but excluding) the date fixed for redemption

Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption), if:

(i) the Relevant Issuer receives a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:

(A) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(B) the distributions (including Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the relevant Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

- (C) the distributions (including Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA; or
- (ii) (A) the Relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore (or, if the Relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the Relevant Issuer is incorporated) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and
- (B) such obligations cannot be avoided by the Relevant Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due

Redemption for Accounting Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the “**SFRS**”) or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Relevant Issuer (the “**Relevant Accounting Standard**”), the

Perpetual Securities will not or will no longer be recorded as “equity” of the Relevant Issuer pursuant to the Relevant Accounting Standard

Redemption for Tax  
Deductibility

: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption), if the Relevant Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the issue date of such Perpetual Securities;
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the issue date of such Perpetual Securities; or
- (iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the issue date of such Perpetual Securities that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced on or after the issue date of such Perpetual Securities,

payments by the Relevant Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Relevant Issuer for Singapore income tax purposes

Redemption in the case of  
Minimal Outstanding Amount

: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued

(if any) to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued

- Redemption upon a Change of Control : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to the date fixed for redemption), following the occurrence of a Change of Control (as defined in the applicable Pricing Supplement)
- Limited right to institute proceedings in relation to Perpetual Securities : Notwithstanding any of the provisions in Condition 9 of the Perpetual Securities, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Relevant Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities
- Proceedings for winding-up : If (i) an order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Relevant Issuer and/or the Guarantor or (ii) the Relevant Issuer fails to make payment in respect of the Perpetual Securities when due or the Guarantor fails to pay any amount under the Guarantee when due and, in each case, such failure continues for a period of more than 14 days (in the case of distribution) or seven days (in the case of principal) (together, the "**Enforcement Events**"), the Relevant Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Relevant Issuer and/or the Guarantor and/or prove in the winding-up of the Relevant Issuer and/or the Guarantor and/or claim in the liquidation of the Relevant Issuer and/or the Guarantor for such payment

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.*

The Notes are constituted by a Trust Deed dated 8 November 2004 made between (1) SembCorp Financial Services Pte. Ltd. (“**SFS**”) and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) SembCorp Industries Ltd (“**SCI**”), as guarantor, and (3) HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below) (as amended and restated by an amendment and restatement trust deed dated 8 April 2009 made between the same parties, a second amendment and restatement trust deed dated 17 May 2013 made between (1) SFS, SCI and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession (each an “**Issuer**” and together, the “**Issuers**”), (2) SCI, in its capacity as guarantor for securities issued by SFS and the Specified Issuers (the “**Guarantor**”), and (3) the Trustee, and as further amended and supplemented, the “**Trust Deed**”), and (where applicable) the Notes are issued with the benefit of [a deed of covenant (as amended, varied or supplemented by a supplemental deed of covenant dated 8 April 2009 and a second supplemental deed of covenant dated 17 May 2013 and as further amended and supplemented from time to time, the “**Deed of Covenant**”) dated 8 November 2004, relating to the Notes executed by SFS]<sup>a</sup>/[a deed of covenant (as amended and supplemented, the “**Deed of Covenant**”) dated [●]<sup>b</sup> relating to the Notes executed by [●]<sup>c</sup>]. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. SFS has entered into an Agency Agreement dated 8 November 2004 made between (1) SFS and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) SCI, as guarantor, (3) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any other paying agents that may be appointed, the “**Paying Agents**”) and agent bank (in such capacity, the “**Agent Bank**”), and (4) the Trustee, as trustee (as amended and restated by an amendment and restatement agency agreement dated 8 April 2009 made between the same parties, a second amendment and restatement agency agreement dated 17 May 2013 made between (1) the Issuers, (2) the Guarantor, (3) the Issuing and Paying Agent, (4) the Agent Bank, (5) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) DBS Bank Ltd., as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, as trustee, and as further amended and supplemented, the “**Agency Agreement**”). The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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- a The language indicated in brackets should be included in the Terms and Conditions of the Notes which are issued by SFS.
- b Insert date of relevant Deed of Covenant.
- c Insert name of the Issuer where the Issuer is not SFS.
- d The language indicated in brackets shall be included in the Terms and Conditions of the Notes which are issued by SCI or any other Issuer (other than SFS).

Issues of Notes by an Issuer other than SCI will be guaranteed by SCI. References in these Conditions to the Guarantor and the Guarantee (as defined in the Trust Deed) shall apply only to Notes issued by an Issuer other than SCI.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

## **1. Form, Denomination and Title**

### **(a) Form and Denomination**

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

### **(b) Title**

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined in the Trust Deed) or, as the case may be, a Global Certificate (as defined in the Trust Deed) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V., (“**Euroclear**”) and Clearstream Banking, société *anonyme* (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the other Paying Agents,

the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the relevant Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Note shall, unless otherwise specified by the relevant Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).

- (iv) In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **2. No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Condition 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the relevant Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes



represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuers, with the prior written approval of the Registrar and the Trustee and in the case of any change proposed by the Registrar or the Trustee, with the prior written approval of the Issuer(s) affected by such change. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the relevant Issuer, the Guarantor, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the relevant Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

### **3. Status and Guarantee**

#### **(a) Status**

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the relevant Issuer.

#### **(b) Guarantee**

The payment of all sums expressed to be payable by the relevant Issuer (other than SCI) under the Trust Deed, the Notes and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

### **4. Negative Pledge**

- (i) In the Trust Deed, the relevant Issuer (other than SCI) has covenanted that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), such Issuer will not, and will procure that none of its subsidiaries will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Encumbrance**”) (except for Permitted Encumbrance, as defined below) upon the whole or any part of their respective undertakings, assets, property or revenues, present or future to secure any Relevant Indebtedness (as defined below), except where the principal amounts secured by such Encumbrance do not at any particular time exceed in aggregate 15 per cent. of the Consolidated Net Worth (as defined below) of SCI and its Consolidated Subsidiaries (as defined below), unless (a) such security is forthwith extended equally and rateably to the indebtedness of such Issuer in respect of the Notes to the satisfaction of the Trustee or (b) the indebtedness of such Issuer in respect of the Notes have the benefit of such other security or other arrangement as the Trustee in its absolute discretion shall deem not to be materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of Noteholders.
- (ii) In the Trust Deed, SCI (whether as issuer or guarantor) has covenanted that, so long as any of the Notes remains outstanding, it will not, and will procure that none of its Material Subsidiaries (as defined below) will, create or permit to subsist any Encumbrance (except for Permitted Encumbrance) upon the whole or any part of their respective undertaking, assets or revenues present or future to secure any Relevant Indebtedness, except where the principal amounts secured by such Encumbrance do not at any particular time exceed in aggregate 15 per cent. of the Consolidated Net Worth of SCI and its Consolidated Subsidiaries unless, at the same time or prior thereto, SCI’s obligations under the Notes, the Guarantee and the Trust Deed (as applicable) (a) are secured equally and rateably therewith to the satisfaction of the Trustee or (b) have the benefit of such other security or other arrangement as the Trustee in its absolute discretion shall deem not to be materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of Noteholders.

In these Conditions:

**“Balance Sheet Date”** means 30 June and 31 December or other semi-annual date at which SCI prepares its audited or unaudited Consolidated Accounts;

**“Consolidated Accounts”** means, in relation to any annual or other Fiscal Period, the consolidated accounts of SCI and the Consolidated Subsidiaries prepared in accordance with accounting principles generally accepted in Singapore;

**“Consolidated Net Worth”** means the shareholders’ equity of SCI and its Consolidated Subsidiaries (including any credit balance on its profit and loss account but less the aggregate of any debit balance on its profit and loss account) as shown in SCI’s latest audited or unaudited Consolidated Accounts prepared as at a Balance Sheet Date less any amount included in the above which is attributable to goodwill, amounts set aside for taxation, fair value reserve, hedging reserve and minority interests in subsidiaries;

**“Consolidated Subsidiary”** means every subsidiary of SCI the accounts of which were in the latest Consolidated Accounts, or should, in the written opinion of the Auditors given following a request from SCI or the Trustee (to which request SCI shall ensure that the Auditors shall, as soon as reasonably practicable, reply), be in the next Consolidated Accounts, consolidated with those of SCI in accordance with the accounting principles in accordance with which such Consolidated Accounts were or will be prepared. A report by the Auditors that in their opinion a subsidiary is or is not a Consolidated Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

**“Fiscal Period”** means, as the context may require, a period (i) commencing on 1 January and ending on the succeeding 31 December, or (ii) commencing on 1st January and ending on the succeeding 30 June provided that if SCI shall change its financial year so as to end a date other than 31 December, the foregoing shall be amended as necessary;

**“Indebtedness”** means any obligation present or future (actual or contingent) for the payment or repayment of money which has been borrowed or raised;

**“Material Subsidiary”** means at any time any subsidiary of SCI:

- (a) whose profits or (in the case of a subsidiary which has subsidiaries) consolidated profits, before taxation and extraordinary items as shown by its latest audited profit and loss account are at least 15 per cent. of the consolidated profits before taxation and extraordinary items of SCI and its Consolidated Subsidiaries as shown by the latest published audited consolidated profit and loss account of SCI and its Consolidated Subsidiaries; or
- (b) whose gross assets or (in the case of a subsidiary which has subsidiaries) gross consolidated assets as shown by its latest audited balance sheet are at least 15 per cent. of the gross consolidated assets of SCI and its Consolidated Subsidiaries as shown by the then latest published audited consolidated balance sheet of SCI and its Consolidated Subsidiaries; or
- (c) whose gross liabilities or (in the case of a subsidiary which has subsidiaries) gross consolidated liabilities as shown by its latest audited balance sheet are at least 15 per cent. of the gross consolidated liabilities of SCI and its Consolidated Subsidiaries as shown by the then latest published audited consolidated balance sheet of SCI and its Consolidated Subsidiaries; or

- (d) to which is transferred the whole or substantially the whole of the assets and undertaking of a subsidiary which immediately prior to such transfer is a Material Subsidiary, provided that, in such a case, the subsidiary so transferring its assets and undertaking shall thereupon cease to be a Material Subsidiary.

For the purpose of the above calculations, the consolidated profits before taxation and extraordinary items, gross consolidated assets and gross consolidated liabilities of SCI and its subsidiaries will be as shown by the then latest published audited consolidated profit and loss account and balance sheet of SCI and its subsidiaries.

A report by the Auditors that in their opinion a subsidiary is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties concerned. References to the audited profit and loss account and balance sheet of a subsidiary which has subsidiaries shall be construed as references to the audited consolidated profit and loss account and consolidated balance sheet of such subsidiary and its subsidiaries, if such are required to be produced, or if no such profit and loss account or balance sheet are produced, to a *pro forma* profit and loss account or balance sheet, prepared for the purpose of such report;

**“Permitted Encumbrance”** means (1) any Encumbrance existing at 8 April 2009, (2) any Encumbrance created on any asset solely for the purpose of securing the financing or refinancing of the purchase, construction or development costs of such asset (including any Encumbrance created over the share capital of any special purpose vehicle acting as the borrower of limited recourse financing for the purchase, construction, development and operation of such asset) or (3) liens arising solely by operation of law (or by an agreement evidencing the same); and

**“Relevant Indebtedness”** means Indebtedness which is listed or capable of being listed on any stock exchange in Singapore and is expressed or denominated or payable or which, at the option of the relevant creditor, may be payable in Singapore dollars.

## 5. (I) Interest on Fixed Rate Notes

### (a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 5(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

**(b) Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of interest payable per Calculation Amount in respect of any Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

**(II) Interest on Floating Rate Notes or Variable Rate Notes**

**(a) Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) 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 in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to the Relevant Date.

**(b) Rate of Interest – Floating Rate Notes**

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “Spread” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the “**Rate of Interest**”.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

- (1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall 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 AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

- (C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the 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 Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
  - (D) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
  - (E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such 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 Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being 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 AM SINGAPORE TIME” and under the column headed “SGD SWAP OFFER” (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 the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

- (C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest four decimal places) for such Interest Period in accordance with the following formula:

In the case of Premium:

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

In the case of Discount:

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

where:

SIBOR = the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “USD SIBOR” (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on Page



ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (D) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest four decimal places) for such Interest Period in accordance with the following formula:

In the case of Premium:

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

In the case of Discount:

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

where:

SIBOR = 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 AM SINGAPORE TIME” and under the column headed “USD SIBOR” (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SPOT” (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (E) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Swap Rates quoted by the Reference Banks to the Agent Bank) 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 interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

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 = 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 interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = 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 interbank market;

Discount = 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 interbank market; and

T = the number of days in the Interest Period concerned;

- (F) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate for the relevant Interest Period shall be determined in accordance with (E) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (G) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
- (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,
- and as adjusted by the Spread (if any);

- (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and
  - (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.
- (iii) On the last day of each Interest Period, the relevant Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
  - (iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

**(c) Rate of Interest – Variable Rate Notes**

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and 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 is referred to in these Conditions as the “**Rate of Interest**”.
- (ii) 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 for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
  - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the relevant Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
    - (A) 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;
    - (B) if interest in respect of such Variable Rate Note is agreed between the relevant Issuer 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 relevant Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

- (C) if interest in respect of such Variable Rate Note is agreed between the relevant Issuer 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 relevant Issuer 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; and
- (2) if the relevant Issuer 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 3.00 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 for agreement referred to in (1) 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.
- (iii) The relevant Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will 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:
- (1) notify (in the case where the relevant Issuer is not SCI) the Guarantor, the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such 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 Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) 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 on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “Spread” is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) 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 relevant Issuer 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 relevant Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

**(d) Definitions**

As used in these Conditions:

**“Benchmark”** means the rate specified as such in the applicable Pricing Supplement;

**“business day”** means:

- (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore; and
- (ii) (in the case of Notes denominated in a currency other than Singapore dollars), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

**“Calculation Amount”** means the amount specified as such on the face of any Note or, if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

**“Interest Determination Date”** means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

**“Primary Source”** means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (**“Reuters”**)) agreed by the Agent Bank;

**“Reference Banks”** means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

**“Relevant Currency”** means the currency in which the Notes are denominated;

**“Relevant Dealer”** means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the relevant Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

**“Relevant Financial Centre”** means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

**“Relevant Rate”** means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

**“Relevant Time”** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre; and

**“Screen Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) and such other information service as may be agreed by the Agent Bank as may be specified hereon for the purpose of providing the Benchmark, 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 organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark.

### **(III) Interest on Hybrid Notes**

#### **(a) Interest Rate and Accrual**

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

#### **(b) Fixed Rate Period**

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the principal or, as the case may be, the Redemption Amount is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.



- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

**(c) Floating Rate Period**

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.
- (ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of the principal amount or, as the case may be, the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.
- (iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

#### **(IV) Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount (as defined in Condition 6(h) below) of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(h) below).

#### **(V) Calculations**

##### **(a) Determination of Rate of Interest and Calculation of Interest Amounts**

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The Interest Amount payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

##### **(b) Notification**

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the relevant Issuer and the Guarantor as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

##### **(c) Determination or Calculation by the Trustee**

If the Agent Bank does not at any time for any reason so determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(d) Agent Bank and Reference Banks**

The relevant Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the relevant Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

**6. Redemption and Purchase**

**(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount shown on its face on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

**(b) Purchase at the Option of Issuer**

If so provided hereon, the relevant Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the relevant Issuer accordingly. To exercise such option, the relevant Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

**(c) Purchase at the Option of Noteholders**

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the relevant Issuer at their Redemption Amount on any Interest Payment Date and the relevant Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.
- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the relevant Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the relevant Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

**(d) Redemption at the Option of the Issuer**

If so provided hereon, the relevant Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

**(e) Redemption at the Option of Noteholders**

If so provided hereon, the relevant Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the relevant Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

**(f) Redemption for Taxation Reasons**

If so provided hereon, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is incorporated) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier

than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to the Issuing and Paying Agent and the Trustee a certificate signed by the duly authorised officer(s) of the relevant Issuer or, as the case may be, the Guarantor, stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor, has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

**(g) Purchases**

The relevant Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the relevant Issuer, the Guarantor or any of their respective subsidiaries may be surrendered by the purchaser through the relevant Issuer to the Issuing and Paying Agent for cancellation or may at the option of the relevant Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

**(h) Early Redemption of Zero Coupon Notes**

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless

the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

**(i) Cancellation**

All Notes purchased by or on behalf of the relevant Issuer, the Guarantor or any of their respective subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the relevant Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

**7. Payments**

**(a) Principal and Interest in respect of Bearer Notes**

Payments of principal (which shall include the Redemption Amount and the Early Redemption Amount) and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

**(b) Principal and Interest in respect of Registered Notes**

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

**(c) Payments subject to law etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(d) Appointment of Agents**

The Issuing and Paying Agent, the Paying Agent, the Agent Bank, the Transfer Agent and the Registrar initially appointed by the Issuers and the Guarantor and their specified offices are listed below. The Issuers and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Agent Bank, any Transfer Agent and the Registrar and to appoint additional or other Issuing and Paying Agents, Agent Banks, Transfer Agents and Registrars, provided that they will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) an Agent Bank having a specified office in Singapore, (iii) a Transfer Agent in relation to Registered Notes, having a specified office in Singapore and (iv) a Registrar in relation to Registered Notes, having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of the holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders of the Notes or the Coupons.

**(e) Unmatured Coupons and unexchanged Talons**

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Notes comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.



- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

**(f) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

**(g) Non-business days**

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

**(h) Default Interest**

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the relevant Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to 1.5 per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the relevant Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the relevant Issuer.

## 8. Taxation

All payments in respect of the Notes and the Coupons by or on behalf of the relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is incorporated) or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is incorporated) otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is incorporated)); or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

## 9. Prescription

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

## 10. Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least 30 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the relevant Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) default is made for more than 14 days (in the case of interest) or 7 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) the relevant Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Notes, the Guarantee or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the relevant Issuer and the Guarantor by the Trustee; or
- (c) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (d) any other indebtedness of the relevant Issuer, the Guarantor or any of its Material Subsidiaries (as defined in Condition 4) becomes due and payable prior to its stated maturity as a result of a default or other breach of the terms thereof or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the relevant Issuer, the Guarantor or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (d) have occurred equals or exceeds S\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (e) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the relevant Issuer, the Guarantor or any of its Material Subsidiaries and is not discharged or stayed within 30 days and, in relation to the Material Subsidiaries only, such event is likely to materially and adversely affect the ability of the relevant Issuer or the Guarantor to perform or comply with its obligations under any of the Issue Documents or any of the Notes; or
- (f) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the relevant Issuer, the Guarantor or any of its Material Subsidiaries with respect to any material part of the property, assets or revenues of the relevant Issuer, the Guarantor or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and, in relation to the Material Subsidiaries only, such event is likely to materially and adversely affect the ability of the relevant Issuer or the Guarantor to perform or comply with its obligations under any of the Issue Documents or any of the Notes; or

- (g) the relevant Issuer, the Guarantor or any of its Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or any material part of its debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the relevant Issuer, the Guarantor or any of its Material Subsidiaries and, in relation to the Material Subsidiaries only, such event is likely to materially and adversely affect the ability of the relevant Issuer or the Guarantor to perform or comply with its obligations under any of the Issue Documents or any of the Notes; or
- (h) an order is made or an effective resolution passed for the winding-up or dissolution of the relevant Issuer, the Guarantor or any of its Material Subsidiaries, or the relevant Issuer, the Guarantor or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on the whole or substantially the whole of its business or operations, in each case except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the relevant Issuer, the Guarantor or any of its Material Subsidiaries; or
- (i) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the relevant Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, the Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Guarantee and the Trust Deed admissible in evidence in the courts of Singapore is not taken, fulfilled or done; or
- (j) it is or will become unlawful for the relevant Issuer or the Guarantor to perform or comply with any one or more of its payment or other material obligations under any of the Notes, the Guarantee or the Trust Deed; or
- (k) any step is taken by any governmental authority or agency or similar body with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the relevant Issuer, the Guarantor or any of its Material Subsidiaries and, in relation to the Material Subsidiaries only, such event is likely to materially and adversely affect the ability of the relevant Issuer or the Guarantor to perform or comply with its obligations under any of the Issue Documents or any of the Notes; or
- (l) the relevant Issuer or the Guarantor is declared by the Minister for Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; or
- (m) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

In these Conditions, “**subsidiary**” has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

## **11. Enforcement of Rights**

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the relevant Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 30 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

## **12. Meeting of Noteholders and Modifications**

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the relevant Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

### **13. Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the relevant Issuer on demand the amount payable by the relevant Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the relevant Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **14. Further Issues**

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

### **15. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the relevant Issuer, the Guarantor or any of their respective subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

### **16. Notices**

Notices to the holders of Bearer Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the relevant Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar, and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the relevant Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

#### **17. Governing Law**

The Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

#### **18. Contracts (Rights of Third Parties) Act**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore (as amended, modified or supplemented from time to time).

#### **Issuing and Paying Agent, Paying Agent, Agent Bank, Registrar and Transfer Agent**

DBS Bank Ltd.  
60 Alexandra Terrace  
The Comtech #05-27  
Singapore 118502

## TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to “**Perpetual Securities**” are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a Trust Deed dated 8 November 2004 made between (1) SembCorp Financial Services Pte. Ltd. (“**SFS**”) and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) SembCorp Industries Ltd (“**SCI**”), as guarantor, and (3) HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below) (as amended and restated by an amendment and restatement trust deed dated 8 April 2009 made between the same parties, a second amendment and restatement trust deed dated 17 May 2013 made between (1) SFS, SCI and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession (each an “**Issuer**” and together, the “**Issuers**”), (2) SCI, in its capacity as guarantor for securities issued by SFS and the Specified Issuers (the “**Guarantor**”), and (3) the Trustee, and as further amended and supplemented, the “**Trust Deed**”), and (where applicable) the Perpetual Securities are issued with the benefit of [a deed of covenant (as amended, varied or supplemented by a supplemental deed of covenant dated 8 April 2009 and a second supplemental deed of covenant dated 17 May 2013 and as further amended and supplemented from time to time, the “**Deed of Covenant**”) dated 8 November 2004, relating to the Perpetual Securities executed by SFS]<sup>a</sup>/[a deed of covenant (as amended and supplemented, the “**Deed of Covenant**”) dated [●]<sup>b</sup> relating to the Perpetual Securities executed by [●]<sup>c</sup>]<sup>d</sup>. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. SFS has entered into an Agency Agreement dated 8 November 2004 made between (1) SFS and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) SCI, as guarantor, (3) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any other paying agents that may be appointed, the “**Paying Agents**”) and agent bank (in such capacity, the “**Agent Bank**”), and (4) the Trustee, as trustee (as amended and restated by an amendment and restatement agency agreement dated 8 April 2009 made between the same parties, a second amendment and restatement agency agreement dated 17 May 2013 made between (1) the Issuers, (2) the Guarantor, (3) the Issuing and Paying Agent, (4) the Agent Bank, (5) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) DBS Bank Ltd., as registrar (in such

a The language indicated in brackets should be included in the Terms and Conditions of the Perpetual Securities which are issued by SFS.

b Insert date of relevant Deed of Covenant.

c Insert name of the Issuer where the Issuer is not SFS.

d The language indicated in brackets shall be included in the Terms and Conditions of the Perpetual Securities which are issued by SCI or any other Issuer (other than SFS).



capacity, the “**Registrar**”), and (6) the Trustee, as trustee, and as further amended and supplemented, the “**Agency Agreement**”). The Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Issues of Perpetual Securities by an Issuer other than SCI will be guaranteed by SCI. References in these Conditions to the Guarantor and the Guarantee (as defined in the Trust Deed) shall apply only to Perpetual Securities issued by an Issuer other than SCI.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

## 1. Form, Denomination and Title

### (a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”) in each case in the Denomination Amount shown hereon.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

### (b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined in the Trust Deed) or, as the case may be, a Global Certificate (as defined in the Trust Deed) and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V., (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depositary**”), each person who is for the time being shown in the records

of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, distribution and any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the relevant Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, distribution and any other amounts in respect of the Perpetual Security shall, unless otherwise specified by the relevant Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).

- (iv) In these Conditions, “**Perpetual Securityholder**” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities**

- (a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

- (b) **Transfer of Registered Perpetual Securities:** Subject to Condition 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the relevant Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuers, with the prior written approval of the Registrar and the Trustee and in the case of any change proposed by the Registrar or the Trustee, with the prior written approval of the Issuer(s) affected by such change. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Perpetual Securities:** In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the relevant Issuer, the Guarantor, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

- (f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the relevant Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

### 3. Status and Guarantee

- (a) **Senior Perpetual Securities:** This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement).

(i) **Status of Senior Perpetual Securities**

The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the relevant Issuer.

(ii) **Guarantee of Senior Perpetual Securities**

The payment of all sums expressed to be payable by the relevant Issuer (other than SCI) under the Trust Deed, the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Senior Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

- (b) **Subordinated Perpetual Securities:** This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) **Status of Subordinated Perpetual Securities**

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves and *pari passu* with any Parity Obligations of the relevant Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, “**Parity Obligation**” means, in relation to the relevant Issuer or the Guarantor, any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the relevant Issuer or, as the case may be, the Guarantor (a) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with (in the case of the relevant Issuer) the Subordinated Perpetual Securities or (in the case of the Guarantor) the Subordinated Guarantee (as defined in the Trust Deed) and (b) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the relevant Issuer or, as the case may be, the Guarantor and/or, in the case of an instrument or security guaranteed by the relevant Issuer or the Guarantor, the issuer thereof.

**(ii) Ranking of claims on winding-up – relevant Issuer**

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the relevant Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the relevant Issuer but at least *pari passu* with all other subordinated obligations of the relevant Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the relevant Issuer and/or as otherwise specified in the applicable Pricing Supplement.

**(iii) No set-off – relevant Issuer**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the relevant Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the relevant Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the relevant Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the relevant Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the relevant Issuer) and, until such time as payment is made, shall hold such amount in trust for the relevant Issuer (or the liquidator or, as appropriate, administrator of the relevant Issuer) and accordingly any such discharge shall be deemed not to have taken place.

**(iv) Guarantee of Subordinated Perpetual Securities**

The payment of all sums expressed to be payable by the relevant Issuer (other than SCI) under the Trust Deed, the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with any Parity Obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in this Condition 3(b).

**(v) Ranking of claims on winding up – Guarantor**

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Guarantor, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment under the Subordinated Guarantee are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Guarantor but at least *pari passu* with all other subordinated obligations of the Guarantor that are not expressed by their terms to rank junior to the Subordinated Guarantee and in priority to the claims of shareholders of the Guarantor and/or as otherwise specified in the applicable Pricing Supplement.

**(vi) No set-off – Guarantor**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

**4. Distribution and other Calculations**

**(I) Distribution on Fixed Rate Perpetual Securities**

**(a) Distribution Rate and Accrual**

Each Fixed Rate Perpetual Security confers a right to receive distribution on its Calculation Amount (as defined in Condition 4(II)(c)) from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

**(b) Distribution Rate**

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement),
  - a. if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or

- b. if a Step-Up Margin is specified in the applicable Pricing Supplement, (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate,

Provided always that if Redemption upon a Change of Control is specified hereon and a Change of Control Margin is specified in the applicable Pricing Supplement, in the event that a Change of Control (as defined in Condition 5(f)) has occurred, so long as the relevant Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(f), the then prevailing Distribution Rate shall be increased by the Change of Control Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Control occurred (or, if the Change of Control occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

**“Reset Distribution Rate”** means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) plus the Change of Control Margin (if applicable); and

**“Swap Offer Rate”** means the rate per annum (expressed as a percentage) notified by the Agent Bank to the relevant Issuer equal to the rate appearing under the column headed “SGD IRS OFFER” for a maturity of the number of years specified as the Reset Period in the applicable Pricing Supplement which appears on Bloomberg Screen ABSI3 Page published between 11.30 am to 12.00 noon (Singapore time) on the day that is two business days preceding the relevant Reset Date. If such rate does not appear on the Bloomberg Screen ABSI3 Page, the rate for that Reset Date will be any substitute rate announced by the Association of Banks in Singapore, provided that, in each case, in the event such rate is zero or negative, the Swap Offer Rate shall be deemed to be zero per cent. per annum.

**(c) Calculation of Reset Distribution Rate**

The Agent Bank will, on the second business day prior to each Reset Date, calculate the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The Agent Bank will cause the applicable Reset Distribution Rate determined by it to be notified to the Issuing and Paying Agent, the Trustee, the Registrar, the relevant Issuer and the Guarantor as soon as practicable after their determination but in no event later than the fourth business day thereafter. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent Bank will (in the absence of manifest error) be binding on the relevant Issuer, the Guarantor, the Paying Agents and the Perpetual Securityholders.

**(d) Publication of Relevant Reset Distribution Rate**

The relevant Issuer shall cause notice of the then applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate to be promptly notified to the Perpetual Securityholders in accordance with Condition 14 after having been duly notified by the Agent Bank of such applicable Reset Distribution Rate.

**(e) Determination or Calculation by Trustee**

If the Agent Bank does not at any time for any reason so determine the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4(l), with any necessary consequential amendments, to the extent that, in its opinion, it can do so and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(f) Calculations**

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

**(II) Distribution on Floating Rate Perpetual Securities**

**(a) Distribution Payment Dates**

Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date (“**Distribution Payment Date**”). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period on the face of the Perpetual Security (the “**Specified Number of Months**”) after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention shown on the face of the Perpetual Security would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be



brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a “**Distribution Period**”.

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

**(b) Rate of Distribution – Floating Rate Perpetual Securities**

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The “Spread” is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(IV)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the “**Rate of Distribution**”.

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:
  - (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
    - (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) and as adjusted by the Spread (if any);

- (B) if on any Distribution Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Distribution for such Distribution Period which shall 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 AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);
  - (C) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
  - (D) if on any Distribution Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
  - (E) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the Average Swap Rate for such Distribution Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING

RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SWAP OFFER” (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period) and as adjusted by the Spread (if any);

- (B) if on any Distribution Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Distribution for such Distribution Period which shall be the Average Swap Rate for such Distribution Period (determined by the Agent Bank as being 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 AM SINGAPORE TIME” and under the column headed “SGD SWAP OFFER” (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 the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period) and as adjusted by the Spread (if any);
- (C) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest four decimal places) for such Distribution Period in accordance with the following formula:

In the case of Premium:

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

In the case of Discount:

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

where:

SIBOR = the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed

“USD SIBOR” (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Distribution Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned; and

T = the number of days in the Distribution Period concerned.

The Rate of Distribution for such Distribution Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (D) if on any Distribution Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) is unavailable for any reason, the Agent Bank will determine the Average

Swap Rate (which shall be rounded up, if necessary, to the nearest four decimal places) for such Distribution Period in accordance with the following formula:

In the case of Premium:

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

In the case of Discount:

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

where:

SIBOR = 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 AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SPOT" (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Distribution Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned; and

T = the number of days in the Distribution Period concerned.

The Rate of Distribution for such Distribution Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (E) if on any Distribution Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Distribution Period concerned at or about the Relevant Time on that Distribution Determination Date and the Rate of Distribution for such Distribution Period shall be the Average Swap Rate for such Distribution Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Swap Rates quoted by the Reference Banks to the Agent Bank) 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 Distribution Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Distribution Determination Date and shall be determined as follows:

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:

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

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Distribution Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Distribution Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Distribution Determination Date;

Premium = 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 Distribution Period concerned in the Singapore interbank market;

Discount = 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 Distribution Period concerned in the Singapore interbank market; and

T = the number of days in the Distribution Period concerned;

(F) if on any Distribution Determination Date, two but not all the Reference Banks provide the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate for the relevant Distribution Period shall be determined in accordance with (E) above on the basis of the quotations of those Reference Banks providing such quotations; and

(G) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any); and

- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page, subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
- (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,
- and as adjusted by the Spread (if any);
- (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and
- (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.
- (iii) On the last day of each Distribution Period, the relevant Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.



**(c) Definitions**

As used in these Conditions:

**“Benchmark”** means the rate specified as such in the applicable Pricing Supplement;

**“business day”** means:

- (i) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore; and
- (ii) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

**“Calculation Amount”** means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

**“Distribution Commencement Date”** means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

**“Distribution Determination Date”** means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

**“Primary Source”** means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“Reuters”)) agreed by the Agent Bank;

**“Reference Banks”** means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

**“Relevant Currency”** means the currency in which the Perpetual Securities are denominated;

**“Relevant Financial Centre”** means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

**“Relevant Rate”** means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

**“Relevant Time”** means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre; and

**“Screen Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) and such other information service as may be agreed by the Agent Bank as may be specified hereon for the purpose of providing the Benchmark, 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 organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark.

### **(III) Calculations**

#### **(a) Determination of Rate of Distribution and Calculation of Distribution Amounts**

The Agent Bank will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the **“Distribution Amounts”**) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

#### **(b) Notification**

The Agent Bank will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the relevant Issuer and the Guarantor as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

#### **(c) Determination or Calculation by the Trustee**

If the Agent Bank does not at any time for any reason so determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

#### (d) Agent Bank and Reference Banks

The relevant Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the relevant Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

### (IV) Distribution Discretion

#### (a) Optional Payment

If Optional Payment is set out hereon, the relevant Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out hereon, the relevant Issuer may not elect to defer any distribution if during the “Reference Period” (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

- (i) a discretionary dividend, distribution or other payment has been declared or paid on or in respect of any of the relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the relevant Issuer’s Parity Obligations or any of the Guarantor’s Parity Obligations; or
- (ii) any of relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the relevant Issuer’s Parity Obligations or any of the Guarantor’s Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of Parity Obligations of the relevant Issuer or, as the case may be, the Guarantor for Junior Obligations of the relevant Issuer or, as the case may be, the Guarantor (a “**Compulsory Distribution Payment Event**”) and/or as otherwise specified in the applicable Pricing Supplement.

In these Conditions, “**Junior Obligation**” means, in relation to the relevant Issuer or the Guarantor, any of its ordinary shares and any class of its share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the relevant Issuer or, as the case may be, the Guarantor that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities or, as the case may be, the Guarantee (as defined in Trust Deed).

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised officer of the relevant Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

**(b) No obligation to pay**

If Optional Payment is set out hereon and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the relevant Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the relevant Issuer in respect of the Perpetual Securities.

**(c) Non-Cumulative Deferral and Cumulative Deferral**

- (i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue distribution. The relevant Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The relevant Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the relevant Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the relevant Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro-rata* basis.

- (ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) shall constitute "**Arrears of Distribution**". The relevant Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The relevant Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.
- (iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

**(d) Restrictions in the case of Non-Payment**

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the relevant Issuer and the Guarantor shall not and shall procure that none of its subsidiaries shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the relevant Issuer's or the Guarantor's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the relevant Issuer's or the Guarantor's Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition is made in respect of any of the relevant Issuer's or the Guarantor's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro-rata* basis) any of the relevant Issuer's or the Guarantor's Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Parity Obligations of the relevant Issuer or, as the case may be, the Guarantor for Junior Obligations of the relevant Issuer or, as the case may be, the Guarantor, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the relevant Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the relevant Issuer or, as the case may be, the Guarantor is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

**(e) Satisfaction of Optional Distribution or Arrears of Distribution**

The relevant Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the relevant Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
  - (A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);

- (B) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
- (C) the date such amount becomes due under Condition 9 or on a winding-up of the relevant Issuer or the Guarantor.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the relevant Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

**(f) No default**

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the relevant Issuer under the Perpetual Securities.

**5. Redemption and Purchase**

**(a) No Fixed Redemption Date**

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the relevant Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

**(b) Redemption at the Option of the Issuer**

If so provided hereon, the relevant Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) (if any) to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on the Singapore Exchange Securities Trading Limited, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

**(c) Redemption for Taxation Reasons**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption), if:

- (i) the relevant Issuer receives a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:
  - (A) the Perpetual Securities will not be regarded as “debt securities” for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore (“ITA”) and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or
  - (B) the distributions (including Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the relevant Issuer for the purposes of the withholding tax exemption on interest for “qualifying debt securities” under the ITA; or
  - (C) the distributions (including Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA; or
- (ii) (A) the relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is incorporated) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and
  - (B) such obligations cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to the Issuing and Paying Agent and the Trustee a certificate signed by a duly authorised officer of the relevant Issuer or, as the case may be, the Guarantor, stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor, has or is likely to become obliged to pay such additional amounts as a result of such ruling, change or amendment.

**(d) Redemption for Accounting Reasons**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "SFRS") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the relevant Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the relevant Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the relevant Issuer shall deliver to the Trustee:

- (i) a certificate, signed by the duly authorised officer(s) of the relevant Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the relevant Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

**(e) Redemption for Tax Deductibility**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption), if the relevant Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,

payments by the relevant Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the relevant Issuer for Singapore income tax purposes.



Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the relevant Issuer shall deliver or procure that there is delivered to the Trustee:

- (i) a certificate, signed by the duly authorised officer(s) of the relevant Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the relevant Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect.

**(f) Redemption upon a Change of Control**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to the date fixed for redemption), following the occurrence of a Change of Control (as defined in the applicable Pricing Supplement).

**(g) Redemption in the case of Minimal Outstanding Amount**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

**(h) Purchases**

The relevant Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the relevant Issuer, the Guarantor or any of their respective subsidiaries may be surrendered by the purchaser through the relevant Issuer to, in the case of Bearer Securities, the Issuing and Paying Agent and, in the case of Registered Securities, the Registrar for cancellation or may, at the option of the relevant Issuer, the Guarantor or, as the case may be, the relevant subsidiary, be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

**(i) Cancellation**

All Perpetual Securities purchased by or on behalf of the relevant Issuer, the Guarantor or any of their respective subsidiaries may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the relevant Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

**6. Payments**

**(a) Principal and Distribution in respect of Bearer Perpetual Securities**

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

**(b) Principal and Distribution in respect of Registered Perpetual Securities**

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).
- (ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

**(c) Payments subject to law etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

**(d) Appointment of Agents**

The Issuing and Paying Agent, the Paying Agent, the Agent Bank, the Transfer Agent and the Registrar initially appointed by the Issuers and the Guarantor and their specified offices are listed below. The Issuers and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Agent Bank,

any Transfer Agent and the Registrar and to appoint additional or other Issuing and Paying Agents, Agent Banks, Transfer Agents and Registrars, provided that they will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) an Agent Bank having a specified office in Singapore, (iii) a Transfer Agent in relation to Registered Perpetual Securities, having a specified office in Singapore and (iv) a Registrar in relation to Registered Perpetual Securities, having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

**(e) Unmatured Coupons and unexchanged Talons**

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unexpired Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexpired Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unexpired Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued (if any) from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

**(f) Talons**

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

**(g) Non-business days**

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

**7. Taxation**

All payments in respect of the Perpetual Securities and the Coupons by or on behalf of the relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is incorporated) or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is incorporated) otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is incorporated)); or
- (d) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include

any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.

## **8. Prescription**

The Perpetual Securities and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

## **9. Non-Payment**

### **(a) Non-payment when due**

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the relevant Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the relevant Issuer and/or the Guarantor in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities, the Guarantee or the Trust Deed.

### **(b) Proceedings for Winding-Up**

If (i) an order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the relevant Issuer and/or the Guarantor or (ii) the relevant Issuer fails to make payment in respect of the Perpetual Securities when due or the Guarantor fails to pay any amount under the Guarantee when due and, in each case, such failure continues for a period of more than 14 days (in the case of distribution) or seven days (in the case of principal) (together, the “**Enforcement Events**”), the relevant Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the winding-up of the relevant Issuer and/or the Guarantor and/or prove in the winding-up of the relevant Issuer and/or the Guarantor and/or claim in the liquidation of the relevant Issuer and/or the Guarantor for such payment.

### **(c) Enforcement**

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the relevant Issuer or the Guarantor institute such proceedings against the relevant Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the relevant Issuer or the Guarantor under the Perpetual Securities, the Guarantee or the Trust Deed, as the case may be, (other than any payment obligation of the relevant Issuer or the Guarantor under or arising from the Perpetual Securities or the Guarantee, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the relevant Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

**(d) Entitlement of Trustee**

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the relevant Issuer and/or the Guarantor to enforce the terms of the Trust Deed, the Guarantee or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 30 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded by the Perpetual Securityholders to its satisfaction.

**(e) Right of Perpetual Securityholders or Couponholder**

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor or to institute proceedings for the winding-up or claim in the liquidation of the relevant Issuer and/or the Guarantor or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the relevant Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 9.

- (f) Extent of Perpetual Securityholders' remedy:** No remedy against the relevant Issuer or the Guarantor, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed, the Perpetual Securities or the Guarantee or in respect of any breach by the relevant Issuer or the Guarantor of any of its other obligations under or in respect of the Trust Deed, the Perpetual Securities or the Guarantee (as applicable).

**10. Meeting of Perpetual Securityholders and Modifications**

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee, the relevant Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

#### **11. Replacement of Perpetual Securities, Certificates, Coupons and Talons**

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the relevant Issuer on demand the amount payable by the relevant Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the relevant Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. Further Issues**

The relevant Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to “**Perpetual Securities**” shall be construed accordingly.

#### **13. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the relevant Issuer, the Guarantor or any of their respective subsidiaries without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

## **14. Notices**

Notices to the holders of Bearer Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the relevant Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar, and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Perpetual Securityholders are known to the relevant Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

## **15. Governing Law**

The Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.



## **16. Contracts (Rights of Third Parties) Act**

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore (as amended, modified or supplemented from time to time).

### **Issuing and Paying Agent, Paying Agent, Agent Bank, Registrar and Transfer Agent**

DBS Bank Ltd.  
60 Alexandra Terrace  
The Comtech #05-27  
Singapore 118502

## SEMBCORP INDUSTRIES LTD

### 1. HISTORY AND BACKGROUND

Sembcorp Industries was incorporated in Singapore on 20 May 1998. Soon after, on 3 October 1998, Singapore Technologies Industrial Corporation (“**STIC**”) and Sembawang Corporation (“**Sembawang**”) were merged under Sembcorp Industries and became its wholly-owned subsidiaries.

Today, Sembcorp Industries is a leading energy, water and marine group operating across five continents worldwide. With facilities of over 10,000 megawatts of gross power capacity and close to nine million cubic metres of water per day in operation and under development, Sembcorp Industries is a trusted provider of essential energy and water solutions to both industrial and municipal customers. It is also a world leader in marine and offshore engineering as well as an established brand name in urban development.

The Group has total assets of over S\$21.0 billion as at 30 September 2016 and employs over 7,000 employees. Listed on the Mainboard of the SGX-ST, Sembcorp Industries is a component stock of the Straits Times Index and several MSCI and FTSE indices as well as the Dow Jones Sustainability Asia Pacific Index.

## 2. GROUP STRUCTURE AS OF 30 SEPTEMBER 2016

### UTILITIES

<b>Sembcorp Utilities</b>	<b>100%</b>		
SINGAPORE			
Sembcorp Cogen	100%		
Sembcorp Power	100%		
Sembcorp Gas	70%		
Sembcorp NEWater	100%		
Sembcorp Renewables	100%		
CHINA			
Sembcorp (China) Holding Co	100%		
Shanghai Cao Jing Co-generation Co	30%		
Sembcorp Nanjing SUIWU Co	95%		
Sembcorp NCIP Water Co	95%		
Zhangjiagang Free Trade Zone			
Sembcorp Water Co	80%		
Zhangjiagang Free Trade Zone			
Sembcorp Reclaimed Water Co	80%		
Sembcorp Lianyungang Water Co	80%		
Sembcorp Qidong Water Co	95%		
Yancheng China Water Co	49%		
Guohua Sembcorp (Chenba'erhu) Wind Power Co	49%		
Guohua Sembcorp (Hulunbeier) Wind Power Co	49%		
Guohua Sembcorp (Xinba'erhu) Wind Power Co	49%		
Sembcorp Shenyang Water Co	80%		
Sembcorp Xinmin Water Co	90.9%		
Qitaihe Sembcorp Water Co	90.9%		
Yangcheng International Power Generating Co	25%		
Sembcorp Changzhi Water Co	100%		
Sembcorp Tianjin Lingang Industrial Area			
Wastewater Treatment Co	90%		
Guohua AES (Huanghua) Wind Power Co	49%		
Sembcorp Sanhe Yanjiao Water Co	94.3%		
ChongQing SongZao Sembcorp Electric Power Co	49%		
Sembcorp Qinzhou Water Co	80%		
Fuzhou Sembcorp Water Co	72%		
Sembcorp Jingmen Water Co	95%		
INDIA			
Sembcorp India	100%		
Thermal Powertech Corporation India	86.9%		
Sembcorp Gayatri Power	88%		
Sembcorp Gayatri O&M Co	70%		
Sembcorp Green Infra	68.7%		
INDONESIA			
Adhya Tirta Batam	50%		
Adhya Tirta Sriwijaya	40%		
		MYANMAR	
		Sembcorp Myingyan Power Co	100%
		PHILIPPINES	
		Subic Water and Sewerage Co	30%
		VIETNAM	
		Phu My 3 BOT Power Co	66.7%*
		BANGLADESH	
		Sembcorp North-West Power Co	100%
		OMAN	
		Sembcorp Salalah Power and Water Co	40%
		Sembcorp Salalah O&M Services Co	70%
		Centralised Utilities Company	35%
		UAE	
		Emirates Sembcorp Water & Power Co	40%
		Sembcorp Gulf O&M Co	100%
		SOUTH AFRICA	
		Sembcorp Utilities (South Africa)	100%
		Sembcorp Silulumanzi	100%
		Sembcorp Siza Water	73.5%
		NORWAY	
		Biowater Technology	29.6%
		UK	
		Sembcorp Utilities (UK)	100%
		Merseyside Energy Recovery	40%
		ANTIGUA	
		Sembcorp (Antigua) Water	100%
		CHILE	
		Sembcorp Utilities (Chile)	100%
		Sembcorp Aguas Chacabuco	100%
		Sembcorp Aguas Del Norte	100%
		Sembcorp Aguas Lampa	100%
		Sembcorp Aguas Santiago	100%
		PANAMA	
		Aguas de Panama	100%
		<b>Sembcorp Environment</b>	<b>100%</b>
		SINGAPORE	
		SembWaste	100%
		Sembcorp Tay Paper Recycling	60%

\* Figure reflects the effective equity held by the Group

## MARINE

<b>Sembcorp Marine</b>	<b>61%</b>
SINGAPORE	
Sembcorp Marine Integrated Yard	100%
Sembcorp Marine Rigs & Floaters	100%
Sembcorp Marine Repairs & Upgrades	100%
Sembcorp Marine Specialised Shipbuilding	100%
Jurong Shipyard	100%
Sembcorp Marine Offshore Platforms	100%
PPL Shipyard	100%
Sembcorp Marine Technology	100%
BRAZIL	
Estaleiro Jurong Aracruz	100%
Jurong do Brasil Prestação de Serviços	100%
INDONESIA	
SMOE Indonesia	90%
Karimun Sembawang Shipyard	100%
INDIA	
Sembmarine Kakinada	40%
NORWAY	
GraviFloat	56%
UK	
Sembmarine SLP	70%
USA	
Sembmarine SSP	100%
CHINA	
COSCO Shipyard Group	30%
Shenzhen Chiwan Offshore Petroleum Engineering Co	35%

## URBAN DEVELOPMENT

<b>Sembcorp Development</b>	<b>100%</b>
VIETNAM	
Vietnam Singapore Industrial Park JV Co	47.4%
Vietnam Singapore Industrial Park & Township Development Joint Stock Co	45.2%
VSIP Bac Ninh Co	45.2%
VSIP Hai Phong Co	45.2%
VSIP Quang Ngai Co	47.4%
VSIP Hai Duong Co	45.2%
VSIP Nghe An Co	47.4%
VSIP-Sembcorp Gateway Development Co	50.4%
CHINA	
Wuxi-Singapore Industrial Park Development Co	45.4%
Sino-Singapore (Chengdu) Innovation Park Development Co	25%
Sino-Singapore Nanjing Eco Hi-tech Island Development Co	21.5%
Nanjing Riverside Quay Co	100%
INDONESIA	
Kawasan Industri Kendal	49%
SINGAPORE	
Sembcorp Properties	100%
Sembcorp Properties (China)	100%
Sembcorp Infra Services	100%
Sembcorp Development Indonesia	100%
Gallant Venture	12%
<b>Sembcorp Parks Management</b>	<b>75%</b>
<b>OTHER BUSINESSES</b>	
<b>Sembcorp Design and Construction</b>	<b>100%</b>
Sembcorp EOSM	60%
<b>Shenzhen Chiwan Sembawang Engineering Co</b>	<b>32%</b>
<b>Singapore Precision Industries / Singapore Mint</b>	<b>100%</b>

### Notes:

This list of companies is not exhaustive.

The Utilities business also includes the SUT division of Sembcorp Industries.

Figures reflect shareholdings as at 30 September 2016.

Shareholdings figures for entities listed under Sembcorp Utilities, Sembcorp Environment Pte. Ltd., Sembcorp Marine and Sembcorp Development Ltd reflect stakes held by the above companies in these entities.

### 3. KEY BUSINESSES

Sembcorp Industries is a Singapore-listed company with assets totalling more than S\$21.0 billion as at 30 September 2016. The Group is primarily involved in the following businesses:

- (a) Utilities
- (b) Marine
- (c) Urban Development

#### (a) Utilities

Sembcorp Utilities is a leading developer, owner and operator of energy and water assets with strong operational and technical capabilities. It operates in 14 countries with an established presence in Asia and a strong growing presence in emerging markets around the world.

With facilities of over 10,000 megawatts of gross power capacity installed and under development worldwide, its energy business applies technologies for greater efficiency and lower emissions and has the ability to produce energy from a diversity of fuels including natural gas, coal and renewable sources such as wind, solar, energy-from-waste and biomass. Key activities in the energy sector include power generation and retail, process steam production and supply, as well as natural gas import, supply and retail.

Renewable energy presents a new engine for growth for the Utilities business. In 2015, the Utilities business acquired a majority stake in one of India's leading renewable energy firms, with wind and solar power assets across six renewable resource-rich states in India. Following this acquisition, the renewable energy business has since been renamed Sembcorp Green Infra and the Utilities business is consequently a leading renewable energy player in India. This acquisition has also added solar power capabilities to the Group's global renewable energy portfolio. The Group is also expanding its renewable energy footprint in Singapore, China and the UK with new energy-from-waste, wind and solar energy projects. The Group aims to build a balanced portfolio of thermal and renewable assets globally.

In 2015, the Group has also established its foothold in the fast-growing power sectors of Myanmar and Bangladesh. In Myanmar, it is developing the country's largest gas-fired power plant. In Bangladesh, it is developing a combined cycle power plant under the country's first public-private partnership with a foreign investor in the power sector. It has also secured a long-term power purchase agreement with the Bangladesh Power Development Board, for the supply of 414 megawatts of power over a period of 22.5 years.

A global water service provider with water capacity of close to nine million cubic metres per day from facilities in operation and under development, the water sector of the Utilities business has the expertise to provide total water and wastewater solutions for both the industrial and municipal sectors. The water sector of the Utilities business offers wastewater treatment, as well as the production and supply of reclaimed, desalinated and potable water and water for industrial use. Its niche expertise in industrial water solutions includes the treatment of multiple streams of high concentration industrial wastewater directly from customers. The business also has the ability to provide cost-effective solutions to water-stressed areas including large scale desalination and water reclamation, and provides municipal water services to millions of people worldwide.

In 2013, the Utilities business secured its first project to serve China's growing coal-to-chemicals sector. The project, a total water management plant, demonstrates the Group's ability to offer innovative solutions to support industries in China and has also been designated as a joint showcase for integrated water management by the governments of China and Singapore.

Leveraging on its expertise in energy and water, the Utilities business has established a niche as a global leader for the provision of energy, water and on-site logistics to customers in energy-intensive industrial sites such as Jurong Island in Singapore and key chemical parks in China. It will also be extending the centralised utilities business model to Duqm Special Economic Zone in Oman. It also has a proven track record as a developer, owner and operator of large scale combined power and water plants. It also provides solid waste management services in Singapore.

With its strong capabilities in development and engineering, procurement and constructions management, the Group will continue to build platforms for growth particularly in emerging markets where industrialisation and urbanisation is expected to drive demand for the Group's essential solutions.

## **(b) Marine**

Sembcorp Marine is a leading global marine and offshore engineering group, focusing on four key capabilities: rigs and floaters, repairs and upgrades, offshore platforms and specialised shipbuilding.

In 2015, the Marine business was reorganised from a multi-brand, multi-business unit entity into a global integrated company operating under a single brand. As an integrated company, the Marine business will be able to harness the combined scale and expertise of its global operations to become more flexible, innovative and responsive, placing it in a good position to undertake large and more complex projects and serve its customers better.

Internationally renowned for its rig building and offshore conversion expertise, the Marine business has strong capabilities in the design of rigs and drillships as well as a proven track record in the fast-track turnkey construction of semi-submersibles and jack-ups, the engineering and construction of offshore platforms, and the conversion of floating production and storage facilities. The Marine business is also recognised as an industry leader in ship repair.

The Marine business has also developed proprietary technologies and designs for rigs, drillships and vessels which allow it to serve its customers with technologically-advanced solutions, such as its proprietary Jurong Espadon drillship design which represents the next generation of high specification drillships with advanced capabilities for operational efficiency and ultra-deepwater operations worldwide. In addition, through its investment in GraviFloat, the Marine business has the technology to design, deliver and operate re-deployable, gravity-based, modularised terminations for nearshore gas and power generation installations. The Marine business also has proprietary expertise in the design, engineering and delivery of innovative floating production and drilling solutions for the oil and gas industry, through its Houston-based subsidiary, Sembcorp SSP. This enables it to offer next generation innovative and cost effective solutions for deepwater oil and gas drilling, production and storage as well as logistics hub applications in harsh environments and extreme arctic conditions.

With operations in the strategic hubs of Singapore, Indonesia, India, UK and Brazil, the Marine business offers one of the largest marine and offshore engineering facilities in the region. By leveraging on complementary facilities and capabilities, the Marine business' shipyards work in synergy to provide customers a full range of integrated customised solutions ranging from conceptualisation and design, engineering, procurement and construction, through to commissioning and delivery. In 2013, the Marine business commenced operation of Phase 1 of its flagship Sembcorp Marine Tuas Boulevard Yard in Singapore. The yard features the latest in production technologies and advanced automation, allowing for higher productivity and work efficiencies. In 2015, it completed a new state-of-the-art steel structure fabrication workshop at the yard. The workshop, the largest of its kind in Southeast Asia, boosts the business' steel fabrication capacity and productivity.

**(c) Urban Development**

Sembcorp Development Ltd (formerly known as Sembcorp Industrial Parks) is a leading Asian developer with more than 20 years' experience undertaking master planning, land preparation and infrastructure development, and transforming raw land into large scale urban developments.

It owns, develops, markets and manages urban developments comprising industrial parks as well as business commercial and residential space in Vietnam, China and Indonesia. Its urban developments include the Vietnam Singapore Industrial Park projects in Bin Duong, Bac Ninh, Hai Phong, Quang Ngai, Hai Duong, and Nghe An in Vietnam, as well as the Wuxi-Singapore Industrial Park, Sino-Singapore Nanjing Eco Hi-tech Island and Singapore-Sichuan Hi-tech Innovation Park in China. In Indonesia, it is developing the Kendal Industrial Park.

The Urban Development business offers an integrated approach to delivering urban work and living environments. It is a valued partner to governments with its ability to deliver the economic engine to support industrialisation by attracting local and international investments to its urban developments. To date, its projects have attracted over US\$18 billion in foreign direct investments and over 800 multinational companies and leading local enterprises as tenants. The Urban Development business also has the ability to extract further value by undertaking the selective development of commercial and residential real estate at choice sites.

#### 4. FINANCIAL SUMMARY OF THE GROUP

- (i) A summary of the audited consolidated income statement of the Group for the financial years ended 31 December 2013, 2014 and 2015 are set out as follows:

##### Consolidated Income Statement

	<b>Audited</b>		
	<b>Financial Year Ended 31 December</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	← (S\$'000) →		
Turnover	9,544,621	10,894,660	10,797,622
Cost of sales	(8,812,960)	(9,479,983)	(9,502,023)
Gross profit	731,661	1,414,677	1,295,599
General and administrative expenses	(524,373)	(352,486)	(347,378)
Other income	531,950	103,611	213,092
Other expense (net)	(113,959)	(26,924)	(1,126)
Finance income	32,856	19,431	17,051
Finance costs	(237,984)	(70,132)	(117,903)
Share of results of associates and joint ventures, net of tax	6,199	158,261	155,024
Profit before tax	426,350	1,246,438	1,214,359
Tax credit/(expense)	28,052	(162,156)	(117,154)
Profit for the year	454,402	1,084,282	1,097,205
Profit attributable to:			
Owners of the Company	548,855	801,096	820,448
Non-controlling interests	(94,453)	283,186	276,757
Profit for the year	454,402	1,084,282	1,097,205
Earnings per Share (cents)			
– Basic	29.17	44.31	45.70
– Diluted	28.95	43.98	45.36

	<b>Audited</b>		
	<b>Financial Year Ended 31 December</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	← (S\$'000) →		
<b>Turnover by Activity</b>			
Utilities	4,227,353	4,849,816	5,095,297
Marine	4,967,438	5,830,739	5,522,705
Urban Development	7,949	6,539	8,493
Others/Corporate	341,881	207,566	171,127
Total	9,544,621	10,894,660	10,797,622
<b>Net Profit/(Loss) Attributable to Owners of the Company</b>			
Utilities	701,470	407,954	449,902
Marine	(176,439)	340,018	336,931
Urban Development	33,490	44,342	50,215
Others/Corporate	(9,666)	8,782	(16,600)
Total	548,855	801,096	820,448



- (ii) A summary of the audited consolidated balance sheets of the Group as at 31 December 2013, 2014 and 2015 are set out as follows:

### Consolidated Balance Sheet

	Audited		
	As at 31 December		
	2015	2014	2013
	← (S\$'000) →		
<b>Non-current assets</b>			
Property, plant and equipment	8,685,182	7,725,423	5,126,650
Investment properties	21,081	23,579	20,954
Investments in subsidiaries	–	–	–
Interests in associates and joint ventures	2,349,257	2,074,394	1,852,249
Other financial assets	283,558	314,933	344,181
Trade and other receivables	450,548	467,340	360,970
Tax recoverable	6,938	–	–
Intangible assets	442,956	390,566	308,223
Deferred tax assets	68,283	49,706	51,170
	12,307,803	11,045,941	8,064,397
<b>Current assets</b>			
Inventories and work-in-progress	4,232,509	3,204,912	2,240,655
Trade and other receivables	1,567,557	1,200,336	1,140,173
Tax recoverable	9,726	8,514	6,698
Assets held for sale	41,803	24,437	36,517
Other financial assets	149,606	30,825	9,581
Cash and cash equivalents	1,606,488	1,661,427	2,255,865
	7,607,689	6,130,451	5,689,489
<b>Current liabilities</b>			
Trade and other payables	3,387,921	2,745,363	2,691,962
Excess of progress billings over work-in-progress	320,151	1,028,587	1,448,501
Provisions	58,664	73,714	92,347
Liabilities held for sale	5,430	–	–
Other financial liabilities	181,471	165,930	18,695
Current tax payable	191,785	257,826	236,254
Interest-bearing borrowings	1,800,607	1,086,003	413,993
	5,946,029	5,357,423	4,901,752
<b>Net current assets</b>	1,661,660	773,028	787,737
<b>Non-current liabilities</b>			
Deferred tax liabilities	319,605	413,680	371,596
Provisions	58,742	105,423	101,693
Other financial liabilities	258,880	106,472	56,786
Retirement benefit obligations	8,891	15,658	30,910
Interest-bearing borrowings	5,032,342	3,648,578	1,485,011
Other long-term liabilities	247,509	296,884	276,144
	5,925,969	4,586,695	2,322,140
<b>Net assets</b>	8,043,494	7,232,274	6,529,994
<b>Equity attributable to owners of the Company:</b>			
Share capital	565,572	565,572	565,572
Other reserves	(142,938)	(130,297)	(101,230)
Revenue reserve	5,207,742	4,978,291	4,563,136
	5,630,376	5,413,566	5,027,478
Perpetual securities	802,688	202,565	202,970
	6,433,064	5,616,131	5,230,448
<b>Non-controlling interests</b>	1,610,430	1,616,143	1,299,546
<b>Total equity</b>	8,043,494	7,232,274	6,529,994

**Note:**

The audited figures of the Group's fair value reserve and hedging reserve as at 31 December 2013, 2014 and 2015 are set out as follows:

	← (S\$'000) →		
	2015	2014	2013
Fair value reserve	27,398	(11,958)	13,063
Hedging reserve	(203,287)	(217,486)	(95,033)

## 5. REVIEW OF THE FINANCIAL PERFORMANCE OF THE GROUP

### FY2015 compared with FY2014

#### Overview

The Group posted a net profit of S\$548.9 million and a turnover of S\$9.5 billion for 2015 compared to S\$801.1 million and S\$10.9 billion in 2014 respectively. The Utilities and Marine businesses contributed 96% of total turnover.

#### Utilities

The Utilities business' turnover was lower in 2015 compared to 2014, mainly due to lower gas offtake and lower high sulphur fuel oil prices recorded during the year, partially mitigated by higher contribution from India operations from the commencement of Thermal Powertech Corporation India Limited's operations and the acquisition of Green Infra Limited, later renamed Sembcorp Green Infra.

In 2015, the Utilities business delivered a 72% growth in net profit to S\$701.5 million compared to S\$408.0 million in 2014, underpinned by growth from its overseas operations as well as gains from the sale of its Australian waste management joint venture and municipal water operations in the UK and Zhumadian, China.

#### Marine

The Marine business' turnover decreased over the previous year, mainly due to lower revenue recognition for rig building projects and lower average revenue per repair vessel despite the increase in the number of ships repaired. The business' reversal of revenue due to termination of a contract with a customer, customer deferment requests and a customer's restructuring has resulted in lower revenue recognition for its rigs and floaters segment. For the offshore platforms segment, turnover was higher in 2015.

The Marine business incurred a net loss of S\$176.4 million in 2015 compared to a net profit of S\$340.0 million in 2014. This net loss was mainly due to lower contribution from rig building projects resulting from write-downs of inventories and work-in-progress, provision for foreseeable losses, customer deferment requests and restructuring, higher finance costs, impairment loss on available-for-sale financial assets and share of losses from associates. However, contribution from offshore platform projects was higher.

#### Urban Development

The Urban Development business reported a net profit of S\$33.5 million, compared to S\$44.3 million in the previous year.

## Others/Corporate

In 2015, net profit from the Group's other/corporate business activities included a fair value loss of S\$34.5 million due to the decline in the share price of Gallant Venture.

### **FY2014 compared with FY2013**

#### Overview

Amid challenging market conditions, the Group delivered a net profit of S\$801.1 million and a turnover of S\$10.9 billion in 2014. The Group's net profit in 2014 was up 3% from 2013 excluding significant items recorded in 2013. These significant items comprised gains from the initial public offering of Sembcorp Salalah Power and Water Company ("**Sembcorp Salalah**"), offset by an impairment made for utilities operations in the UK and a fair value loss recorded following the reclassification of Gallant Venture as an available-for-sale financial asset. The Utilities and Marine businesses continued to be the Group's main profit contributors, accounting for 51% and 42% of Group net profit respectively.

#### Utilities

The Utilities business' turnover was lower mainly due to deconsolidation of Sembcorp Salalah, lower gas offtake and lower high sulphur fuel oil prices recorded during the year.

In 2014, the Utilities business' net profit was S\$408.0 million compared to S\$449.9 million in 2013. Excluding significant items in 2013, which amounted to S\$68.6 million (comprising gains from the initial public offering of Sembcorp Salalah and offset by an impairment made for utilities operations in the UK), the Utilities business achieved a 7% net profit growth in 2014.

#### Marine

The Marine business' turnover increased by 6% in 2014 to S\$5.8 billion, mainly due to higher revenue recognition for its rig building projects and offshore and conversion projects.

The Marine business contributed S\$340.0 million in net profit, compared to S\$336.9 million in 2013. This was mainly due to higher operating profit. In 2013, the Marine business also reported lower tax expense due to a write-back of tax on recognition of tax incentives.

## SEMBCORP FINANCIAL SERVICES PTE. LTD.

### 1. History and Background

SFS was incorporated in Singapore on 14 March 2003 and is a wholly-owned subsidiary of SCI.

The issued and paid-up capital of SFS is S\$15,000,000 comprising 15 million ordinary shares.

### 2. Principal Business Activities

The principal activities of SFS include the provision of financial and treasury services to the Group. Apart from the issue of Securities under the Programme, it is also intended that SFS, as a central funding vehicle for the Group, may enter into other transactions for the purpose of raising funds to meet the financial requirements of the Group.

### 3. Financial Summary of SFS

- (i) A summary of the audited income statement of SFS for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 is set out as follows:

#### Income Statement

	Audited		
	Financial Year Ended 31 December		
	2015	2014	2013
	← (S\$'000) →		
Revenue	50,777	41,300	47,501
Cost of sales	(40,657)	(34,821)	(40,653)
Gross profit	10,120	6,479	6,848
Other operating income	108	482	1,311
Other operating expenses	(7,442)	(5,169)	(4,173)
Profit before income tax	2,786	1,792	3,986
Income tax expense	(562)	36	(785)
Profit for the year	2,224	1,828	3,201

- (ii) A summary of the audited balance sheet of SFS as at 31 December 2013, 31 December 2014 and 31 December 2015 is set out as follows:

**Balance Sheet**

	<b>Audited</b>		
	<b>Financial Year Ended 31 December</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	← (S\$'000) →		
Non-current assets	1,607,552	1,556,822	1,150,757
Current assets	670,415	561,921	1,006,963
<b>Total assets</b>	<b>2,277,967</b>	<b>2,118,743</b>	<b>2,157,720</b>

	<b>Audited</b>		
	<b>Financial Year Ended 31 December</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	← (S\$'000) →		
Share capital	15,000	15,000	15,000
Other reserves	95	91	89
Revenue reserve	16,760	14,536	12,708
<b>Total equity</b>	<b>31,855</b>	<b>29,627</b>	<b>27,797</b>
Non current liabilities	1,145,626	1,234,519	882,447
Current liabilities	1,100,486	854,597	1,247,476
<b>Total liabilities</b>	<b>2,246,112</b>	<b>2,089,116</b>	<b>2,129,923</b>
<b>Total equity and liabilities</b>	<b>2,277,967</b>	<b>2,118,743</b>	<b>2,157,720</b>

## **USE OF PROCEEDS**

The proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for the purpose of financing the general corporate working capital requirements of the Group or for such other purposes as may be specified in the relevant Pricing Supplement.

## CLEARING AND SETTLEMENT

### Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the “**Depository System**”) maintained by CDP. Securities 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 organisation. 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 Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP (the “**Depositors**”). Delivery and transfer of Securities 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 Securities through the Depository System may only be effected through certain corporate depositors (the “**Depository Agents**”) approved by CDP under the SFA to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

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 Securities 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 the Issuers, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

### CLEARANCE AND SETTLEMENT UNDER EUROCLEAR AND CLEARSTREAM

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg 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, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems

which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg 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 Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.



## SINGAPORE TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders and prospective holders of the Securities are advised to consult their own professional advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Arranger, the Guarantor and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.*

*In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.*

### **1. Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally 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 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 22 per cent. with effect from the year of assessment 2017. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness, where: (i) the arrangement, management or service is performed outside Singapore; or (ii) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

- (i) is not incorporated, formed or registered in Singapore (where the non-resident person is not an individual); and
- (ii) (A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or  
(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (a) the arrangement, management or service is not performed through; or (b) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

- “break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

- “prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- “redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the Programme is arranged as a whole by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (“**HSBC**”), which at the time of establishment of the Programme, was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) and the participation of SCI as a new issuer was also arranged by HSBC, any tranche of the Securities issued or to be issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 (“**Relevant Securities**”) would be “qualifying debt securities” for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities in respect of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require to the MAS and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, break cost, prepayment fee or redemption premium from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), “prepayment fee”, “redemption premium” and “break cost” (collectively, the “**Specified Income**”) from the Relevant Securities paid by the relevant Issuer and derived by a holder who is not resident in Singapore and who does not have any permanent establishment in Singapore is exempt from Singapore tax. Non-residents who carry on any operation through permanent establishments in Singapore will also have the benefit of this exemption, provided that the Relevant Securities are not acquired 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; and
- (ii) subject to certain conditions having been fulfilled (including the submission by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities in respect of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require to the MAS), Specified Income from the Relevant Securities paid by the relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent.; and

(iii) subject to:

- (aa) the relevant Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
- (bb) the relevant Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Relevant Securities within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require,

Specified Income derived from the Relevant Securities are not subject to withholding of tax by the relevant Issuer.

However, notwithstanding the foregoing:

- (a) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such Relevant Securities would not qualify as “qualifying debt securities”; and
- (b) even though a particular tranche of Relevant Securities are “qualifying debt securities”, if, at any time during the tenor of such tranche of Relevant Securities, 50 per cent. or more of the issue of such Relevant Securities which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the relevant Issuer, Specified Income derived from such Relevant Securities held by:
  - (i) any related party of the relevant Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the relevant Issuer,

shall not be eligible for the tax exemption or the concessionary rate of tax as 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 the relevant Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the submission by the relevant issuer or such other person as the MAS may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the MAS may specify and such other particulars in

connection with the qualifying debt securities as the MAS may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:–

- (a) are issued during the period from 16 February 2008 to 31 December 2018 (both dates inclusive);
- (b) have an original maturity of not less than 10 years;
- (c) either
  - (i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or
  - (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

As prescribed by regulations, the circumstances in relation to the QDS Plus Scheme under which the tenure of the qualifying debt securities may be shortened to less than 10 years from the date of their issue are:

- (a) the shortening of the tenure is a result of any early termination pursuant to one of the following early termination clauses (more fully described in the regulations) which the issuer included in any offering document for those qualifying debt securities:
  - (1) change in tax law;
  - (2) default event;
  - (3) change of control or change of shareholding;
  - (4) change of listing status of an issuer or trading disruption;
  - (5) change of qualification event due to regulatory capital requirements;
  - (6) change in accounting classification;
  - (7) change in rating;
  - (8) repurchase upon a non-compliance;
  - (9) purchase;
  - (10) modification and amendment;
  - (11) amendment of written law relevant to issuance; and
- (b) the qualifying debt securities do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the securities at the time of their issue.

Where the debt securities are redeemed prematurely due to a prescribed early termination clause (i.e. before the 10th year), the QDS Plus Scheme status of the debt securities will be revoked prospectively for outstanding debt securities, if any. In the MAS Circular FSD Cir 02/2013 entitled “Extension And Refinement Of Tax Concessions For Promoting The Debt Market” issued by the MAS on 28 June 2013, the MAS has clarified that the income tax exemption granted to income exempt under the QDS Plus Scheme prior to redemption will not be clawed back, and outstanding debt securities may still enjoy tax benefits under the qualifying debt securities scheme if the other conditions for qualifying debt securities continue to be met.

In determining an investor’s income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor’s losses, expenses and capital allowances which are attributable to exempt income are to be treated.

However, even if a particular tranche of the Relevant Securities are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50 per cent. or more of the issue of such Relevant Securities which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the relevant Issuer, Specified Income from such Relevant Securities derived by:

- (i) any related party of the relevant Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the relevant Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

## **2. Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply, or who are required to apply Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

## **3. Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes**

The IRAS has 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 tax treatment set out in the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

With the proposed adoption of FRS 109 – Financial Instruments, the IRAS may issue a circular on the Income Tax Treatment Arising from the Adoption of FRS 109 – Financial Instruments.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular or proposed FRS 109 tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

#### **4. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## **SUBSCRIPTION, PURCHASE AND DISTRIBUTION**

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Relevant Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as a principal) will subscribe or procure subscribers for Securities from the Relevant Issuer pursuant to the Programme Agreement.

### **United States**

The Securities and the Guarantee have not been and will not be registered under the Securities Act, and the Securities 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 under the Securities Act.

The Bearer Securities 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 of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Relevant Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Securities on a syndicated basis, the relevant lead manager) of all Securities of the Tranche of which such Securities are a part, 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 Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Securities, an offer or sale of Securities within the United States by any dealer that is not participating in the offering of such Securities may violate the registration requirements of the Securities Act.

### **Hong Kong**

Each Dealer has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities 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 (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) 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 Securities, 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 Securities 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 (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## **Singapore**

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities 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 Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, 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 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.

## **General**

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, this Information Memorandum or any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Securities or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Securities or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Securities or any interest therein or rights in respect thereof, the Issuers shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

*Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.*

## GENERAL INFORMATION

### INFORMATION ON DIRECTORS

1. (a) The name and position of each of the Directors of SCI are set out below:

<b>Name</b>	<b>Position</b>
Ang Kong Hua	Chairman
Tang Kin Fei	Group President & CEO
Bobby Chin Yoke Choong	Director
Margaret Lui	Director
Tan Sri Mohd Hassan Marican	Director
Tham Kui Seng	Director
Dr Teh Kok Peng	Director
Ajaib Haridass	Director
Neil McGregor	Director
Nicky Tan Ng Kuang	Director
Yap Chee Keong	Director

- (b) The name and position of each of the Directors of SFS are set out below:

<b>Name</b>	<b>Position</b>
Koh Chiap Khiong	Director
Richard Quek Hong Liat	Director
Foo Fei Voon	Director

2. No Director is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, SCI, SFS or any of their respective subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

### SHARE CAPITAL

3. As at the date of this Information Memorandum, there is only one class of ordinary shares in SCI and only one class of ordinary shares in SFS. The rights and privileges attached to such shares are stated in the Constitutions of SCI and SFS, respectively.
4. The issued share capital of SCI as at 31 October 2016 is as follows:

<b>Share Designation</b>	<b>Issued Share Capital</b>	
	<b>(Number)</b>	<b>(S\$)</b>
Ordinary Shares	1,786,587,694	562,938,813.80

5. The issued share capital of SFS as at 31 October 2016 is as follows:

Share Designation	Issued Share Capital	
	(Number)	(S\$)
Ordinary Shares	15,000,000	15,000,000

- \* The number of issued ordinary shares of SCI excludes 960,038 ordinary shares (S\$2,632,869.48) held as treasury shares.

## **BORROWINGS**

6. Save as disclosed in the most recent audited accounts of SCI and SFS respectively, none of SCI, SFS or their respective subsidiaries has as at 31 December 2015 any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, other than borrowings in the ordinary course of business.

## **WORKING CAPITAL**

7. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, each of the Issuers and the Guarantor will have adequate working capital for their present requirements.

## **CHANGES IN ACCOUNTING POLICIES**

8. Save for the adoption of applicable financial reporting standards which came into effect on 1 January 2016, there has been no significant change in the accounting policies of the Issuers or of the Guarantor since their respective audited accounts for the year ended 31 December 2015.

## **LITIGATION**

9. Save as disclosed below, there are no legal, arbitration or administrative proceedings or prosecutions or investigations pending or threatened against the Issuers or the Guarantor or any of its subsidiaries, the outcome of which may have a material adverse effect on the financial position of the Issuers or on the Guarantor and its subsidiaries, taken as a whole:

Sembcorp Marine's subsidiaries had in 2012 entered into contracts with the subsidiaries of Sete Brasil for the construction of seven drill ships.

On 30 March 2015, Sembcorp Marine announced that it had initiated an internal investigation and engaged lawyers for the purposes of obtaining legal advice in relation to media reports which reported statements made by a former engineering manager of Petrobras that illegal payments had been made in connection with contracts entered into by Petrobras and/or Sete Brasil. Specifically, there was an allegation against an individual who was connected to companies which were engaged by Sembcorp Marine's subsidiaries as consultants in connection with the abovementioned contracts. The individual was subsequently arrested by Brazilian authorities. As stated in Sembcorp Marine's announcement of 30 March 2015, Sembcorp Marine has a strict anti-bribery policy and does not condone any action that will result in the violation of any country's anti-corruption laws.

In response to news of Sete Brasil's insolvency, in April 2016, Sembcorp Marine commenced arbitration proceedings against various subsidiaries of Sete Brasil to preserve its interest under the seven contracts for the construction of drillships secured by Sembcorp Marine's various subsidiaries from Sete Brasil's subsidiaries.

In May 2016, SCI was named as one of several defendants in a lawsuit filed in the United States District Court, District of Columbia, by EIG Management Company LLC ("EIG") and the funds under its management pertaining to their investments of over US\$221 million in Sete Brasil. Another defendant named in the lawsuit was Sembcorp Marine, which is a subsidiary of SCI. It has been alleged that, together with the other named defendants (which include Sembcorp Marine's subsidiary, Jurong Shipyard Pte Ltd), SCI and Sembcorp Marine have conspired to induce funds managed by EIG to invest in Sete Brasil.

SCI and Sembcorp Marine are vigorously contesting these claims.

## **MATERIAL ADVERSE CHANGE**

10. There has been no material adverse change in the financial position or condition or business prospects of the Issuers or of the Guarantor since 31 December 2015.

## **FINANCIAL CONDITION AND OPERATIONS**

11. Save as disclosed in this Information Memorandum or in any public announcement by the Issuers and the Guarantor, to the best of the knowledge of the Issuers and of the Guarantor, the financial condition and operations of each Issuer, the Guarantor and the Group are not likely to be materially affected by any of the following:
  - (a) known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in its liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditures;
  - (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations;
  - (d) known trends or uncertainties that have had or that any of them reasonably expects to have a material favourable or unfavourable impact on its revenues or operating income; and
  - (e) any material information which may be relevant to the financial or trading prospects of the Issuers, the Guarantor or the Group including special trading factors or risks, which are not mentioned elsewhere in this Information Memorandum or in any public announcement by any of the Issuers and the Guarantor and which are unlikely to be known or anticipated by the general public and which could materially and adversely affect the profits of the Issuers, the Guarantor or the Group.

## **AUTHORISATION**

12. The establishment and update of the Programme and the issue of the Guarantee were authorised by resolutions of the Board of Directors of SCI passed on 8 November 2004, 1 April 2009, 8 May 2013 and 29 October 2015.
13. The establishment and update of the Programme were authorised by resolutions of the Board of Directors of SFS passed on 8 November 2004, 3 April 2009, 9 May 2013 and 16 November 2016.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

14. So long as any Securities are capable of being issued under the Programme or any Securities are outstanding, copies of the following documents may be inspected at the registered office of either of the Issuers at 30 Hill Street #05-04, Singapore 179360 or the Trustee at 21 Collyer Quay, #03-01 HSBC Main Building, Singapore 049320 during normal business hours:
- (a) the Constitution of each of SCI and SFS;
  - (b) the Trust Deed;
  - (c) the Agency Agreement;
  - (d) the Depository Agreements;
  - (e) the Deeds of Covenant; and
  - (f) the most recently publicly available audited accounts of SCI and SFS and its subsidiaries beginning with such audited accounts for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015.

## **FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE**

15. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

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**CONSOLIDATED BALANCE SHEETS, PROFIT & LOSS ACCOUNTS AND  
STATEMENT OF CASH FLOWS OF SEMBCORP INDUSTRIES LTD AND ITS  
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

*The information contained in this Appendix has been extracted from the annual report of Sembcorp Industries Ltd for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum.*

# BALANCE SHEETS

As at December 31, 2015

	Note	Group		Company	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	8,685,182	7,725,423	529,691	606,245
Investment properties	4	21,081	23,579	–	–
Investments in subsidiaries	5	–	–	2,472,184	1,999,357
Interests in associates and joint ventures	6	2,349,257	2,074,394	–	–
Other financial assets	7	283,558	314,933	–	–
Trade and other receivables	8	450,548	467,340	143,757	14,440
Tax recoverable		6,938	–	–	–
Intangible assets	10	442,956	390,566	22,224	21,857
Deferred tax assets	11	68,283	49,706	–	–
		<b>12,307,803</b>	<b>11,045,941</b>	<b>3,167,856</b>	<b>2,641,899</b>
<b>Current assets</b>					
Inventories and work-in-progress	12	4,232,509	3,204,912	12,341	11,200
Trade and other receivables	8	1,567,557	1,200,336	137,077	157,075
Tax recoverable		9,726	8,514	–	–
Assets held for sale	13	41,803	24,437	5,893	–
Other financial assets	7	149,606	30,825	–	–
Cash and cash equivalents	14	1,606,488	1,661,427	325,831	198,395
		<b>7,607,689</b>	<b>6,130,451</b>	<b>481,142</b>	<b>366,670</b>
<b>Total assets</b>		<b>19,915,492</b>	<b>17,176,392</b>	<b>3,648,998</b>	<b>3,008,569</b>
<b>Current liabilities</b>					
Trade and other payables	15	3,387,921	2,745,363	131,073	286,636
Excess of progress billings over work-in-progress	12	320,151	1,028,587	–	5
Provisions	17	58,664	73,714	22,486	13,416
Liabilities held for sale	13	5,430	–	–	–
Other financial liabilities	18	181,471	165,930	–	1,558
Current tax payable		191,785	257,826	46,671	41,009
Interest-bearing borrowings	20	1,800,607	1,086,003	3	8
		<b>5,946,029</b>	<b>5,357,423</b>	<b>200,233</b>	<b>342,632</b>
<b>Net current assets</b>		<b>1,661,660</b>	<b>773,028</b>	<b>280,909</b>	<b>24,038</b>

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



	Note	Group		Company	
		2015	2014	2015	2014
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	11	319,605	413,680	53,987	53,298
Provisions	17	58,742	105,423	593	593
Other financial liabilities	18	258,880	106,472	–	–
Retirement benefit obligations	19	8,891	15,658	–	–
Interest-bearing borrowings	20	5,032,342	3,648,578	–	3
Other long-term payables	15	247,509	296,884	283,572	482,846
<b>Total liabilities</b>		<b>11,871,998</b>	<b>9,944,118</b>	<b>538,385</b>	<b>879,372</b>
<b>Net assets</b>		<b>8,043,494</b>	<b>7,232,274</b>	<b>3,110,613</b>	<b>2,129,197</b>
<b>Equity attributable to owners of the Company:</b>					
Share capital	21	565,572	565,572	565,572	565,572
Other reserves	22	(142,938)	(130,297)	(13,660)	(22,386)
Revenue reserve		5,207,742	4,978,291	1,756,013	1,383,446
		5,630,376	5,413,566	2,307,925	1,926,632
Perpetual securities	23	802,688	202,565	802,688	202,565
		6,433,064	5,616,131	3,110,613	2,129,197
<b>Non-controlling interests</b>	29	1,610,430	1,616,143	–	–
<b>Total equity</b>		<b>8,043,494</b>	<b>7,232,274</b>	<b>3,110,613</b>	<b>2,129,197</b>

# CONSOLIDATED INCOME STATEMENT

Year ended December 31, 2015

	Note	Group	
		2015 S\$'000	2014 S\$'000
<b>Turnover</b>	25	<b>9,544,621</b>	10,894,660
Cost of sales		<b>(8,812,960)</b>	(9,479,983)
<b>Gross profit</b>		<b>731,661</b>	1,414,677
General and administrative expenses		<b>(524,373)</b>	(352,486)
Other income		<b>531,950</b>	103,611
Other expense (net)		<b>(113,959)</b>	(26,924)
Finance income	26	<b>32,856</b>	19,431
Finance costs	26	<b>(237,984)</b>	(70,132)
Share of results of associates and joint ventures, net of tax		<b>6,199</b>	158,261
<b>Profit before tax</b>		<b>426,350</b>	1,246,438
Tax credit / (expense)	27	<b>28,052</b>	(162,156)
<b>Profit for the year</b>	28	<b>454,402</b>	1,084,282
<b>Profit attributable to:</b>			
Owners of the Company		<b>548,855</b>	801,096
Non-controlling interests		<b>(94,453)</b>	283,186
Profit for the year		<b>454,402</b>	1,084,282
Earnings per share (cents):	30		
Basic		<b>29.17</b>	44.31
Diluted		<b>28.95</b>	43.98

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

	Group	
	2015	2014
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit for the year	454,402	1,084,282
Adjustments for:		
Dividend	(1,026)	(1,194)
Finance income	(32,856)	(19,431)
Finance costs	237,984	70,132
Depreciation and amortisation	404,961	314,834
Share of results of associates and joint ventures, net of tax	(6,199)	(158,261)
Gain on disposal of property, plant and equipment and other financial assets	(3,114)	(4,150)
Loss on disposal of intangible assets	9	3
Gain on disposal of investment properties	(2,983)	(3,097)
Gain on disposal of investment in subsidiaries and an associate	(425,566)	–
Fair value gain on re-measurement of pre-existing equity interest in a joint venture, which became a subsidiary	–	(3,792)
Changes in fair value of financial instruments	42,126	11,225
Equity settled share-based compensation expenses	22,894	29,698
Allowance made for impairment loss in value of assets and assets written off (net)	125,364	7,024
Gain on acquisition	–	(13,505)
Allowance for / (Write-back of) doubtful debts	198,223	(1,516)
Bad debts written off	3,247	750
Work-in-progress written-down	85,518	–
Provision for foreseeable losses on construction work-in-progress	277,961	–
Tax (refund) / expense (Note 27)	(28,052)	162,156
Operating profit before working capital changes	1,352,893	1,475,168
Changes in working capital:		
Inventories and work-in-progress	(2,101,118)	(1,383,998)
Receivables	(455,306)	44,414
Payables	649,458	2,652
	(554,073)	138,226
Tax paid	(149,760)	(118,979)
Net cash (used in) / from operating activities	(703,833)	19,247

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

	Group	
	2015	2014
	S\$'000	S\$'000
<b>Cash flows from investing activities</b>		
Dividend received	59,547	101,958
Interest received	29,659	19,840
Proceeds from disposal of interests in subsidiaries, net of cash disposed of (Note 33)	204,173	1
Proceeds from capital reduction in a joint venture	–	4,135
Proceeds from sale of investment held for sale	–	7,250
Proceeds from disposal of interests in an associate	487,929	–
Proceeds from sale of property, plant and equipment	2,639	7,983
Proceeds from sale of investment properties	9,983	4,031
Proceeds from sale of intangible assets	48	14
Proceeds from disposal of other financial assets	169,767	–
Loan repayment from related parties	14,687	6,283
Loan to related parties	(26,351)	(32,631)
Non-trade balances with related corporations and external parties, net of repayment	15,512	(50,315)
Acquisition of subsidiary, net of cash acquired (Note 34)	(213,636)	61,741
Acquisition of / additional investments in associates and joint ventures	(426,961)	(303,203)
Acquisition of other financial assets	(165,979)	(7,341)
Purchase of property, plant and equipment and investment property (Note (a))	(1,423,288)	(1,306,419)
Payment for intangible assets	(8,872)	(31,423)
Cash balances transferred to assets held for sale	(6,249)	–
Net cash used in investing activities	<b>(1,277,392)</b>	<b>(1,518,096)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

	Group	
	2015	2014
	S\$'000	S\$'000
<b>Cash flows from financing activities</b>		
Proceeds from share issue to non-controlling interests of subsidiaries	4,549	1,723
Proceeds from share options exercised with issue of treasury shares	538	1,223
Proceeds from share options exercised with issue of treasury shares of a subsidiary	861	736
Purchase of treasury shares	(6,809)	(20,886)
Purchase of treasury shares by a subsidiary	(12,293)	(11,579)
Proceeds from issue of perpetual securities, net of transaction costs	596,551	–
Proceeds from borrowings	2,773,318	2,292,133
Repayment of borrowings	(779,852)	(720,900)
Payment on finance leases	(4,073)	(4,131)
Acquisition of non-controlling interests	(4)	(26,177)
Dividends paid to owners of the Company	(285,866)	(393,124)
Dividends paid to non-controlling interests of subsidiaries	(129,323)	(145,954)
Perpetual securities distribution paid	(24,367)	(10,000)
Unclaimed dividends	526	2
Interest paid	(222,171)	(62,426)
Net cash from financing activities	1,911,585	900,640
<b>Net decrease in cash and cash equivalents</b>	(69,640)	(598,209)
<b>Cash and cash equivalents at beginning of the year</b>	1,659,434	2,255,865
Effect of exchange rate changes on balances held in foreign currency	14,671	1,778
<b>Cash and cash equivalents at end of the year (Note 14)</b>	1,604,465	1,659,434

- a. During the year, the Group acquired property, plant and equipment with an aggregate cost of S\$1,439,405,000 (2014: S\$1,276,418,000) of which S\$392,000 (2014: S\$604,000) was acquired by means of finance lease, S\$nil (2014: S\$31,479,000) relates to net payment on prior year's accrued capital expenditure, S\$16,034,000 (2014: S\$nil) relates to other accrued capital expenditure and S\$2,752,000 (2014: S\$84,000) relates to provision for restoration costs as disclosed in Note 17.

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

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**CONSOLIDATED BALANCE SHEETS, PROFIT & LOSS ACCOUNTS AND  
STATEMENT OF CASH FLOWS OF SEMBCORP INDUSTRIES LTD AND ITS  
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

*The information contained in this Appendix has been extracted from the annual report of Sembcorp Industries Ltd for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.*

# BALANCE SHEETS

As at December 31, 2014

	Note	Group		Company	
		2014	2013	2014	2013
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	7,725,423	5,126,650	606,245	637,590
Investment properties	4	23,579	20,954	–	–
Investments in subsidiaries	5	–	–	1,999,357	1,706,116
Interests in associates and joint ventures	6	2,074,394	1,852,249	–	–
Other financial assets	7	314,933	344,181	–	–
Long-term receivables and prepayments	8	467,340	360,970	14,440	7,223
Intangible assets	11	390,566	308,223	21,857	21,068
Deferred tax assets	12	49,706	51,170	–	–
		<b>11,045,941</b>	<b>8,064,397</b>	<b>2,641,899</b>	<b>2,371,997</b>
<b>Current assets</b>					
Inventories and work-in-progress	13	3,204,912	2,240,655	11,200	10,023
Trade and other receivables	14	1,200,336	1,140,173	157,075	104,885
Tax recoverable		8,514	6,698	–	–
Assets held for sale	16	24,437	36,517	–	–
Other financial assets	7	30,825	9,581	–	–
Cash and cash equivalents	17	1,661,427	2,255,865	198,395	450,220
		<b>6,130,451</b>	<b>5,689,489</b>	<b>366,670</b>	<b>565,128</b>
<b>Total assets</b>		<b>17,176,392</b>	<b>13,753,886</b>	<b>3,008,569</b>	<b>2,937,125</b>
<b>Current liabilities</b>					
Trade and other payables	18	2,745,363	2,691,962	286,636	188,396
Excess of progress billings over work-in-progress	13	1,028,587	1,448,501	5	–
Provisions	19	73,714	92,347	13,416	20,931
Other financial liabilities	22	165,930	18,695	1,558	–
Current tax payable		257,826	236,254	41,009	37,970
Interest-bearing borrowings	24	1,086,003	413,993	8	61
		<b>5,357,423</b>	<b>4,901,752</b>	<b>342,632</b>	<b>247,358</b>
<b>Net current assets</b>		<b>773,028</b>	<b>787,737</b>	<b>24,038</b>	<b>317,770</b>

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



	Note	Group		Company	
		2014	2013	2014	2013
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	12	413,680	371,596	53,298	44,212
Provisions	19	105,423	101,693	593	593
Other financial liabilities	22	106,472	56,786	–	–
Retirement benefit obligations	23	15,658	30,910	–	–
Interest-bearing borrowings	24	3,648,578	1,485,011	3	12
Other long-term liabilities	25	296,884	276,144	482,846	462,915
		4,586,695	2,322,140	536,740	507,732
<b>Total liabilities</b>		<b>9,944,118</b>	<b>7,223,892</b>	<b>879,372</b>	<b>755,090</b>
<b>Net assets</b>		<b>7,232,274</b>	<b>6,529,994</b>	<b>2,129,197</b>	<b>2,182,035</b>
<b>Equity attributable to owners of the Company:</b>					
Share capital	26	565,572	565,572	565,572	565,572
Other reserves	27	(130,297)	(101,230)	(22,386)	(18,839)
Revenue reserve		4,978,291	4,563,136	1,383,446	1,432,332
		5,413,566	5,027,478	1,926,632	1,979,065
Perpetual securities	28	202,565	202,970	202,565	202,970
		5,616,131	5,230,448	2,129,197	2,182,035
<b>Non-controlling interests</b>		<b>1,616,143</b>	<b>1,299,546</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>7,232,274</b>	<b>6,529,994</b>	<b>2,129,197</b>	<b>2,182,035</b>

# CONSOLIDATED INCOME STATEMENT

Year ended December 31, 2014

	Note	Group	
		2014 S\$'000	2013 S\$'000
<b>Turnover</b>	30	<b>10,894,660</b>	10,797,622
Cost of sales		<b>(9,479,983)</b>	(9,502,023)
<b>Gross profit</b>		<b>1,414,677</b>	1,295,599
General and administrative expenses		<b>(352,486)</b>	(347,378)
Other income		<b>103,611</b>	213,092
Other expense (net)		<b>(26,924)</b>	(1,126)
Finance income	31	<b>19,431</b>	17,051
Finance costs	31	<b>(70,132)</b>	(117,903)
Share of results of associates and joint ventures, net of tax		<b>158,261</b>	155,024
<b>Profit before tax</b>		<b>1,246,438</b>	1,214,359
Tax expense	32	<b>(162,156)</b>	(117,154)
<b>Profit for the year</b>	33	<b>1,084,282</b>	1,097,205
<b>Profit attributable to:</b>			
Owners of the Company		<b>801,096</b>	820,448
Non-controlling interests		<b>283,186</b>	276,757
Profit for the year		<b>1,084,282</b>	1,097,205
Earnings per share (cents):	34		
Basic		<b>44.31</b>	45.70
Diluted		<b>43.98</b>	45.36

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	Group	
	2014	2013
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit for the year	1,084,282	1,097,205
Adjustments for:		
Dividend	(1,194)	(2,476)
Finance income	(19,431)	(17,051)
Finance costs	70,132	117,903
Depreciation and amortisation	314,834	303,293
Share of results of associates and joint ventures, net of tax	(158,261)	(155,024)
Gain on disposal of property, plant and equipment	(4,150)	(13,012)
Loss on disposal of intangible assets	3	–
Gain on disposal of investment properties	(3,097)	(358)
Gain on disposal of investment in an associate	–	(39,508)
Fair value gain on re-measurement of remaining equity interest in an associate	–	(79,882)
Fair value gain on re-measurement of pre-existing equity interest in a joint venture, which became a subsidiary	(3,792)	–
Changes in fair value of financial instruments	11,225	30,840
Equity settled share-based compensation expenses	29,698	27,213
Allowance made for impairment in value of assets and assets written off (net)	7,024	63,677
Gain on acquisition	(13,505)	–
Impairment loss on re-measurement of investment held for sale	–	4,632
Tax expense (Note 32)	162,156	117,154
Operating profit before working capital changes	1,475,924	1,454,606
Changes in working capital:		
Inventories and work-in-progress	(1,383,998)	(29,191)
Receivables	(33,015)	45,944
Payables	2,652	162,857
	61,563	1,634,216
Tax paid	(118,979)	(125,004)
Net cash (used in) / from operating activities	(57,416)	1,509,212

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

	Group	
	2014	2013
	S\$'000	S\$'000
<b>Cash flows from investing activities</b>		
Dividend received	101,958	77,446
Interest received	19,840	17,273
Proceeds from disposal of interests in a subsidiary, net of cash disposed of (Note 37)	1	8,582
Proceeds from sale of investments in an associate and a financial asset	–	6,976
Proceeds from capital reduction in a joint venture	4,135	–
Proceeds from sale of investment held for sale	7,250	–
Proceeds from sale of property, plant and equipment	7,983	25,019
Proceeds from sale of investment properties	4,031	493
Proceeds from sale of intangible assets	14	216
Acquisition of subsidiary, net of cash acquired	61,741	1,014
Acquisition of / additional investments in associates and joint ventures	(303,203)	(284,156)
Acquisition of other financial assets	(7,341)	(5,419)
Purchase of property, plant and equipment (Note (a))	(1,306,419)	(1,188,761)
Payment for intangible assets	(31,423)	(9,196)
Net cash used in investing activities	(1,441,433)	(1,350,513)
<b>Cash flows from financing activities</b>		
Proceeds from share issue to non-controlling interests of subsidiaries	1,723	1,030
Proceeds from share options exercised with issue of treasury shares	1,223	1,567
Proceeds from share options exercised with issue of treasury shares of a subsidiary	736	414
Purchase of treasury shares	(20,886)	(28,819)
Purchase of treasury shares by a subsidiary	(11,579)	(20,366)
Proceeds from issue of perpetual securities, net of transaction costs	–	198,751
Proceeds from borrowings	2,292,133	744,683
Repayment of borrowings	(720,900)	(352,187)
Payment on finance leases	(4,131)	(3,308)
Acquisition of non-controlling interests	(26,177)	(7,611)
Dividends paid to owners of the Company	(393,124)	(268,035)
Dividends paid to non-controlling interests of subsidiaries	(145,954)	(144,530)
Perpetual securities distribution paid	(10,000)	–
Unclaimed dividends	2	–
Interest paid	(62,426)	(106,344)
Net cash used from financing activities	900,640	15,245
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(598,209)</b>	<b>173,944</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,255,865</b>	<b>2,059,800</b>
Effect of exchange rate changes on balances held in foreign currency	1,778	22,121
<b>Cash and cash equivalents at end of the year (Note 17)</b>	<b>1,659,434</b>	<b>2,255,865</b>

- a. During the year, the Group acquired property, plant and equipment with an aggregate cost of S\$1,276,418,000 (2013: S\$1,147,075,000) of which S\$604,000 (2013: S\$31,000) was acquired by means of finance lease, S\$31,479,000 (2013: S\$58,383,000) relates to net payment on prior year's accrued capital expenditure and S\$84,000 (2013: S\$16,666,000) relates to provision for restoration costs in Note 19.

**CONSOLIDATED BALANCE SHEETS, PROFIT & LOSS ACCOUNTS AND  
STATEMENT OF CASH FLOWS OF SEMBCORP INDUSTRIES LTD AND ITS  
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

*The information contained in this Appendix has been extracted from the annual report of Sembcorp Industries Ltd for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum.*

# Balance Sheets

As at December 31, 2013

	Note	Group		Company	
		2013	2012	2013	2012
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	5,126,650	5,158,266	637,590	582,352
Investment properties	4	20,954	21,684	–	–
Investments in subsidiaries	5	–	–	1,706,116	1,708,551
Interests in associates and joint ventures	6	1,852,249	1,505,609	–	–
Other financial assets	7	344,181	221,099	–	–
Long-term receivables and prepayments	8	360,970	405,219	7,223	7,420
Intangible assets	11	308,223	321,276	21,068	20,008
Deferred tax assets	12	51,170	56,955	–	–
		<b>8,064,397</b>	<b>7,690,108</b>	<b>2,371,997</b>	<b>2,318,331</b>
<b>Current assets</b>					
Inventories and work-in-progress	13	2,240,655	1,886,546	10,023	9,789
Trade and other receivables	14	1,140,173	1,175,501	104,885	130,658
Tax recoverable		6,698	6,954	–	–
Assets held for sale	16	36,517	24,437	–	–
Other financial assets	7	9,581	41,509	–	–
Cash and cash equivalents	17	2,255,865	2,059,800	450,220	524,601
		<b>5,689,489</b>	<b>5,194,747</b>	<b>565,128</b>	<b>665,048</b>
<b>Total assets</b>		<b>13,753,886</b>	<b>12,884,855</b>	<b>2,937,125</b>	<b>2,983,379</b>
<b>Current liabilities</b>					
Trade and other payables	18	2,691,962	2,832,524	188,396	572,195
Excess of progress billings over work-in-progress	13	1,448,501	886,042	–	–
Provisions	19	92,347	83,078	20,931	14,093
Other financial liabilities	22	18,695	16,261	–	177
Current tax payable		236,254	233,100	37,970	40,893
Interest-bearing borrowings	24	413,993	115,061	61	100
		<b>4,901,752</b>	<b>4,166,066</b>	<b>247,358</b>	<b>627,458</b>
<b>Net current assets</b>		<b>787,737</b>	<b>1,028,681</b>	<b>317,770</b>	<b>37,590</b>

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

	Note	Group		Company	
		2013	2012	2013	2012
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	12	371,596	410,796	44,212	40,061
Provisions	19	101,693	50,696	593	593
Other financial liabilities	22	56,786	161,445	-	-
Retirement benefit obligations	23	30,910	11,454	-	-
Interest-bearing borrowings	24	1,485,011	2,204,785	12	54
Other long-term liabilities	25	276,144	235,186	462,915	319,931
		2,322,140	3,074,362	507,732	360,639
<b>Total liabilities</b>		<b>7,223,892</b>	<b>7,240,428</b>	<b>755,090</b>	<b>988,097</b>
<b>Net assets</b>		<b>6,529,994</b>	<b>5,644,427</b>	<b>2,182,035</b>	<b>1,995,282</b>
<b>Equity attributable to owners of the Company:</b>					
Share capital	26	565,572	565,572	565,572	565,572
Other reserves	27	(101,230)	(102,322)	(18,839)	(6,048)
Revenue reserve		4,563,136	4,040,081	1,432,332	1,435,758
		5,027,478	4,503,331	1,979,065	1,995,282
Perpetual securities	28	202,970	-	202,970	-
		5,230,448	4,503,331	2,182,035	1,995,282
<b>Non-controlling interests</b>		<b>1,299,546</b>	<b>1,141,096</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>6,529,994</b>	<b>5,644,427</b>	<b>2,182,035</b>	<b>1,995,282</b>

# Consolidated Income Statement

Year ended December 31, 2013

	Note	Group	
		2013 S\$'000	2012 S\$'000
<b>Turnover</b>	30	<b>10,797,622</b>	10,189,058
Cost of sales		<b>(9,510,359)</b>	(8,808,796)
<b>Gross profit</b>		<b>1,287,263</b>	1,380,262
General and administrative expenses		<b>(339,042)</b>	(320,380)
Other income		<b>213,092</b>	67,298
Other expense (net)		<b>(1,126)</b>	(24,230)
Finance income	31	<b>17,051</b>	28,552
Finance costs	31	<b>(117,903)</b>	(139,997)
Share of results of associates and joint ventures, net of tax		<b>155,024</b>	163,251
<b>Profit before tax</b>		<b>1,214,359</b>	1,154,756
Tax expense	32	<b>(117,154)</b>	(121,698)
<b>Profit for the year</b>	33	<b>1,097,205</b>	1,033,058
<b>Profit attributable to:</b>			
Owners of the Company		<b>820,448</b>	753,283
Non-controlling interests		<b>276,757</b>	279,775
Profit for the year		<b>1,097,205</b>	1,033,058
Earnings per share (cents):	34		
Basic		<b>45.70</b>	42.17
Diluted		<b>45.36</b>	41.84

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



# Consolidated Statement of Cash Flows

Year ended December 31, 2013

	Group	
	2013	2012
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit for the year	1,097,205	1,033,058
Adjustments for:		
Dividend	(2,476)	(3,623)
Finance income	(17,051)	(28,552)
Finance costs	117,903	139,997
Depreciation and amortisation	303,293	281,620
Share of results of associates and joint ventures	(155,024)	(163,251)
Gain on disposal of property, plant and equipment	(13,012)	(329)
Gain on disposal of intangible assets	–	(82)
Gain on disposal of investment properties	(358)	(7,858)
Gain on disposal of investments in a subsidiary and an associate	(39,508)	(180)
Fair value gain on re-measurement of remaining equity interest in an associate	(79,882)	–
Changes in fair value of financial instruments	30,840	(1,149)
Equity settled share-based compensation expenses	27,213	29,746
Allowance made for impairment in value of assets and assets written off (net)	63,677	17,767
Impairment loss on re-measurement of investment held for sale	4,632	–
Tax expense (Note 32)	117,154	121,698
Operating profit before working capital changes	1,454,606	1,418,862
Changes in working capital:		
Inventories and work-in-progress	(29,191)	(275,633)
Receivables	45,944	(143,869)
Payables	123,902	(250,768)
	1,595,261	748,592
Tax paid	(125,004)	(128,158)
Net cash from operating activities	1,470,257	620,434
<b>Cash flows from investing activities</b>		
Dividend received	77,446	64,599
Interest received	17,273	28,518
Proceeds from disposal of interests in a subsidiary, net of cash disposed of (Note 37)	8,582	480
Proceeds from sale of investments in an associate and a financial asset	6,976	713
Proceeds from sale of property, plant and equipment	25,019	937
Proceeds from sale of investment properties	493	7,858
Proceeds from sale of intangible assets	216	510
Acquisition of subsidiary, net of cash acquired	1,014	–
Acquisition of non-controlling interests	(7,611)	(23,156)
Acquisition of / additional investments in associates and joint ventures	(284,156)	(133,006)
Acquisition of other financial assets	(5,419)	(47,430)
Purchase of property, plant and equipment (Note (a))	(1,188,761)	(1,119,777)
Payment for intangible assets	(9,196)	(10,098)
Net cash used in investing activities	(1,358,124)	(1,229,852)

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

	Group	
	2013	2012
	S\$'000	S\$'000
<b>Cash flows from financing activities</b>		
Proceeds from share issue to non-controlling interests of subsidiaries	1,030	1,479
Proceeds from share options exercised with issue of treasury shares	1,567	1,483
Proceeds from share options exercised with issue of treasury shares of a subsidiary	414	1,926
Purchase of treasury shares	(28,819)	(10,184)
Purchase of treasury shares by a subsidiary	(20,366)	(5,329)
Proceeds from issue of perpetual securities, net of transaction costs	198,751	–
Proceeds from borrowings	744,683	842,929
Repayment of borrowings	(352,187)	(522,926)
Payment on finance leases	(3,308)	(2,577)
Increase in other long-term liabilities	38,955	33,389
Dividends paid to owners of the Company	(268,035)	(303,857)
Dividends paid to non-controlling interests of subsidiaries	(144,530)	(241,669)
Unclaimed dividends	–	216
Interest paid	(106,344)	(104,511)
Net cash used in financing activities	61,811	(309,631)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>173,944</b>	<b>(919,049)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,059,800</b>	<b>2,995,478</b>
Effect of exchange rate changes on balances held in foreign currency	22,121	(16,629)
<b>Cash and cash equivalents at end of the year (Note 17)</b>	<b>2,255,865</b>	<b>2,059,800</b>

- a. During the year, the Group acquired property, plant and equipment with an aggregate cost of S\$1,147,075,000 (2012: S\$1,305,832,000) of which S\$31,000 (2012: S\$15,469,000) was acquired by means of finance lease, S\$58,383,000 relates to net payment on prior year's accrued capital expenditure, nil (2012: S\$155,891,000) relates to other accrued capital expenditure in Note 21 and S\$16,666,000 (2012: S\$14,695,000) relates to provision for restoration costs in Note 19.

**AUDITED FINANCIAL STATEMENTS OF  
SEMBCORP FINANCIAL SERVICES PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

*The information contained in this Appendix has been extracted from the annual report of Sembcorp Financial Services Pte. Ltd. for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum.*



**Sembcorp Financial Services Pte Ltd**

**Registration Number: 200302373G**

Annual Report  
Year ended 31 December 2015

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## Directors' Statement

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 December 31, 2015.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS32 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the 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.

## Directors

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

Koh Chiap Khiong  
 Quek Hong Liat  
 Foo Fei Voon

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the 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 corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Koh Chiap Khiong</b>		
<b>Sembcorp Industries Ltd</b>		
- ordinary shares	270,865	345,615*
- conditional award of		
- 80,000 Performance Shares to be delivered after 2014 (Note 1a)	Up to 120,000	-
- 75,000 Performance Shares to be delivered after 2015 (Note 1b)	Up to 112,500	Up to 112,500
- 75,000 Performance Shares to be delivered after 2016 (Note 1c)	Up to 112,500	Up to 112,500
- 105,000 Performance Shares to be delivered after 2017 (Note 1d)	-	Up to 157,500

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Koh Chiap Khiong (cont'd)</b>		
<b>Sembcorp Industries Ltd</b>		
- 52,500 Restricted Shares to be delivered after 2012 (Note 2a)	23,800	–
- 52,500 Restricted Shares to be delivered after 2013 (Note 2b)	52,500	26,250
- 65,000 Restricted Shares to be delivered after 2014 (Note 2c)	Up to 97,500	49,400
- 65,000 Restricted Shares to be delivered after 2015 (Note 2d)	Up to 97,500	Up to 97,500
- 85,000 Restricted Shares to be delivered after 2016 (Note 2e)	–	Up to 127,500
	<u>Principal amount</u>	<u>Principal amount</u>
- Subordinated Perpetual Securities issued on 21 Aug 2013 under the \$2 Billion Multicurrency Debt Issuance Programme (Note 3)	\$250,000	\$250,000
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	21,400	38,300**

\* The 345,615 SCI shares are held in the name of DBS Nominees Pte Ltd

\*\* Of the 38,300 SCM shares, 21,400 shares are held in the name of DBS Nominees Pte Ltd

**Quek Hong Liat**

<b>Sembcorp Industries Ltd</b>		
- ordinary shares	200,229	241,659
- conditional award of		
- 31,500 Restricted Shares to be delivered after 2012 (Note 2a)	14,280	–
- 31,500 Restricted Shares to be delivered after 2013 (Note 2b)	31,500	15,750
- 30,000 Restricted Shares to be delivered after 2014 (Note 2c)	Up to 45,000	22,800
- 30,000 Restricted Shares to be delivered after 2015 (Note 2d)	Up to 45,000	Up to 45,000
- 40,000 Restricted Shares to be delivered after 2016 (Note 2e)	–	Up to 60,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Quek Hong Liat (cont'd)</b>		
	<u>Principal amount</u>	<u>Principal amount</u>
- Subordinated Perpetual Securities issued on 21 Aug 2013 under the \$2 Billion Multicurrency Debt Issuance Programme	\$250,000	\$250,000
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	60,000	60,000
<b>Foo Fei Voon</b>		
<b>Sembcorp Industries Ltd</b>		
- ordinary shares	558,669	659,145
- options to subscribe for ordinary shares each at:		
- \$2.37 between 02/07/2006 to 01/07/2015	61,000	-
- \$2.36 between 22/11/2006 to 21/11/2015	61,000	-
- \$2.52 between 10/06/2007 to 09/06/2016	47,000	47,000
- conditional award of		
- 13,800 Restricted Shares to be delivered after 2012 (Note 2a)	6,256	-
- 13,800 Restricted Shares to be delivered after 2013 (Note 2b)	13,800	6,900
- 14,000 Restricted Shares to be delivered after 2014 (Note 2c)	Up to 21,000	10,640
- 14,000 Restricted Shares to be delivered after 2015 (Note 2d)	Up to 21,000	Up to 21,000
- 18,000 Restricted Shares to be delivered after 2016 (Note 2e)	-	Up to 27,000
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	79,800	79,800

Note 1: The actual number to be delivered will depend on the achievement of set targets over a 3-year performance period as indicated below. Achievement of targets below threshold level will mean no performance shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional performance shares awarded could be delivered.

- (a) Period from 2012 to 2014  
For this period, no SCI shares were released to Mr Koh Chiap Khiong on 27 March 2015.
- (b) Period from 2013 to 2015
- (c) Period from 2014 to 2016
- (d) Period from 2015 to 2017

Note 2: The actual number to be delivered will depend on the achievement of set targets over a 2-year performance period as indicated below. Achievement of targets below threshold level will mean no restricted shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional restricted shares awarded could be delivered.

(a) Period from 2011 to 2012

For this period, 23,800 (final release of the 1/3 of 71,400 shares), 14,280 (final release of the 1/3 of 42,840 shares) and 6,256 (final release of the 1/3 of 18,768 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon, respectively, on 27 March 2015. The 1<sup>st</sup> and 2<sup>nd</sup> release of SCI shares have each been vested under the award to the Directors in 2013 and 2014 respectively.

(b) Period from 2012 to 2013

For this period, 26,250 (2<sup>nd</sup> release of the 1/3 of 78,750 shares), 15,750 (2<sup>nd</sup> release of the 1/3 of 47,250 shares) and 6,900 (2<sup>nd</sup> release of the 1/3 of 20,700 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon respectively, on 27 March 2015 and the remaining shares will be vested in Year 2016. The 1<sup>st</sup> release of SCI shares has been vested on 27 March 2014.

(c) Period from 2013 to 2014

For this period, 24,700 (1/3 of 74,100 shares), 11,400 (1/3 of 34,200 shares) and 5,320 (1/3 of 15,960 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon, respectively, on 27 March 2015 and the remaining shares will be vested in Year 2016/2017.

(d) Period from 2014 to 2015

(e) Period from 2015 to 2016

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**

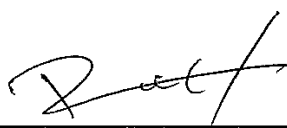
The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



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**Koh Chiap Khiong**  
*Director*



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**Quek Hong Liat**  
*Director*

**Singapore**  
February 17, 2016



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## Independent auditors' report

Member of the Company  
Sembcorp Financial Services Pte Ltd

### Report on the financial statements

We have audited the accompanying financial statements of Sembcorp Financial Services Pte Ltd (the "Company"), which comprise the balance sheet of the Company as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS32.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**KPMG** *UP*  
**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
February 17, 2016

**Balance sheet**  
**As at 31 December 2015**

	Note	2015 \$'000	2014 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	3	—	—
Long term receivables and prepayments	4	1,559,100	1,510,203
Derivatives		48,452	46,619
		<u>1,607,552</u>	<u>1,556,822</u>
<b>Current assets</b>			
Trade and other receivables	5	195,056	338,108
Derivatives		3,259	7,444
Cash and cash equivalents	6	472,100	216,369
		<u>670,415</u>	<u>561,921</u>
<b>Total assets</b>		<u>2,277,967</u>	<u>2,118,743</u>
<b>Equity</b>			
Share capital	9	15,000	15,000
Other reserves	10	95	91
Revenue reserve		16,760	14,536
<b>Total equity</b>		<u>31,855</u>	<u>29,627</u>
<b>Non-current liabilities</b>			
Financial liabilities	11	1,145,626	1,234,519
<b>Current liabilities</b>			
Trade and other payables	12	76,210	121,089
Financial liabilities	11	1,022,145	731,573
Current tax payable		2,131	1,935
		<u>1,100,486</u>	<u>854,597</u>
<b>Total liabilities</b>		<u>2,246,112</u>	<u>2,089,116</u>
<b>Total equity and liabilities</b>		<u>2,277,967</u>	<u>2,118,743</u>

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

**Statement of comprehensive income**  
**Year ended 31 December 2015**

	Note	2015 \$'000	2014 \$'000
Revenue	13	50,777	41,300
Cost of sales		(40,657)	(34,821)
<b>Gross profit</b>		10,120	6,479
Other operating income		108	482
Other operating expenses, net		(7,442)	(5,169)
<b>Profit before tax</b>	14	2,786	1,792
Tax (expense)/credit	15	(562)	36
<b>Profit for the year, representing total comprehensive income for the year</b>		2,224	1,828

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

FS2

**Statement of changes in equity**  
**Year ended 31 December 2015**

	Share capital \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total \$'000
At 1 January 2015	15,000	91	14,536	29,627
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	2,224	2,224
Total comprehensive income for the year	-	-	2,224	2,224
<b>Transactions with owner recognised directly in equity</b>				
<b>Contributions by and distributions to owner of the Company</b>				
Value of employee services received for restricted shares plan issued by immediate holding company	-	109	-	109
Treasury shares of immediate holding company transferred to employees	-	(105)	-	(105)
Total contributions by and distributions to owner of the Company	-	4	-	4
At 31 December 2015	15,000	95	16,760	31,855
At 1 January 2014	15,000	89	12,708	27,797
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	1,828	1,828
Total comprehensive income for the year	-	-	1,828	1,828
<b>Transactions with owner recognised directly in equity</b>				
<b>Contributions by and distributions to owner of the Company</b>				
Value of employee services received for restricted shares plan issued by immediate holding company	-	124	-	124
Treasury shares of immediate holding company transferred to employees	-	(122)	-	(122)
Total contributions by and distributions to owner of the Company	-	2	-	2
At 31 December 2014	15,000	91	14,536	29,627

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

**Statement of cash flow**  
**Year ended 31 December 2015**

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Profit for the year		2,224	1,828
Adjustments for:			
Fair value of restricted shares expensed off		109	124
Amortisation of transactions costs		1,896	1,383
Fair value (gain)/loss on derivative contracts		(2,579)	2,735
Tax expense/(credit)		562	(36)
		2,212	6,034
Changes in working capital:			
Trade and other receivables		93,334	(11,258)
Trade and other payables		(44,984)	37,332
Income tax paid		(366)	(500)
<b>Net cash flows from operating activities</b>		<b>50,196</b>	<b>31,608</b>
<b>Financing activities</b>			
Repayment of borrowings		(251,660)	(249,266)
Proceeds from borrowings		150,000	479,732
<b>Cash flows from financing activities</b>		<b>(101,660)</b>	<b>230,466</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(51,464)	262,074
Cash and cash equivalents at beginning of year		(402,577)	(664,651)
<b>Cash and cash equivalents at end of year</b>	6	<b>(454,041)</b>	<b>(402,577)</b>
<b>Cash and cash equivalents comprise:</b>			
- Cash and bank balances and fixed deposits		472,100	216,369
- Bank overdrafts	11	(926,141)	(618,946)
		<b>(454,041)</b>	<b>(402,577)</b>

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 February 17, 2016.

### **1 Domicile and activities**

Sembcorp Financial Services Pte Ltd (the “Company”) is a company incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04, Singapore 179360.

The principal activities of the Company are those relating to the business of finance and acting as the finance and treasury centre for Sembcorp Industries Ltd and its subsidiaries.

With the adoption of FRS110 on January 1, 2014, the Company has been assessed to be a subsidiary of Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore. As such, the Company’s ultimate holding company is now Temasek Holdings (Private) Limited (2013: Sembcorp Industries Ltd).

The immediate and ultimate holding companies are Sembcorp Industries Ltd and Temasek Holdings (Private) Limited respectively. All 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”).

The financial statements are presented in Singapore dollars which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand (“S\$’000”), unless otherwise stated. The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 estimates are revised and in any future periods affected.



With effect from 1 January 2015, the Company adopted the new or revised FRS that are mandatory for application from that date. The adoption of these new or revised FRS does not have any significant impact on the financial statements.

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

## 2.2 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at foreign exchange rates at the dates of the transactions. At each reporting date:

- Foreign currency monetary assets and liabilities are retranslated to the functional currency using foreign exchange rates at that date.
- Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rates at the date of the transaction.
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at exchange rates at the date the fair value was determined.

Foreign currency differences arising from the settlement or from translation of monetary items are recognised in profit or loss.

Foreign currency differences arising from translation are recognised directly in profit or loss.

## 2.3 Property, plant and equipment

### *Owned Assets*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company and its costs can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised as an expense when incurred.

### *Disposals*

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

### *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised as an expense in profit or loss on a straight-line basis over their estimated useful lives of 3 years. Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

## 2.4 Financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the category of loans and receivables. The classification depends on the purpose for which the financial assets are acquired or held. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date for which they are classified as non-current assets. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Receivables with a short duration are not discounted. Loans and receivables are included in trade and other receivables in the balance sheet.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

### *Impairment*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

### *Reversal of impairment*

An impairment loss in respect of financial assets 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. The decrease in impairment loss is reversed through profit or loss.

## 2.5 Derivatives

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

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are re-measured at fair value and any changes in its fair value are recognised immediately in profit or loss.

## 2.6 Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## 2.7 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account, net of any tax effects.

2.8 Intra-group financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.9 Employee benefits

***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related employment service is provided.

The amount expected to be paid is accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

***Equity and equity-related compensation benefits***

***Restricted Share Plan***

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and the volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The fair value of the compensation cost is measured at grant date and amortised over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the shares. Awards granted have non-market based performance conditions. The compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance period relates.

At the balance sheet date, the Company revises its estimates of the number of performance-based restricted shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

*Cash-related compensation benefits*

*Sembcorp Challenge Bonus*

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the immediate holding company. The Company recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay.

The compensation cost is measured at the fair value of the liability at each balance sheet date and spread over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the bonus. The liability takes into account the probability of achieving the performance conditions in the future.

Until the liability is settled, the Company will re-measure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

2.10 Revenue recognition

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

2.11 Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. 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 taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

## 2.12 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 2.13 New or revised accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Company is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Company.

These new standards include, among others, FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments which are mandatory for adoption by the Company on January 1, 2018.

*FRS 115 Revenue from Contracts with Customers.* It establishes a comprehensive framework for determining whether, how much and costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

*FRS 109 Financial Instruments.* It replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

Management is currently evaluating the impact of the implementation of these standards, in view of the complexities and the potential wide-ranging implications.

## 2.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### 3 Property, plant and equipment

	<b>Office equipment \$'000</b>
<b>Cost</b>	
At 1 January 2014, 31 December 2014 and 31 December 2015	464
<b>Accumulated depreciation</b>	
At 1 January 2014, 31 December 2014 and 31 December 2015	464
<b>Carrying amounts</b>	
At 1 January 2014, 31 December 2014 and 31 December 2015	—

### 4 Long term receivables and prepayments

	<b>Note</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Long-term loans due from:			
- immediate holding company	7	246,000	449,000
- related corporations	8	1,310,847	1,060,182
Loans and receivables		1,556,847	1,509,182
Prepayments		2,253	1,021
		1,559,100	1,510,203

Prepayments relate to upfront fees charged for facilities of S\$1,350 million (2014: S\$500 million) which have not drawn down as at 31 December 2015.



## 5 Trade and other receivables

	Note	2015 \$'000	2014 \$'000
Other receivables		46	14
Amounts due from:			
- immediate holding company	7	2,406	102,134
- related corporations	8	191,680	235,556
Loans and receivables		194,132	337,704
Prepayments		924	404
		<u>195,056</u>	<u>338,108</u>

Prepayments of S\$863,000 (2014: S\$350,000) relate to upfront fees charged for facilities of S\$1,350 million (2014: S\$500 million) which have not drawn down as at 31 December 2015.

## 6 Cash and cash equivalents

	Note	2015 \$'000	2014 \$'000
Cash at bank and in hand		317,468	111,585
Fixed deposits		154,632	104,784
Cash and cash equivalents in the balance sheet		472,100	216,369
Bank overdrafts*	11	(926,141)	(618,946)
Cash and cash equivalents in the cash flow statement		<u>(454,041)</u>	<u>(402,577)</u>

The interest rate per annum of cash and cash equivalents, excluding bank overdrafts of the Company range from 0.25% to 3% (2014: 0.54%). Included in fixed deposits and cash at bank are cash placed with a related corporation of S\$4,624,000 (2014: S\$4,784,000) and S\$4,771,000 (2014: S\$908,000) respectively.

\* The Company runs a cash pooling system via a related corporation for Sembcorp Group of companies as part of its cash management and treasury activities. Sembcorp Group of Companies deposit net surplus cash with the Company via the cash pooling system. At the end of the year, the Company reports these outstanding deposits as bank overdrafts. The cash pooling fund bears interest rates ranging from 0.05% to 1.33% (2014: 0.05% to 0.55%) per annum.

**7 Amounts due from/(to) immediate holding company**

	Note	2015 \$'000	2014 \$'000
Amount due from:			
- long-term loans	4	246,000	449,000
Amount due from:			
- trade		1,406	2,134
- short-term loans		1,000	100,000
	5	2,406	102,134
Amount due to:			
- trade	12	(216)	(148)

The long-term loans due from immediate holding company bear interest ranging from 1.84% to 3.82% (2014: 1.70% to 3.82%) per annum, are unsecured and repayable from 2016 to 2024 (2014: 2016 to 2026).

The short-term loans due from immediate holding company bear interest at 1.84% (2014: 1.50% to 1.55%) per annum, are unsecured and repayable within the next 12 months.

**8 Amounts due from/(to) related corporations**

	Note	2015 \$'000	2014 \$'000
Amount due from:			
- long-term loans	4	1,310,847	1,060,182
Amount due from:			
- trade		7,569	8,499
- short-term loans		184,111	227,057
	5	191,680	235,556
Amount due to:			
- trade		(2,183)	(609)
- short-term loans		(67,087)	(111,786)
	12	(69,270)	(112,395)

The long-term loans due from related corporations bear interest ranging from 0.83% to 5.14% (2014: 0.86% to 5.47%) per annum, are unsecured and are repayable from 2017 to 2026 (2014: 2016 to 2026).

The short-term loans due from related corporations bear interest ranging from 0.75% to 6.42% (2014: 0.86% to 1.56%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to related corporations bear interest ranging from 0.29% to 1.19% (2014: 0.29% to 2.80%) per annum, are unsecured and repayable within the next 12 months.

**9 Share capital**

	<b>2015</b>	<b>2014</b>
	<b>No. of shares</b>	
	<b>'000</b>	<b>'000</b>
<i>Fully paid ordinary shares, with no par value:</i>		
At 1 January and 31 December	15,000	15,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**10 Other reserves**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	
Share-based payments reserve	95	91

Share-based payments reserve of the Company comprises the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance based restricted shares of the immediate holding company. The expense for service received is recognised over the performance period and/or vesting period. The amount in the share-based payments reserve is retained when the option is exercised or expires.

**11 Financial liabilities**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$'000</b>	
<b>Non-current liabilities</b>			
- unsecured term loans		1,097,174	1,187,900
- derivatives		48,452	46,619
		1,145,626	1,234,519
<b>Current liabilities</b>			
- bank overdrafts	6	926,141	618,946
- unsecured term loans		90,908	100,767
- derivatives		5,096	11,860
		1,022,145	731,573
		2,167,771	1,966,092
Total loans and borrowings		2,114,223	1,907,613
Total derivatives		53,548	58,479
Total financial liabilities		2,167,771	1,966,092

***Terms and debt repayment schedule***

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2015		2014	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
S\$ medium term notes	3.7325%	2020	300,000	299,848	300,000	299,816
S\$ medium term notes	4.25%	2025	100,000	100,000	100,000	100,000
S\$ medium term notes	SOR + 0.55%	2017	100,000	99,815	100,000	99,706
S\$ medium term notes	3.64%	2024	200,000	199,813	200,000	199,795
S\$ medium term notes	2.94%	2021	100,000	99,936	100,000	99,926
S\$ medium term notes	3.593%	2026	150,000	149,822	150,000	149,809
S\$ floating rate loans	SOR + 0.5%	2017	106,222	105,978	151,202	150,687
S\$ floating rate loans	SOR + 0.65%	2020	133,852	132,870	190,532	188,928
Bank overdrafts	up to 1.33%	Note 6	926,141	926,141	618,946	618,946
			<u>2,116,215</u>	<u>2,114,223</u>	<u>1,910,680</u>	<u>1,907,613</u>

The Company together with its immediate holding company (the “Issuers”) have established a \$2 billion Multicurrency Multi-Issuer Debt Issuance Programme (the “Programme”). Pursuant to this, the Company, together with other subsidiaries of its immediate holding company (together with the Issuers, the “Issuing Subsidiaries”) may from time to time issue debt under the Programme. The obligations of the Issuing Subsidiaries under the programme will be fully guaranteed by its immediate holding company. At balance sheet date, the Company had issued S\$950 million (2014: S\$950 million) medium term notes.

At balance sheet date, an amount of S\$140 million (2014: S\$140 million) medium term notes was subscribed by a related corporation.

## 12 Trade and other payables

	Note	2015 \$'000	2014 \$'000
Interest payable to:			
- immediate holding company	7	205	8
- related corporations	8	2,183	609
- banks		5,990	8,078
Amounts due to:			
- immediate holding company	7	11	140
- related corporations	8	67,087	111,786
Trade payables		75,476	120,621
Accrued operating expenses and other payables		734	468
		<u>76,210</u>	<u>121,089</u>

## 13 Revenue

	2015 \$'000	2014 \$'000
Interest income		
- immediate holding company	12,742	12,618
- related corporations	35,987	27,462
- banks and financial institutions	2,048	1,220
	<u>50,777</u>	<u>41,300</u>

## 14 Profit before tax

Profit before tax includes the following:

	2015 \$'000	2014 \$'000
Facility fee charged to a related corporation	(108)	(482)
Staff costs	1,181	999
Share-based payment expenses	109	124
Foreign currency contracts:		
- Fair value through profit or loss (gain)/loss	(2,579)	2,735
Exchange loss/(gain)	2,951	(2,827)
Amortisation of transaction costs	1,896	1,383
Interest expense:		
- immediate holding company	1,308	878
- related corporations	7,920	3,691
- banks and financial institutions	31,429	30,252
	<u>31,429</u>	<u>30,252</u>

**15 Tax expense/(credit)**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense/(credit)</b>		
Current year	740	493
Overprovided in prior years	(178)	(529)
	562	(36)
 <i>Reconciliation of effective tax rate</i>		
Profit before tax	2,786	1,792
Tax using the Singapore tax rate of 17% (2014: 17%)	474	305
Non-deductible expenses	292	214
Tax exempt revenue	(26)	(26)
Overprovided in prior years	(178)	(529)
	562	(36)

**16 Significant related party transactions**

*Key management personnel compensation*

Key management personnel of the Company are those persons having the authority and responsibility for the planning, directing and controlling the activities of the Company. The directors are considered as key management personnel of the Company.

The key management personnel compensation is as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Key management remuneration	293	298
Fair value of share-based compensation	78	95
	371	393

For the purpose of the financial statements, parties are considered to be related to the Company if the party has the ability, directly, or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, there are no related party transactions during the year.

## 17 Share-based Incentive Plans

### Restricted Share Plan

The Company participates in its immediate holding company's Restricted Share Plan (SCI RSP 2010). Under the SCI RSP 2010, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. The performance criteria for the restricted shares are calibrated based on Return on Total Assets (excluding Sembcorp Marine Ltd) and Group Profit from Operations (excluding Sembcorp Marine Ltd) for awards granted in 2015.

A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 150% of the conditional restricted shares awarded.

The managerial participants of Sembcorp Industries Ltd and its subsidiaries (SCI Group) will be awarded restricted shares under SCI RSP 2010, while the non-managerial participants of SCI Group will receive their awards in an equivalent cash value. This cash-settled notional restricted shares award for non-managerial participants is known as the Sembcorp Challenge Bonus.

A specific number of restricted shares shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants. Non-managerial participants will receive the equivalent in cash at the end of the two-year performance cycle, with no further vesting conditions.

Senior management participants are required to hold a minimum percentage of the shares released to them under the SCI RSP 2010 to maintain a beneficial ownership stake in SCI Group, for the duration of their employment or tenure with SCI Group. A maximum cap is set based on a multiple of the individual participant's annual base salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

The details of the movement of the restricted shares of SCI awarded during the year are as follows:

	2015	2014
At January 1	63,932	57,423
Conditional restricted shares awarded	27,500	17,000
Conditional restricted shares lapsed	—	—
Additional restricted shares awarded arising from targets met	2,590	8,750
Shares being transferred	—	4,500
Conditional restricted shares released	(23,712)	(23,741)
At December 31	<u>70,310</u>	<u>63,932</u>

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2013 to 2014, a total of 7,030 restricted shares were released in 2015 and the performance period 2012 to 2013, a total of 8,750 restricted shares were released in 2015 (2014: 8,750). For awards in relation to the performance period 2011 to 2012, a total of 7,932 (2014: 7,934) were released in 2015. For awards in relation to the performance period 2010 to 2011, no restricted shares were released in 2015 (2014:7,057). The restricted shares were released via the issuance of treasury shares.

In 2015, an additional 7,030 (2014: 8,750) restricted shares were awarded for the over-achievement of the performance targets for the performance period 2013 to 2014 (2014: performance period 2012 to 2013).

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2015, was 70,310 (2014: 63,932). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 47,500 (2014: 38,500). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 71,250 (2014: 57,750) restricted shares.

#### Sembcorp Challenge Bonus

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2013 to 2014 (2014: performance period 2012 and 2013), no Challenge Bonus was released in 2015 (2014: S\$5,643, equivalent to 1,050 notional restricted shares, were paid). There are also no notional restricted shares (2014: 411 notional shares) of SCI Group's shares were awarded in 2015 for the Sembcorp Challenge Bonus.

The total number of notional restricted shares in awards for the Sembcorp Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released as at end 2015, was 411 (2014: 411). Based on the multiplying factor, the number of notional restricted shares to be converted into the funding pool could range from zero to a maximum of 616 (2014: 616).

#### Fair value of restricted shares

The fair values of the restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.



The fair values of restricted shares granted during the year are as follows:

	<b>Fair value of Sembcorp Industries Ltd restricted shares granted on May 11, 2015</b>	<b>Fair value of Sembcorp Industries Ltd restricted shares granted on May 9, 2014</b>
Fair value at measurement date	S\$3.79	S\$4.91

**Assumptions under the Monte Carlo model**

Share price	S\$4.29	S\$5.40
Expected volatility: Sembcorp Industries Ltd	18.0%	24.0%
Risk-free interest rate	1.06% - 1.41%	0.4% - 0.9%
Expected dividend	4.35%	3.0%

The expected volatility is based on the historical volatility over the most recent period that is close to the expected life of the restricted shares.

During the year, the Company charged S\$109,000 (2014: S\$124,000) to the profit or loss based on the fair value of restricted shares at the grant date being expensed over the vesting period.

Fair value of Sembcorp Challenge Bonus

During the year, the Company charged S\$400 (2014: S\$4,000) to the profit or loss based on the market values of the shares at the balance sheet date. The fair value of the compensation cost is based on the notional number of restricted shares awarded for Sembcorp Challenge Bonus and the market price at the vesting date.

## 18 Financial risk management

### *Overview*

The Company follows the risk management policies and guidelines of its immediate holding company which set out its overall business strategies, its tolerance of risk and its general risk management philosophy.

As part of the Company's Enterprise Risk Management framework, treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Company utilises derivatives to manage exposures to interest rate risk and foreign exchange rate risk. Exposures to foreign currency risks are also hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount where possible. All such transactions must involve underlying assets or liabilities and no speculative transactions are allowed.

**Liquidity risk**

The Company manages its liquidity risk with the view to maintain sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals, loan disbursements and repayment of borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Company to meet its obligations.

The table below analyses the maturity profile of the Company's financial liabilities (including derivative financial liabilities) based on the expected contractual undiscounted cash inflows/ (outflows), including interest payments and excluding the impact of netting arrangements:

	Carrying amount \$'000	Cash Flows			Over 5 years \$'000
		Contractual cash flow \$'000	Less than 1 year \$'000	between 1 and 5 years \$'000	
<b>2015</b>					
<b>Derivatives</b>					
Derivative financial asset	(51,711)				
– inflow		652,279	278,643	373,636	–
– outflow		(606,253)	(272,495)	(333,758)	–
Derivative financial liabilities	53,548				
-- inflow		718,315	384,557	333,758	–
– outflow		(766,178)	(392,542)	(373,636)	--
<b>Non-derivative financial liabilities</b>					
Trade and other payables	76,210	(76,210)	(76,210)	–	–
Financial liabilities	2,114,223	(2,353,529)	(1,052,421)	(672,094)	(629,014)
	<u>2,192,270</u>	<u>(2,431,576)</u>	<u>(1,130,468)</u>	<u>(672,094)</u>	<u>(629,014)</u>

	Carrying amount \$'000	Cash Flows			Over 5 years \$'000
		Contractual cash flow \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	
<b>2014</b>					
<b>Derivatives</b>					
Derivative financial asset	(54,063)				
– inflow		881,360	453,542	427,686	132
– outflow		(823,866)	(440,687)	(383,179)	–
Derivative financial liabilities	58,479				
– inflow		989,519	606,340	383,179	–
– outflow		(1,051,430)	(623,612)	(427,686)	(132)
<b>Non-derivative financial liabilities</b>					
Trade and other payables	121,089	(121,089)	(121,089)	–	–
Financial liabilities	1,907,613	(2,177,714)	(754,429)	(452,406)	(970,879)
	<u>2,033,118</u>	<u>(2,303,220)</u>	<u>(879,935)</u>	<u>(452,406)</u>	<u>(970,879)</u>

### ***Credit risk***

The Company only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Company's counterparty risk, the Company enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating and one of the financial institutions has become a related corporation in 2014.

As the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each financial asset, including derivatives, in the balance sheet.

At balance sheet date, there were no significant concentrations of credit risk, other than approximately 14% (2014: 30%) of total receivables due from immediate holding company. Based on historical experience in the collection of amounts due from immediate holding company, management believes that there is no inherent credit risk.

With respect to financial assets, credit risk arises from potential failure of counterparties to meet their obligation under the contract or arrangement. The Company's maximum credit risk exposure to derivatives is the fair values as disclosed in the "Fair Value" section.

All financial assets as at balance sheet date are not past due.

### ***Market risk***

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates and prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

***Interest rate risk***

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's loan portfolio and debt obligations. The Company primarily adopts natural hedge to manage the interest rate risk arising from its loan portfolio and debt obligations. In addition, the Company also uses interest rate derivatives to manage its interest rate exposure, where applicable.

The Company's variable-rate debt obligations and loan portfolio are exposed to changes in cash flows due to changes in interest rates.

At 31 December 2015, the Company had interest rate swaps with an aggregate notional amount of S\$120,000,000 (2014: S\$171,000,000), which were designated as fair value through profit or loss. The interest rate swaps are entered into on a back-to-back basis. The Company receives a variable interest rate and pays a fixed rate interest ranging from 2.74% to 2.96% (2014: 2.74% to 2.96%) per annum on the notional amount.

Interest rate swaps with notional amounts of S\$26,500,000 (2014: S\$38,000,000) are taken with a related corporation.

***Sensitivity analysis***

It is estimated that 100 basis point (bp) change in interest rate at the reporting date would increase/(decrease) equity and profit before tax by the following amounts. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<b>Profit before tax</b>		<b>Equity</b>	
	<b>100 bp Increase \$'000</b>	<b>100 bp Decrease \$'000</b>	<b>100 bp Increase \$'000</b>	<b>100 bp Decrease \$'000</b>
<b>31 December 2015</b>				
Variable rate instruments	308	(308)	-	-
<hr/>				
<b>31 December 2014</b>				
Variable rate instruments	301	(301)	-	-
<hr/>				

***Foreign currency risk***

At 31 December 2015, the Company had GBP/SGD cross currency interest rate swaps of notional amount of S\$333,758,000 (2014: S\$374,717,000). These are entered into on a back-to-back basis. These derivative contracts will mature on 2018. The Company designates these derivative contracts as fair value through profit or loss.

Cross currency interest rate swaps with notional amount of S\$239,608,000 (2014: S\$280,567,000) are taken with a related corporation.

The Company is exposed to foreign currency risk on lending and borrowings that are denominated in a currency other than Singapore dollars. The Company's exposures to foreign currency are as follows:

	USD \$'000	GBP \$'000	RMB \$'000	Others \$'000
<b>2015</b>				
<b>Financial assets</b>				
Cash and cash equivalents	128,957	4,599	4,724	44
Trade and other receivables	132,186	–	4,410	5,100
Derivatives	–	370,501	–	–
	<u>261,143</u>	<u>375,100</u>	<u>9,134</u>	<u>5,144</u>
<b>Financial liabilities</b>				
Trade and other payables	(40)	(48,697)	–	(32)
Financial liabilities	(142,510)	(370,501)	(4,635)	–
	<u>(142,550)</u>	<u>(419,198)</u>	<u>(4,635)</u>	<u>(32)</u>
Net financial assets	118,593	(44,098)	4,499	5,112
Less: Foreign exchange contracts	(114,405)	44,191	(4,319)	(5,176)
Net currency exposure	<u>4,188</u>	<u>93</u>	<u>180</u>	<u>(64)</u>
<b>2014</b>				
<b>Financial assets</b>				
Cash and cash equivalents	93,781	615	4,879	150
Trade and other receivables	151,234	62,119	4,356	2,634
Derivatives	–	410,895	–	–
	<u>245,015</u>	<u>473,629</u>	<u>9,235</u>	<u>2,784</u>
<b>Financial liabilities</b>				
Trade and other payables	(4)	(46,639)	(4,790)	(136)
Financial liabilities	(61,417)	(410,895)	–	–
	<u>(61,421)</u>	<u>(457,534)</u>	<u>(4,790)</u>	<u>(136)</u>
Net financial assets	183,594	16,095	4,445	2,648
Less: Foreign exchange contracts	(181,737)	(15,470)	(4,264)	(2,760)
Net currency exposure	<u>1,857</u>	<u>625</u>	<u>181</u>	<u>(112)</u>

*Sensitivity analysis*

A 10% strengthening of foreign currencies against Singapore dollar at the reporting date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables (i.e. interest rates) remain constant.

	2015 \$'000	2014 \$'000
Impact to profit before tax arises from the following currencies:		
- USD	419	186
- GBP	9	63
- RMB	18	18
- Others	<u>(6)</u>	<u>(11)</u>

At 31 December, the Company has outstanding foreign exchange contracts, interest rate swaps and cross currency swaps as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Foreign exchange contracts</b>		
Notional amount	273,319	438,045
Fair value receivables	3,259	7,444
Notional amount	386,651	603,216
Fair value payables	<u>(5,096)</u>	<u>(11,860)</u>
<b>Interest rate swaps</b>		
Notional amount	120,000	171,000
Fair value receivables	1,926	4,871
Notional amount	120,000	171,000
Fair value payables	<u>(1,926)</u>	<u>(4,871)</u>
<b>Cross currency swaps</b>		
Notional amount	333,758	374,717
Fair value receivables	46,526	41,748
Notional amount	370,501	410,895
Fair value payables	<u>(46,526)</u>	<u>(41,748)</u>

Outstanding foreign exchange contracts, interest rate swaps and cross currency swaps taken up with a related corporation are as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Foreign exchange contracts</b>		
Notional amount	4,351	18,433
Fair value receivables	43	-
Notional amount	27,660	-
Fair value payables	<u>(277)</u>	<u>(1,253)</u>
<b>Interest rate swaps</b>		
Notional amount	26,500	38,000
Fair value payables	<u>(351)</u>	<u>(966)</u>
<b>Cross currency swaps</b>		
Notional amount	239,608	280,567
Fair value payables	<u>(33,552)</u>	<u>(31,196)</u>

### *Estimation of fair values*

FRS 107 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value.

The three levels of the fair value input hierarchy defined by FRS 107 are as follows:

- Level 1: Fair values are measured based on quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2: Fair values are measured using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3: Fair values are measured using inputs which are not based on observable market data (unobservable input).

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Company.

### *Derivatives*

The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current market price.

The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Company is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

### *Non-derivative non-current financial assets and liabilities*

Fair values determined for non-derivative non-current financial assets and liabilities are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. Where discounted cash flow techniques are used, the management will estimate the future cash flows and use relevant market rate as the discount rate at the balance sheet date. This includes determination for fair value disclosure purpose as well.

For non-current financial assets and liabilities that are not actively traded in the market, the fair value is determined by independent third party or using valuation techniques where applicable. The Company may use a variety of methods and make assumptions that are based on existing market conditions at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for medium term notes for disclosure purposes.

### *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, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

***Fair value hierarchy***

The following table sets forth by level within the fair value hierarchy of the financial assets and liabilities that were accounted for at fair value as of 31 December 2015. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

	<b>Fair value measurement Level 2 \$'000</b>
<b>At 31 December 2015</b>	
Financial assets designated at fair value through profit and loss	51,711
Financial liabilities designated at fair value through profit and loss	(53,548)
<b>At 31 December 2014</b>	
Financial assets designated at fair value through profit and loss	54,063
Financial liabilities designated at fair value through profit and loss	<u>(58,479)</u>

*Financial assets and liabilities not carried at fair value but for which fair values are disclosed\**

	<b>Fair value measurement Level 2 \$'000</b>
<b>At 31 December 2015</b>	
Long-term receivables	1,553,369
Unsecured bank loans	<u>1,185,002</u>
<b>At 31 December 2014</b>	
Long-term receivables	1,531,681
Unsecured bank loans	<u>1,311,530</u>

\* *Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.*



### Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet are as follows:

	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Total carrying value \$'000	Fair value \$'000
<b>2015</b>						
Cash and cash equivalents	6	–	472,100	–	472,100	472,100
Long-term receivables	4	–	1,556,847	–	1,556,847	1,553,369
Trade and other receivables	5	–	194,132	–	194,132	194,132
Derivatives		51,711	–	–	51,711	51,711
		<u>51,711</u>	<u>2,223,079</u>	<u>–</u>	<u>2,274,790</u>	<u>2,271,312</u>
Trade payables	12	–	–	76,210	76,210	76,210
Financial liabilities	11	53,548	–	2,114,223	2,167,771	2,164,691
		<u>53,548</u>	<u>–</u>	<u>2,190,433</u>	<u>2,243,981</u>	<u>2,240,901</u>
<b>2014</b>						
Cash and cash equivalents	6	–	216,369	–	216,369	216,369
Long-term receivables	4	–	1,509,182	–	1,509,182	1,531,681
Trade and other receivables	5	–	337,704	–	337,704	337,704
Derivatives		54,063	–	–	54,063	54,063
		<u>54,063</u>	<u>2,063,255</u>	<u>–</u>	<u>2,117,318</u>	<u>2,139,817</u>
Trade payables	12	–	–	121,089	121,089	121,089
Financial liabilities	11	58,479	–	1,907,613	1,966,092	1,988,955
		<u>58,479</u>	<u>–</u>	<u>2,028,702</u>	<u>2,087,181</u>	<u>2,110,044</u>

### *Working capital management*

The Company manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements reflect management's intention to continue to utilise short-term bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Company. Such working capital requirements are within the credit facilities established and which are adequate and available to the Company to meet their obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Company.

Capital is defined as equity attributable to owners of the Company.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

## **19 Contingent liabilities**

As at the balance sheet date, the Company has the following contingent liabilities:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Guarantees given to banks on behalf of:		
- immediate holding company	<u>1,656</u>	<u>4,600</u>

The Company has provided guarantees to banks to secure banking facilities. These financial guarantee contracts are accounted for as insurance contracts.

The principal risk to which the Company is exposed is credit risk in connection with guarantee contracts it has issued to its immediate holding company, of which management has assessed the credit risks to be minimal in 2015 and 2014.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

Estimates of the Company's obligation arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of balance sheet date, there is no provision made in respect of the obligations.

The financial guarantee contracts will expire within the next 12 months.

## 20 Segment Reporting

The Company has one reportable operating segment relating to the financing and treasury services for Sembcorp Industries and its subsidiaries. Management monitors the Company's business as a whole and reviews the internal management at least on a quarterly basis. The accounting policies of the reportable segments are the same as described in Note 2.

### **Geographical segments**

The Company operates only from its facility in Singapore and the segment assets are all based in Singapore. Its customers are mainly located in Singapore. In presenting segment revenue on the basis of geographical segment, they are based on geographical location of customers.

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
- Singapore	49,744	39,766
- Others	1,033	1,534
	<u>50,777</u>	<u>41,300</u>

### **Major customer**

Revenue from Sembcorp Industries and its subsidiaries represents approximately 96% (2014: 97.00%) of the Company's total revenue.

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**AUDITED FINANCIAL STATEMENTS OF  
SEMBCORP FINANCIAL SERVICES PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

*The information contained in this Appendix has been extracted from the annual report of Sembcorp Financial Services Pte. Ltd. for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.*



**Sembcorp Financial Services Pte Ltd**

**Registration Number: 200302373G**

Annual Report  
Year ended 31 December 2014

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## 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 December 2014.

### Directors

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

Koh Chiap Khiong  
 Quek Hong Liat  
 Foo Fei Voon

### Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the 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 corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Koh Chiap Khiong</b>		
<b>Sembcorp Industries Ltd</b>		
- ordinary shares	267,710*	270,865*
- conditional award of		
- 80,000 Performance Shares to be delivered after 2013 (Note 1a)	Up to 120,000	–
- 80,000 Performance Shares to be delivered after 2014 (Note 1b)	Up to 120,000	Up to 120,000
- 75,000 Performance Shares to be delivered after 2015 (Note 1c)	Up to 112,500	Up to 112,500
- 75,000 Performance Shares to be delivered after 2016 (Note 1d)	–	Up to 112,500
- 31,500 Restricted Shares to be delivered after 2011 (Note 2a)	12,705	–
- 52,500 Restricted Shares to be delivered after 2012 (Note 2b)	47,600	23,800
- 52,500 Restricted Shares to be delivered after 2013 (Note 2c)	Up to 78,750	52,500

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Koh Chiap Khiong (cont'd)</b>		
<b>Sembcorp Industries Ltd (cont'd)</b>		
- 65,000 Restricted Shares to be delivered after 2014 (Note 2d)	Up to 97,500	Up to 97,500
- 65,000 Restricted Shares to be delivered after 2015 (Note 2e)	–	Up to 97,500
	<u>Principal amount</u>	<u>Principal amount</u>
- Subordinated Perpetual Securities issued on 21 Aug 2013 under the \$2 Billion Multicurrency Debt Issuance Programme (Note 3)	\$250,000	\$250,000
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	10,900*	21,400*
<b>Quek Hong Liat</b>		
<b>Sembcorp Industries Ltd</b>		
- ordinary shares	196,494	200,229
- conditional award of		
- 31,500 Restricted Shares to be delivered after 2011 (Note 2a)	12,705	–
- 31,500 Restricted Shares to be delivered after 2012 (Note 2b)	28,560	14,280
- 31,500 Restricted Shares to be delivered after 2013 (Note 2c)	Up to 47,250	31,500
- 30,000 Restricted Shares to be delivered after 2014 (Note 2d)	Up to 45,000	Up to 45,000
- 30,000 Restricted Shares to be delivered after 2015 (Note 2e)	–	Up to 45,000
	<u>Principal amount</u>	<u>Principal amount</u>
- Subordinated Perpetual Securities issued on 21 Aug 2013 under the \$2 Billion Multicurrency Debt Issuance Programme (Note 3)	\$250,000	\$250,000
<b>Sembcorp Financial Services Pte Ltd</b>		
- Fixed Rate Notes Due 2014 issued under the \$2 Billion Multicurrency Debt Issuance Programme (Note 4)	\$250,000	–

\* These shares are held in the name of nominee bank



Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Quek Hong Liat (cont'd)</b>		
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	30,000	60,000
<b>Foo Fei Voon</b>		
<b>Sembcorp Industries Ltd</b>		
- ordinary shares	539,947	558,669
- options to subscribe for ordinary shares each at:		
- \$2.37 between 02/07/2006 to 01/07/2015	61,000	61,000
- \$2.36 between 22/11/2006 to 21/11/2015	61,000	61,000
- \$2.52 between 10/06/2007 to 09/06/2016	47,000	47,000
- conditional award of		
- 13,800 Restricted Shares to be delivered after 2011 (Note 2a)	5,566	-
- 13,800 Restricted Shares to be delivered after 2012 (Note 2b)	12,512	6,256
- 13,800 Restricted Shares to be delivered after 2013 (Note 2c)	Up to 20,700	13,800
- 14,000 Restricted Shares to be delivered after 2014 (Note 2d)	Up to 21,000	Up to 21,000
- 14,000 Restricted Shares to be delivered after 2015 (Note 2e)	-	Up to 21,000
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	79,800	79,800

Note 1: The actual number to be delivered will depend on the achievement of set targets over a 3-year performance period as indicated below. Achievement of targets below threshold level will mean no performance shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional performance shares awarded could be delivered.

- (a) Period from 2011 to 2013  
For this period, 50,400 SCI shares were released to Mr Koh Chiap Khiong on 27 March 2014.
- (b) Period from 2012 to 2014
- (c) Period from 2013 to 2015
- (d) Period from 2014 to 2016

Note 2: The actual number to be delivered will depend on the achievement of set targets over a 2-year performance period as indicated below. Achievement of targets below threshold level will mean no restricted shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional restricted shares awarded could be delivered.

(a) Period from 2010 to 2011

For this period, 12,705 (final release of the 1/3 of 38,115 shares), 12,705 (final release of the 1/3 of 38,115 shares) and 5,566 (final release of the 1/3 of 16,698 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon, respectively, on 27 March 2014. The 1<sup>st</sup> and 2<sup>nd</sup> release of SCI shares have each been vested under the award to the Directors in 2012 and 2013 respectively.

(b) Period from 2011 to 2012

For this period, 23,800 (2<sup>nd</sup> release of the 1/3 of 71,400 shares), 14,280 (2<sup>nd</sup> release of the 1/3 of 42,840 shares) and 6,256 (2<sup>nd</sup> release of the 1/3 of 18,768 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon respectively, on 27 March 2014 and the remaining shares will be vested in Year 2015. The 1<sup>st</sup> release of SCI shares has been vested on 27 March 2013.

(c) Period from 2012 to 2013

For this period, 26,250 (1/3 of 78,750 shares), 15,750 (1/3 of 47,250 shares) and 6,900 (1/3 of 20,700 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon, respectively, on 27 March 2014 and the remaining shares will be vested in Year 2015/2016.

(d) Period from 2013 to 2014

(e) Period from 2014 to 2015

Note 3: Subordinated Perpetual Securities issued on 21 August 2013 under the \$2 Billion Multicurrency Debt Issuance Programme.

Note 4: Fixed Rate Notes and Floating Notes issued under the S\$2 Billion Multicurrency Debt Issuance Programme of Sembcorp Industries Ltd and Sembcorp Financial Services Pte Ltd, a related company of Sembcorp Industries Group.

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 LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



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**Koh Chiap Khiong**  
*Director*



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**Quek Hong Liat**  
*Director*

**Singapore**  
27 February 2015

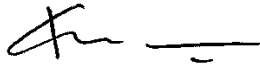
## **Statement by Directors**

In our opinion:

- (a) the financial statements set out on pages FS1 to FS30 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Company for the 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.

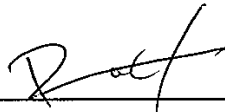
The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



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**Koh Chiap Khiong**  
*Director*



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**Quek Hong Liat**  
*Director*

**Singapore**  
27 February 2015



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Internet www.kpmg.com.sg

## Independent auditors' report

Member of the Company  
Semcorp Financial Services Pte Ltd

### Report on the financial statements

We have audited the accompanying financial statements of Semcorp Financial Services Pte Ltd (the "Company"), which comprise the balance sheet of the Company as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS30.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Company for the year ended on that date.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

*Kan O se*

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
27 February 2015

**Balance sheet**  
**As at 31 December 2014**

	Note	2014 \$'000	2013 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	3	—	—
Long term receivables and prepayments	4	1,510,203	1,107,840
Financial derivatives		46,619	42,917
		1,556,822	1,150,757
<b>Current assets</b>			
Trade and other receivables	5	338,108	731,903
Financial derivatives		7,444	3,388
Cash and cash equivalents	6	216,369	271,672
		561,921	1,006,963
<b>Total assets</b>		2,118,743	2,157,720
<b>Share capital and reserves</b>			
Share capital	9	15,000	15,000
Other reserves	10	91	89
Revenue reserve		14,536	12,708
<b>Total equity</b>		29,627	27,797
<b>Non-current liabilities</b>			
Financial liabilities	11	1,234,519	882,447
<b>Current liabilities</b>			
Trade and other payables	12	121,089	83,635
Financial liabilities	11	731,573	1,161,370
Current tax payable		1,935	2,471
		854,597	1,247,476
<b>Total liabilities</b>		2,089,116	2,129,923
<b>Total equity and liabilities</b>		2,118,743	2,157,720

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

**Statement of comprehensive income**  
**Year ended 31 December 2014**

	<b>Note</b>	<b>2014</b> <b>\$'000</b>	<b>2013</b> <b>\$'000</b>
Revenue	13	45,302	47,501
Cost of sales		(38,823)	(40,653)
<b>Gross profit</b>		6,479	6,848
Other operating income	14	482	1,311
Other operating expenses		(5,169)	(4,173)
<b>Profit before tax</b>	15	1,792	3,986
Tax credit/(expense)	16	36	(785)
<b>Profit for the year, representing total comprehensive income for the year</b>		1,828	3,201

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



**Statement of changes in equity**  
**Year ended 31 December 2014**

	Share capital \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total \$'000
At 1 January 2014	15,000	89	12,708	27,797
<b>Total comprehensive income for the year</b>				
Profit for the year	–	–	1,828	1,828
Total comprehensive income for the year	–	–	1,828	1,828
<b>Transactions with owner recognised directly in equity</b>				
<b>Contributions by and distributions to owner of the Company</b>				
Value of employee services received for restricted shares plan issued by immediate holding company (2013: ultimate holding company)	–	124	–	124
Treasury shares of immediate holding company transferred to employees (2013: ultimate holding company)	–	(122)	–	(122)
Total contributions by and distributions to owner of the Company	–	2	–	2
At 31 December 2014	15,000	91	14,536	29,627
At 1 January 2013	3,000	106	21,507	24,613
<b>Total comprehensive income for the year</b>				
Profit for the year	–	–	3,201	3,201
Total comprehensive income for the year	–	–	3,201	3,201
<b>Transactions with owner recognised directly in equity</b>				
<b>Contributions by and distributions to owner of the Company</b>				
Bonus shares issued (Note 9)	12,000	–	(12,000)	–
Value of employee services received for restricted shares plan issued by immediate holding company (2013: ultimate holding company)	–	93	–	93
Treasury shares of immediate holding company transferred to employees (2013: ultimate holding company)	–	(110)	–	(110)
Total contributions by and distributions to owner of the Company	12,000	(17)	(12,000)	(17)
At 31 December 2013	15,000	89	12,708	27,797

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

**Statement of cash flow**  
**Year ended 31 December 2014**

	Note	2014 \$'000	2013 \$'000
<b>Operating activities</b>			
Profit for the year		1,828	3,201
Adjustments for:			
Fair value of restricted shares expensed off		124	93
Amortisation of transactions costs		1,383	949
Fair value loss on swap derivative contracts		2,735	1,576
Tax (credit)/expense		(36)	785
		<u>6,034</u>	<u>6,604</u>
Changes in working capital:			
Trade and other receivables		(11,258)	(41,570)
Trade and other payables		37,332	(8,704)
Income tax paid		(500)	(1,153)
<b>Cash flows from/(used in) operating activities</b>		<u>31,608</u>	<u>(44,823)</u>
<b>Financing activities</b>			
Repayment of borrowings		(249,266)	–
Proceeds from borrowings		479,732	199,777
<b>Cash flows from financing activities</b>		<u>230,466</u>	<u>199,777</u>
<b>Net increase in cash and cash equivalents</b>		262,074	154,954
Cash and cash equivalents at beginning of year		(664,651)	(819,605)
<b>Cash and cash equivalents at end of year</b>	6	<u>(402,577)</u>	<u>(664,651)</u>
<b>Cash and cash equivalents comprise:</b>			
- Cash and bank balances and fixed deposits		216,369	271,672
- Bank overdrafts	11	(618,946)	(936,323)
		<u>(402,577)</u>	<u>(664,651)</u>

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

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 February 2015.

### **1 Domicile and activities**

Sembcorp Financial Services Pte Ltd (the “Company”) is a company incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04, Singapore 179360.

The principal activities of the Company are those relating to the business of finance and acting as the finance and treasury centre for Sembcorp Industries Ltd and its subsidiaries.

With the adoption of FRS110 on January 1, 2014, the Company has been assessed to be a subsidiary of Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore. As such, the Company’s ultimate holding company is now Temasek Holdings (Private) Limited (2013: Sembcorp Industries Ltd).

The immediate and ultimate holding companies are Sembcorp Industries Ltd and Temasek Holdings (Private) Limited respectively. All 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”).

The financial statements are presented in Singapore dollars which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand (“S\$’000”), unless otherwise stated. The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 estimates are revised and in any future periods affected.

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

With effect from 1 January 2014, the Company adopted the new or revised FRS that are mandatory for application from that date. The adoption of these new or revised FRS does not have any significant impact on the financial statements. As the Company has been assessed to be a subsidiary of Temasek Holdings (Private) Limited in the current financial year, this resulted in additional and restated related parties disclosures being made in Note 6, Note 8, Note 12, Note 13, Note 15 and Note 19.

The table below summarises the restated related parties balances and transactions in 2013 as a result of the above adoption:

<b>31 December 2013</b>	<b>Note</b>	<b>As previously reported S\$'000</b>	<b>As restated S\$'000</b>
<b>Related corporations</b>			
Amount due - trade	8	(3,224)	(3,858)
Interest payable	12	(308)	(942)
Interest income	13	27,872	28,011
Interest expense	15	(4,015)	(5,820)

## 2.2 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at foreign exchange rates at the dates of the transactions. At each reporting date:

- Foreign currency monetary assets and liabilities are retranslated to the functional currency using foreign exchange rates at that date.
- Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rates at the date of the transaction.
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at exchange rates at the date the fair value was determined.

Foreign currency differences arising from the settlement or from translation of monetary items are recognised in profit or loss.

Foreign currency differences arising from non-monetary items are recognised directly in other comprehensive income when non-monetary items' gains or losses are recognised directly in other comprehensive income. Conversely, when non-monetary items' gains or losses are recognised directly in profit or loss, foreign exchange differences arising on retranslation are recognised directly in profit or loss.

## 2.3 Property, plant and equipment

### *Owned Assets*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

#### ***Subsequent Expenditure***

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company and its costs can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

#### ***Depreciation***

Depreciation is calculated using the straight-line method to allocate the cost less its residual value so as to write off items of property, plant and equipment over their estimated useful life of 3 years. The assets' depreciation method, useful lives and residual values are reviewed, if not insignificant, annually, and adjusted as appropriate.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

## **2.4 Financial assets**

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets are acquired or held. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is irrevocable.

#### ***(i) Financial assets at fair value through profit or loss***

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the profit or loss.

*(ii) Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date for which they are classified as non-current assets. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Receivables with a short duration are not discounted. Loans and receivables are included in trade and other receivables in the balance sheet.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

*(iii) Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts are repayable on demand and form an integral part of the cash pooling system of the immediate holding company (2013: ultimate holding company) and related companies. This has been included as a component of cash and cash equivalents for the purpose of the cash flow statement.

***Impairment***

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

### ***Reversal of impairment***

An impairment loss in respect of financial assets 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. The decrease in impairment loss is reversed through profit or loss.

## **2.5 Derivatives**

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risks arising from operational and financing 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 profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are re-measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

## **2.6 Non-derivative financial liabilities**

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## **2.7 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

## 2.8 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account, net of any tax effects.

## 2.9 Intra-group financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

## 2.10 Employee benefits

### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related employment service is provided.

The amount expected to be paid is accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



### ***Equity and equity-related compensation benefits***

#### **Restricted Share Plan**

The fair value of equity-related compensation (shares of immediate holding company, 2013: ultimate holding company) is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and the volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The fair value of the compensation cost is measured at grant date and amortised over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the shares. Awards granted have non-market based performance conditions. The compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance period relates.

At the balance sheet date, the Company revises its estimates of the number of performance-based restricted shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

#### ***Cash-related compensation benefits***

##### **Sembcorp Challenge Bonus**

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the immediate holding company (2013: ultimate holding company). The Company recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay.

The compensation cost is measured at the fair value of the liability at each balance sheet date and spread over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the bonus. The liability takes into account the probability of achieving the performance conditions in the future.

Until the liability is settled, the Company will re-measure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

#### **2.11 Revenue recognition**

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

#### **2.12 Tax expense**

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, joint ventures and associates to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. 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 taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

## 2.13 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting period beginning on or after 1 January 2015 or later periods and which the Company has not early adopted:

### Applicable for the Company's 2015 financial statements

Improvements to FRSs (January 2014):

FRS 24 *Related Party Disclosures*

– Definition of related party

FRS 102 *Share-based Payment*

– Definition of vesting condition

Improvements to FRSs (February 2014):  
 FRS 113 *Fair Value Measurements* – Scope of portfolio exception

The management anticipates that the adoption of the above amendment to FRSs in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

Applicable for the Company's 2017 financial statements

FRS 115 *Revenue from Contracts with Customers*. The core principle is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. This will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Applicable for the Company's 2018 financial statements

FRS 109 *Financial Instruments* ("FRS 109") sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This Standard replaces FRS 39 *Financial Instruments: Recognition and Measurement*.

FRS 115 and FRS 109 were issued by the Accounting Standards Council on 19 November 2014 and 11 December 2014 respectively. Management is currently evaluating the impact of the implementation of these standards, in view of the complexities of these standards and the potential wide-ranging implications.

### 3 Property, plant and equipment

	<b>Office equipment \$'000</b>
<b>Cost</b>	
At 1 January and 31 December 2013	464
At 1 January and 31 December 2014	464
<b>Accumulated depreciation</b>	
At 1 January 2013	464
Depreciation for the year	–
At 31 December 2013	464
At 1 January 2014	464
Depreciation for the year	–
At 31 December 2014	464
<b>Carrying amounts</b>	
At 1 January 2013 and 31 December 2013	–
At 31 December 2014	–

#### 4 Long term receivables and prepayments

	Note	2014 \$'000	2013 \$'000
Long-term loans due from:			
- immediate holding company (2013: ultimate holding company)	7	449,000	240,700
- related corporations	8	1,060,182	864,175
Loans and receivables		<u>1,509,182</u>	<u>1,104,875</u>
Prepayments		1,021	2,965
		<u>1,510,203</u>	<u>1,107,840</u>

Prepayments relate to upfront fees charged for S\$500 million (2013: S\$780 million) of facility agreement which is not drawn as at 31 December 2014.

#### 5 Trade and other receivables

	Note	2014 \$'000	2013 \$'000
Other receivables		14	71
Amounts due from:			
- immediate holding company (2013: ultimate holding company)	7	102,134	202,956
- related corporations	8	235,556	527,724
Loans and receivables		<u>337,704</u>	<u>730,751</u>
Prepayments		404	1,152
		<u>338,108</u>	<u>731,903</u>

Prepayments of S\$350,000 (2013: S\$1,097,000) relate to upfront fees charged for S\$500 million (2013: S\$780 million) of facility agreement which is not drawn as at 31 December 2014.

#### 6 Cash and cash equivalents

	Note	2014 \$'000	2013 \$'000
Cash at bank and in hand		111,585	266,398
Fixed deposits		104,784	5,274
Cash and cash equivalents		<u>216,369</u>	<u>271,672</u>
Bank overdrafts*	11	(618,946)	(936,323)
Cash and cash equivalents in the cash flow statement		<u>(402,577)</u>	<u>(664,651)</u>

The weighted average effective interest rate per annum of cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Company is 0.54% (2013: 0.44%). Included in fixed deposits and cash at bank are cash placed with a related corporation of S\$4,784,000 (2013: S\$5,274,000) and S\$908,000 (2013: S\$7,800,000) respectively.

\* The Company runs a cash pooling system via a related corporation for Sembcorp Group of companies as part of its cash management and treasury activities. Sembcorp Group of Companies deposit net surplus cash with the Company via the cash pooling system. At the end of the year, the Company reports these outstanding deposits as bank overdrafts. The cash pooling fund bears interest rates ranging from 0.05% to 0.55% (2013: 0.45% to 0.55%) per annum.

## 7 Amounts due from/(to) immediate holding company

	Note	2014 \$'000	2013 \$'000
Amount due from:			
- long-term loans	4	449,000	240,700
Amount due from:			
- trade		2,134	2,956
- short-term loans		100,000	200,000
	5	<u>102,134</u>	<u>202,956</u>
Amount due to:			
- trade	12	<u>(148)</u>	<u>(5,633)</u>

The long-term loans due from immediate holding company (2013: ultimate holding company) bear interest ranging from 1.70% to 3.82% (2013: 0.65% to 3.82%) per annum, are unsecured and are repayable from 2016 to 2026 (2013: 2015 to 2020).

The short-term loans due from immediate holding company (2013: ultimate holding company) bear interest ranging from 1.50% to 1.55% (2013: 5.18%) per annum, is unsecured and repayable within the next 12 months.

## 8 Amounts due from/(to) related corporations

	Note	2014 \$'000	2013 \$'000
Amount due from:			
- long-term loans	4	1,060,182	864,175
Amount due from:			
- trade		8,499	7,403
- short-term loans		227,057	520,321
	5	<u>235,556</u>	<u>527,724</u>
Amount due to:			
- trade		(609)	(3,858)
- short-term loans		(111,786)	(64,710)
	12	<u>(112,395)</u>	<u>(68,568)</u>

The long-term loans due from related corporations bear interest ranging from 0.86% to 5.47% (2013: 0.81% to 4.33%) per annum, are unsecured and are repayable from 2016 to 2026 (2013: 2017 to 2025).

The short-term loans due from related corporations bear interest ranging from 0.86% to 1.56% (2013: 0.60% to 1.29%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to related corporations bear interest ranging from 0.29% to 2.80% (2013: 0.22% to 2.35%) per annum, are unsecured and repayable within the next 12 months.

## 9 Share capital

	2014	2013
	No. of shares	
	'000	'000
<i>Fully paid ordinary shares, with no par value:</i>		
At 1 January	15,000	3,000
Bonus shares issued	–	12,000
At 31 December	15,000	15,000

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.

In 2013, the company has issued bonus shares of 12,000,000 ordinary shares to its shareholder.

## 10 Other reserves

	2014	2013
	\$'000	\$'000
Share-based payments reserve	91	89

Share-based payments reserve of the Company comprises the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance based restricted shares of the immediate holding company (2013: ultimate holding company). The expense for service received is recognised over the performance period and/or vesting period. The amount in the share-based payments reserve is retained when the option is exercised or expires.

## 11 Financial liabilities

	Note	2014	2013
		\$'000	\$'000
<b>Non-current liabilities</b>			
- unsecured bank loans		1,187,900	839,530
- financial derivatives		46,619	42,917
		1,234,519	882,447

	Note	2014 \$'000	2013 \$'000
<b>Current liabilities</b>			
- bank overdrafts	6	618,946	936,323
- unsecured bank loans		100,767	219,978
- financial derivatives		11,860	5,069
		731,573	1,161,370
		1,966,092	2,043,817
Total loans and borrowings		1,907,613	1,995,831
Total derivatives		58,479	47,986
Total financial liabilities		1,966,092	2,043,817

***Terms and debt repayment schedule***

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2014		2013	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
S\$ medium term notes	5%	2014	–	–	200,000	199,928
S\$ medium term notes	3.7325%	2020	300,000	299,816	300,000	299,785
S\$ medium term notes	4.25%	2025	100,000	100,000	100,000	100,000
S\$ medium term notes	SOR + 0.55%	2017	100,000	99,706	100,000	99,598
S\$ medium term notes	3.64%	2024	200,000	199,795	200,000	199,777
\$ medium term notes	2.94%	2021	100,000	99,926	–	–
S\$ medium term notes	3.593%	2026	150,000	149,809	–	–
S\$ floating rate loans	SOR + 0.5%	2017	151,202	150,687	161,000	160,420
S\$ floating rate loans	SOR + 0.65%	2020	190,532	188,928	–	–
Bank overdrafts	up to 0.55%	Note 6	618,946	618,946	936,323	936,323
			1,910,680	1,907,613	1,997,323	1,995,831

The Company together with its immediate holding company (2013: ultimate holding company) (the “Issuers”) have established a \$2 billion Multicurrency Multi-Issuer Debt Issuance Programme (the “Programme”).

Pursuant to this, the Company, together with other subsidiaries of its immediate holding company (2013: ultimate holding company)(together with the Issuers, the “Issuing Subsidiaries”) may from time to time issue debt under the Programme. The obligations of the Issuing Subsidiaries under the programme will be fully guaranteed by its immediate holding company (2013: ultimate holding company). During the year, the Company had issued S\$250 million medium term notes bearing a fixed interest of 2.94% and 3.593% per annum, payable semi-annually in arrear, with maturity dates of 26 Nov 2021 and 26 Nov 2026. At balance sheet date, the Company had issued S\$950 million (2013: S\$900 million) medium term notes.

As at 31 December 2014, an amount of S\$140,000,000 (2013: S\$70,000,000) medium term notes was subscribed by a related corporation.

## 12 Trade and other payables

	Note	2014 \$'000	2013 \$'000
Interest payable to:			
- immediate holding company (2013: ultimate holding company)	7	8	195
- related corporations	8	609	942
- banks		8,078	8,967
Amounts due to:			
- immediate holding company (2013: ultimate holding company)	7	140	5,438
- related corporations	8	111,786	67,626
Trade payables		120,621	83,168
Accrued operating expenses and other payables		468	467
		<u>121,089</u>	<u>83,635</u>

## 13 Revenue

	2014 \$'000	2013 \$'000
Interest income		
- immediate holding company (2013: ultimate holding company)	12,618	18,194
- related corporations	31,464	28,011
- banks and financial institutions	1,220	1,296
	<u>45,302</u>	<u>47,501</u>

## 14 Other operating income

	2014 \$'000	2013 \$'000
Facility fee charged to a related corporation	<u>482</u>	<u>1,311</u>



**15 Profit before tax**

Profit before tax includes the following:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Staff costs	999	871
Share-based payment expenses	128	98
Foreign currency contracts:		
- Fair value through profit or loss	2,735	1,576
Exchange gain	(2,827)	(1,824)
Amortisation of transaction costs	1,383	949
Interest expense:		
- immediate holding company (2013: ultimate holding company)	878	2,167
- related corporations	3,691	5,820
- banks and financial institutions	34,254	32,666
	34,254	32,666

**16 Tax credit/(expense)**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense</b>		
Current year	493	785
Overprovided in prior years	(529)	-
	(36)	785

*Reconciliation of effective tax rate*

Profit before tax	1,792	3,986
Tax using the Singapore tax rate of 17% (2013: 17%)	305	678
Non-deductible expenses	214	163
Tax exempt revenue	(26)	(56)
Overprovided in prior years	(529)	-
	(36)	785

## 17 Significant related party transactions

### *Key management personnel compensation*

Key management personnel of the Company are those persons having the authority and responsibility for the planning, directing and controlling the activities of the Company. The directors are considered as key management personnel of the Company.

The key management personnel compensation is as follows:

	2014	2013
	\$'000	\$'000
Key management remuneration	298	291
Fair value of share-based compensation	95	77
	393	368

For the purpose of the financial statements, parties are considered to be related to the Company if the party has the ability, directly, or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, there are no related party transactions during the year.

## 18 Share-based Incentive Plans

### **Restricted Share Plan**

The Company participates in its immediate holding company's (2013: ultimate holding company's) Restricted Share Plan (SCI RSP 2010). Under the SCI RSP 2010, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. The performance criteria for the restricted shares are calibrated based on Return on Total Assets (excluding Sembcorp Marine Ltd) and Group Profit from Operations (excluding Sembcorp Marine Ltd) for awards granted in 2014.

A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 150% of the conditional restricted shares awarded.

The managerial participants of Sembcorp Industries Ltd and its subsidiaries (SCI Group) will be awarded restricted shares under SCI RSP 2010, while the non-managerial participants of SCI Group will receive their awards in an equivalent cash value. This cash-settled notional restricted shares award for non-managerial participants is known as the Sembcorp Challenge Bonus.

A specific number of restricted shares shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants. Non-managerial participants will receive the equivalent in cash at the end of the two-year performance cycle, with no further vesting conditions.

Senior management participants are required to hold a minimum percentage of the shares released to them under the SCI RSP 2010 to maintain a beneficial ownership stake in SCI Group, for the duration of their employment or tenure with SCI Group. A maximum cap is set based on a multiple of the individual participant's annual base salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

The details of the movement of the restricted shares of SCI awarded during the year are as follows:

	<b>2014</b>	<b>2013</b>
At January 1	57,423	58,236
Conditional restricted shares awarded	17,000	18,500
Conditional restricted shares lapsed	–	(4,932)
Additional restricted shares awarded arising from targets met	8,750	6,948
Shares being transferred	4,500	–
Conditional restricted shares released	(23,741)	(21,329)
At December 31	63,932	57,423

With the Executive Resource & Compensation Committee's (the "Committee") approval on the achievement factor for the achievement of the performance targets for the performance period 2012 to 2013, a total of 8,750 restricted shares were released in 2014 and the performance period 2011 to 2012, a total of 7,934 restricted shares were released in 2014 (2013: 8,750). For awards in relation to the performance period 2010 to 2011, a total of 7,057 (2013: 7,059) were released in 2014. For awards in relation to the performance period 2009 to 2010, a total of nil (2013: 5,520) restricted shares were released in 2014. The restricted shares were released via the issuance of treasury shares.

In 2014, an additional 8,750 (2013: 6,948) restricted shares were awarded for the over-achievement of the performance targets for the performance period 2012 to 2013 (2013: performance period 2011 to 2012).

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2014, was 63,932 (2013: 57,423). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 38,500 (2013: 34,500). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 57,750 (2013: 51,750) restricted shares.

#### Sembcorp Challenge Bonus

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2013 (2013: performance period 2011 to 2012), a total of S\$5,643, equivalent to 1,050 (2013: S\$6,530, equivalent to 1,088) notional restricted shares, were paid. A total of 411 (2013: nil) notional restricted shares of SCI Group's shares were awarded in 2014 for the Sembcorp Challenge Bonus.

The total number of notional restricted shares in awards for the Sembcorp Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released as at end 2014, was 411 (2013: 432). Based on the multiplying factor, the number of notional restricted shares to be converted into the funding pool could range from zero to a maximum of 616 (2013: 648).

Fair value of restricted shares

The fair values of the restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.

The fair values of restricted shares granted during the year are as follows:

	<b>Fair value of Sembcorp Industries Ltd restricted shares granted on May 9, 2014</b>	<b>Fair value of Sembcorp Industries Ltd restricted shares granted on May 9, 2013</b>
Fair value at measurement date	S\$4.91	S\$4.58

**Assumptions under the Monte Carlo model**

Share price	S\$5.40	S\$4.95
Expected volatility:		
Sembcorp Industries Ltd	24.0%	26.3%
Risk-free interest rate	0.4% – 0.9%	0.2% – 0.4%
Expected dividend	3.0%	2.9%

The expected volatility is based on the historical volatility over the most recent period that is close to the expected life of the restricted shares.

During the year, the Company charged S\$124,000 (2013: S\$93,000) to the profit or loss based on the fair value of restricted shares at the grant date being expensed over the vesting period.

Fair value of Sembcorp Challenge Bonus

During the year, the Company charged S\$4,000 (2013: S\$5,000) to the profit or loss based on the market values of the shares at the balance sheet date. The fair value of the compensation cost is based on the notional number of restricted shares awarded for Sembcorp Challenge Bonus and the market price at the vesting date.

## 19 Financial risk management

*Overview*

The Company follows the risk management policies and guidelines of its immediate holding company (2013: ultimate holding company) which set out its overall business strategies, its tolerance of risk and its general risk management philosophy.

As part of the Company's Enterprise Risk Management framework, treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Company utilises derivative financial instruments to manage exposures to interest rate risk and foreign exchange rate risk. Exposures to foreign currency risks are also hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount where possible. All such transactions must involve underlying assets or liabilities and no speculative transactions are allowed.

**Liquidity risk**

The Company manages its liquidity risk with the view to maintain sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals, loan disbursements and repayment of borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Company to meet its obligations.

The table below analyses the maturity profile of the Company's financial liabilities (including derivative financial liabilities) based on the expected contractual undiscounted cash inflows/ (outflows), including interest payments and excluding the impact of netting arrangements:

	Carrying amount \$'000	Cash Flows			More than 5 years \$'000
		Contractual cash flow \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	
<b>2014</b>					
<b>Derivatives</b>					
Derivative financial asset	(54,063)				
– inflow		881,360	453,542	427,686	132
– outflow		(823,866)	(440,687)	(383,179)	–
Derivative financial liabilities	58,479				
– inflow		989,519	606,340	383,179	–
– outflow		(1,051,430)	(623,612)	(427,686)	(132)
<b>Non-derivative financial liabilities</b>					
Trade and other payables	121,089	(121,089)	(121,089)	–	–
Financial liabilities	1,907,613	(2,177,714)	(754,429)	(452,406)	(970,879)
	2,033,118	(2,303,220)	(879,935)	(452,406)	(970,879)
<b>2013</b>					
<b>Derivatives</b>					
Derivative financial asset	(46,305)				
– inflow		669,210	235,582	433,154	474
– outflow		(613,016)	(226,090)	(386,926)	–
Derivative financial liabilities	47,986				
– inflow		725,874	338,948	386,926	–
– outflow		(783,748)	(350,120)	(433,154)	(474)
<b>Non-derivative financial liabilities</b>					
Trade and other payables	83,635	(83,635)	(83,635)	–	–
Financial liabilities	1,995,831	(2,205,179)	(1,184,155)	(339,108)	(681,916)
	2,081,147	(2,290,494)	(1,269,470)	(339,108)	(681,916)

***Credit risk***

The Company only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Company's counterparty risk, the Company enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating and one of the financial institutions has become a related corporation in 2014.

As the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

At balance sheet date, there were no significant concentrations of credit risk, other than approximately 30% (2013: 24%) of total receivables due from immediate holding company (2013: ultimate holding company). Based on historical experience in the collection of amounts due from immediate holding company (2013: ultimate holding company), management believes that there is no inherent credit risk.

With respect to financial assets, credit risk arises from potential failure of counterparties to meet their obligation under the contract or arrangement. The Company's maximum credit risk exposure to derivative financial instruments is the fair values as disclosed in the "Fair Value" section.

All financial assets as at balance sheet date are not past due.

***Market risk***

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates and prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

***Interest rate risk***

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's loan portfolio and debt obligations. The Company primarily adopts natural hedge to manage the interest rate risk arising from its loan portfolio and debt obligations. In addition, the Company also uses interest rate derivative instruments to manage its interest rate exposure, where applicable.

The Company's fixed-rate debt securities and loan obligations are exposed to changes in fair value due to changes in interest rates, whereas the Company's variable-rate debt obligations and loan portfolio are exposed to changes in cash flows due to changes in interest rates.

At 31 December 2014, the Company had interest rate swaps with an aggregate notional amount of S\$171,000,000 (2013: S\$221,000,000), which were designated as fair value through profit or loss. The interest rate swaps are entered into on a back-to-back basis. The Company receives a variable interest rate and pays a fixed rate interest ranging from 2.74% to 2.96% (2013: 2.74% to 2.96%) per annum on the notional amount.

Interest rate swaps with notional amounts of S\$38,000,000 (2013: S\$49,000,000) are taken with a related corporation.

*Sensitivity analysis*

It is estimated that 100 basis point (bp) change in interest rate at the reporting date would increase/(decrease) equity and profit before tax by the following amounts. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax		Equity	
	100 bp Increase \$'000	100 bp Decrease \$'000	100 bp Increase \$'000	100 bp Decrease \$'000
<b>31 December 2014</b>				
Variable rate instruments	301	(301)	-	-
<b>31 December 2013</b>				
Variable rate instruments	1,489	(1,489)	-	-

*Foreign currency risk*

At 31 December 2014, the Company had GBP/SGD cross currency interest rate swaps of notional amount of S\$374,717,000 (2013: S\$374,717,000). These are entered into on a back-to-back basis. These derivative contracts will mature on 2018. The Company designates these derivative contracts as fair value through profit or loss.

Cross currency interest rate swaps with notional amount of S\$280,567,000 (2013: S\$280,567,000) are taken with a related corporation.

The Company is exposed to foreign currency risk on lending and borrowings that are denominated in a currency other than Singapore dollars. The Company's exposures to foreign currency are as follows:

	USD \$'000	EUR \$'000	AUD \$'000	GBP \$'000	RMB \$'000	Others \$'000
<b>2014</b>						
<b>Financial assets</b>						
Cash and cash equivalents	93,781	137	13	615	4,879	-
Trade and other receivables	151,234	-	-	62,119	4,356	2,634
Financial derivatives	-	-	-	410,895	-	-
	<u>245,015</u>	<u>137</u>	<u>13</u>	<u>473,629</u>	<u>9,235</u>	<u>2,634</u>
<b>Financial liabilities</b>						
Trade and other payables	(4)	(136)	-	(46,639)	(4,790)	-
Financial liabilities	(61,417)	-	-	(410,895)	-	-
	<u>(61,421)</u>	<u>(136)</u>	<u>-</u>	<u>(457,534)</u>	<u>(4,790)</u>	<u>-</u>
Net financial assets	183,594	1	13	16,095	4,445	2,634
Less: Foreign exchange contracts	(181,737)	-	-	(15,470)	(4,264)	(2,760)
Net currency exposure	<u>1,857</u>	<u>1</u>	<u>13</u>	<u>625</u>	<u>181</u>	<u>(126)</u>

	USD S'000	EUR S'000	AUD S'000	GBP S'000	RMB S'000	Others S'000
<b>2013</b>						
<b>Financial assets</b>						
Cash and cash equivalents	58,808	5,440	2,408	803	4,389	-
Trade and other receivables	145,459	-	-	73,200	-	-
Financial derivatives	-	-	-	408,627	-	-
	<u>204,267</u>	<u>5,440</u>	<u>2,408</u>	<u>482,630</u>	<u>4,389</u>	<u>-</u>
<b>Financial liabilities</b>						
Trade and other payables	(69)	(5,438)	(2,401)	-	(4,389)	-
Financial liabilities	(105,729)	-	-	(408,627)	-	-
	<u>(105,798)</u>	<u>(5,438)</u>	<u>(2,401)</u>	<u>(408,627)</u>	<u>(4,389)</u>	<u>-</u>
Net financial assets	98,469	2	7	74,003	-	-
Less: Foreign exchange contracts	(97,351)	-	-	(71,650)	-	-
Net currency exposure	<u>1,118</u>	<u>2</u>	<u>7</u>	<u>2,353</u>	<u>-</u>	<u>-</u>

*Sensitivity analysis*

A 10% strengthening of foreign currencies against Singapore dollar at the reporting date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables (i.e. interest rates) remain constant.

	2014 S'000	2013 S'000
Impact to profit before tax arises from the following currencies:		
- USD	186	112
- GBP	63	235
- RMB	18	-
- Others	<u>(13)</u>	<u>-</u>

At 31 December, the Company has outstanding foreign exchange contracts, interest rate swaps and cross currency swaps as follows:

	2014 S'000	2013 S'000
<b>Foreign exchange contracts</b>		
Notional amount	438,045	223,000
Fair value receivables	7,444	3,388
Notional amount	603,216	361,000
Fair value payables	<u>(11,860)</u>	<u>(5,069)</u>
<b>Interest rate swaps</b>		
Notional amount	171,000	221,000
Fair value receivables	4,871	8,873
Notional amount	171,000	221,000
Fair value payables	<u>(4,871)</u>	<u>(8,873)</u>
<b>Cross currency swaps</b>		
Notional amount	374,717	374,717
Fair value receivables	41,748	34,044
Notional amount	374,717	374,717
Fair value payables	<u>(41,748)</u>	<u>(34,044)</u>



Outstanding foreign exchange contracts, interest rate swaps and cross currency swaps taken up with a related corporation are as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Foreign exchange contracts</b>		
Notional amount	18,433	47,634
Fair value receivables	–	318
Fair value payables	(1,253)	(116)
<b>Interest rate swaps</b>		
Notional amount	38,000	49,000
Fair value payables	(966)	(1,883)
<b>Cross currency swaps</b>		
Notional amount	280,567	280,567
Fair value payables	(31,196)	(25,280)

*Estimation of fair values*

FRS 107 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value.

The three levels of the fair value input hierarchy defined by FRS 107 are as follows:

- Level 1: Fair values are measured based on quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2: Fair values are measured using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3: Fair values are measured using inputs which are not based on observable market data (unobservable input).

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Company.

*Derivatives*

The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current market price.

The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Company is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

*Non-derivative non-current financial assets and liabilities*

Fair values determined for non-derivative non-current financial assets and liabilities are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. Where discounted cash flow techniques are used, the management will estimate the future cash flows and use relevant market rate as the discount rate at the balance sheet date. This includes determination for fair value disclosure purpose as well.

For non-current financial assets and liabilities that are not actively traded in the market, the fair value is determined by independent third party or using valuation techniques where applicable. The Company may use a variety of methods and make assumptions that are based on existing market conditions at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for medium term notes for disclosure purposes.

*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, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

*Fair value hierarchy*

The following table sets forth by level within the fair value hierarchy of the financial assets and liabilities that were accounted for at fair value as of 31 December 2014. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

	<b>Fair value measurement Level 2 \$'000</b>
<b>At 31 December 2014</b>	
Financial assets designated at fair value through profit and loss	54,063
Financial liabilities designated at fair value through profit and loss	(58,479)
<b>At 31 December 2013</b>	
Financial assets designated at fair value through profit and loss	46,305
Financial liabilities designated at fair value through profit and loss	<u>(47,986)</u>

*Financial assets and liabilities not carried at fair value but for which fair values are disclosed\**

	<b>Fair value measurement Level 2 \$'000</b>
<b>At 31 December 2014</b>	
Long-term receivables	1,531,681
Unsecured bank loans	1,311,530
<b>At 31 December 2013</b>	
Long-term receivables	1,104,875
Unsecured bank loans	1,072,676

\* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

**Fair value versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet are as follows:

		Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities within the scope of FRS39 \$'000	Total carrying value \$'000	Fair value \$'000
<b>2014</b>						
Cash and cash equivalents	6	--	216,369	--	216,369	216,369
Long-term receivables	4	--	1,509,182	--	1,509,182	1,531,681
Trade and other receivables	5	--	337,704	--	337,704	337,704
Financial derivatives		54,063	--	--	54,063	54,063
		54,063	2,063,255	--	2,117,318	2,139,817
Trade payables	12	--	--	121,089	121,089	121,089
Financial liabilities	11	58,479	--	1,907,613	1,966,092	1,988,955
		58,479	--	2,028,702	2,087,181	2,110,044
<b>2013</b>						
Cash and cash equivalents	6	--	271,672	--	271,672	271,672
Long-term receivables	4	--	1,104,875	--	1,104,875	1,104,875
Trade and other receivables	5	--	730,751	--	730,751	730,751
Financial derivatives		46,305	--	--	46,305	46,305
		46,305	2,107,298	--	2,153,603	2,153,603
Trade payables	12	--	--	83,635	83,635	83,635
Financial liabilities	11	47,986	--	1,995,831	2,043,817	2,056,985
		47,986	--	2,079,466	2,127,452	2,140,620

***Working capital management***

The Company manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements reflect management's intention to continue to utilise short-term bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Company. Such working capital requirements are within the credit facilities established and which are adequate and available to the Company to meet their obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Company.

Capital is defined as equity attributable to owners of the Company.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

**20      **Contingent liabilities****

As at the balance sheet date, the Company has the following contingent liabilities:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Guarantees given to banks on behalf of:		
- immediate holding company		
(2013: ultimate holding company)	4,600	6,668
- related corporation	—	83
	4,600	6,751
	4,600	6,751

The Company has provided guarantees to banks to secure banking facilities as well as for the provision of security deposit guarantees and performance bonds on behalf of the immediate holding company (2013: ultimate holding company) and a related company. These financial guarantee contracts are accounted for as insurance contracts.

The principal risk to which the Company is exposed is credit risk in connection with guarantee contracts it has issued to its immediate holding company and a related corporation, of which management has assessed the credit risks to be minimal in 2014 and 2013.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

Estimates of the Company's obligation arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of balance sheet date, there is no provision made in respect of the obligations.

The financial guarantee contracts will expire within the next 12 months.

**AUDITED FINANCIAL STATEMENTS OF  
SEMBCORP FINANCIAL SERVICES PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

*The information contained in this Appendix has been extracted from the annual report of Sembcorp Financial Services Pte. Ltd. for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum.*



**Sembcorp Financial Services Pte Ltd**  
**Registration Number: 200302373G**

Annual Report  
Year ended 31 December 2013

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## 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 December 2013.

### Directors

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

Koh Chiap Khiong  
 Quek Hong Liat  
 Foo Fei Voon

### Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the 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 corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Koh Chiap Khiong</b>		
<b>Sembcorp Industries Ltd</b>		
- ordinary shares	152,105	267,710
- conditional award of		
- 50,000 Performance Shares to be delivered after 2012 (Note 1a)	Up to 75,000	-
- 80,000 Performance Shares to be delivered after 2013 (Note 1b)	Up to 120,000	Up to 120,000
- 80,000 Performance Shares to be delivered after 2014 (Note 1c)	Up to 120,000	Up to 120,000
- 75,000 Performance Shares to be delivered after 2015 (Note 1d)	-	Up to 112,500
- 31,500 Restricted Shares to be delivered after 2010 (Note 2a)	12,600	-
- 31,500 Restricted Shares to be delivered after 2011 (Note 2b)	25,410	12,705
- 52,500 Restricted Shares to be delivered after 2012 (Note 2c)	Up to 78,750	47,600
- 52,500 Restricted Shares to be delivered after 2013 (Note 2d)	Up to 78,750	Up to 78,750

Name of director and corporation in which interests are held	<b>Holdings at beginning of the year</b>	<b>Holdings at end of the year</b>
<b>Koh Chiap Khiong (cont'd)</b>		
- 65,000 Restricted Shares to be delivered after 2014 (Note 2e)	–	Up to 97,500
	<u>Principal amount</u>	<u>Principal amount</u>
- Subordinated Perpetual Security issued on 21 Aug 2013 under the \$2 Billion Multicurrency Debt Issuance Programme (Note 3)	–	\$250,000
	<b>Holdings at beginning of the year</b>	<b>Holdings at end of the year</b>
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	3,700	10,900
<b>Quek Hong Liat</b>		
<b>Sembcorp Industries Ltd</b>		
- ordinary shares	156,909	196,494
- conditional award of		
- 31,500 Restricted Shares to be delivered after 2010 (Note 2a)	12,600	–
- 31,500 Restricted Shares to be delivered after 2011 (Note 2b)	25,410	12,705
- 31,500 Restricted Shares to be delivered after 2012 (Note 2c)	Up to 47,250	28,560
- 31,500 Restricted Shares to be delivered after 2013 (Note 2d)	Up to 47,250	Up to 47,250
- 30,000 Restricted Shares to be delivered after 2014 (Note 2e)	–	Up to 45,000
	<u>Principal amount</u>	<u>Principal amount</u>
- Subordinated Perpetual Security issued on 21 Aug 2013 under the \$2 Billion Multicurrency Debt Issuance Programme (Note 3)	–	\$250,000
<b>Sembcorp Financial Services Pte Ltd</b>		
- Fixed Rate Notes Due 2014 issued under the \$2 Billion Multicurrency Debt Issuance Programme (Note 4)	\$250,000	\$250,000



Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Quek Hong Liat (cont'd)</b>		
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	20,000	30,000
<b>Foo Fei Voon</b>		
<b>Sembcorp Industries Ltd</b>		
- ordinary shares	455,605	539,947
- options to subscribe for ordinary shares each at:		
- \$0.99 between 18/05/2005 to 17/05/2014	61,000	—
- \$1.16 between 23/11/2005 to 22/11/2014	61,000	—
- \$2.37 between 02/07/2006 to 01/07/2015	61,000	61,000
- \$2.36 between 22/11/2006 to 21/11/2015	61,000	61,000
- \$2.52 between 10/06/2007 to 09/06/2016	47,000	47,000
Conditional awards of:		
- 13,800 Restricted Shares to be delivered after 2010 (Note 2a)	5,520	—
- 13,800 Restricted Shares to be delivered after 2011 (Note 2b)	11,132	5,566
- 13,800 Restricted Shares to be delivered after 2012 (Note 2c)	Up to 20,700	12,512
- 13,800 Restricted Shares to be delivered after 2013 (Note 2d)	Up to 20,700	Up to 20,700
- 14,000 Restricted Shares to be delivered after 2014 (Note 2e)	—	Up to 21,000
<b>Sembcorp Marine Ltd</b>		
- ordinary shares	79,800	79,800

Note 1: The actual number to be delivered will depend on the achievement of set targets over a 3-year performance period as indicated below. Achievement of targets below threshold level will mean no performance shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional performance shares awarded could be delivered.

(a) Period from 2010 to 2012

For this period, 66,500 SCI shares were released to Mr Koh Chiap Khiong on 27 March 2013.

- (b) Period from 2011 to 2013
- (c) Period from 2012 to 2014
- (d) Period from 2013 to 2015

Note 2: The actual number to be delivered will depend on the achievement of set targets over a 2-year performance period as indicated below. Achievement of targets below threshold level will mean no restricted shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional restricted shares awarded could be delivered.

- (a) Period from 2009 to 2010

For this period, 12,600 (final release of the 1/3 of 37,800 shares), 12,600 (final release of the 1/3 of 37,800 shares) and 5,520 (final release of the 1/3 of 16,560 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon, respectively, on 27 March 2013. The 1<sup>st</sup> and 2<sup>nd</sup> release of SCI shares have each been vested under the award to the Directors in 2011 and 2012 respectively.

- (b) Period from 2010 to 2011

For this period, 12,705 (2<sup>nd</sup> release of the 1/3 of 38,115 shares), 12,705 (2<sup>nd</sup> release of the 1/3 of 38,115 shares) and 5,566 (2<sup>nd</sup> release of the 1/3 of 16,698 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon respectively, on 27 March 2013 and the remaining shares will be vested in Year 2014. The 1<sup>st</sup> release of SCI shares have each been vested under the award to the Directors on 26 March 2012.

- (c) Period from 2011 to 2012

For this period, 23,800 (1/3 of 71,400 shares), 14,280 (1/3 of 42,840 shares) and 6,256 (1/3 of 18,768 shares) SCI shares were vested under the award to Koh Chiap Khiong, Quek Hong Liat and Foo Fei Voon, respectively, on 27 March 2013 and the remaining shares will be vested in Year 2014/2015.

- (d) Period from 2012 to 2013
- (e) Period from 2013 to 2014

Note 3: Subordinated Perpetual Securities issued on 21 August 2013 under the \$2 Billion Multicurrency Debt Issuance Programme.

Note 4: Fixed Rate Notes and Floating Notes issued under the \$2 Billion Multicurrency Debt Issuance Programme of Sembcorp Industries Ltd and Sembcorp Financial Services Pte Ltd, a related company of Sembcorp Industries Group.

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:

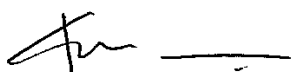
- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

### **Auditors**


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

On behalf of the Board of Directors



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**Koh Chiap Khiong**  
*Director*



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**Quek Hong Liat**  
*Director*

**Singapore**  
26 February 2014

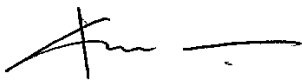
## **Statement by Directors**

In our opinion:

- (a) the financial statements set out on pages FS1 to FS30 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Company for the 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.

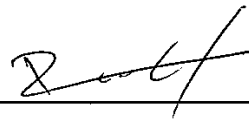
The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



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**Koh Chiap Khiong**  
*Director*



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**Quek Hong Liat**  
*Director*

**Singapore**  
26 February 2014



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## **Independent auditors' report**

Member of the Company  
Sembcorp Financial Services Pte Ltd

### **Report on the financial statements**

We have audited the accompanying financial statements of Sembcorp Financial Services Pte Ltd (the "Company"), which comprise the balance sheet of the Company as at 31 December 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS30.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Company for the year ended on that date.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
26 February 2014

**Balance sheet**  
**As at 31 December 2013**

	Note	2013 \$'000	2012 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	3	—	—
Long term receivables and prepayments	4	1,107,840	1,079,483
Financial derivatives		42,917	14,604
		<u>1,150,757</u>	<u>1,094,087</u>
<b>Current assets</b>			
Trade and other receivables	5	731,903	718,514
Financial derivatives		3,388	3,564
Cash and cash equivalents	6	271,672	383,422
		<u>1,006,963</u>	<u>1,105,500</u>
<b>Total assets</b>		<u>2,157,720</u>	<u>2,199,587</u>
<b>Equity</b>			
Share capital	9	15,000	3,000
Other reserves	10	89	106
Revenue reserve		12,708	21,507
<b>Total equity</b>		<u>27,797</u>	<u>24,613</u>
<b>Non-current liabilities</b>			
Financial liabilities	11	882,447	844,517
<b>Current liabilities</b>			
Trade and other payables	12	83,635	97,615
Financial liabilities	11	1,161,370	1,230,003
Current tax payable		2,471	2,839
		<u>1,247,476</u>	<u>1,330,457</u>
<b>Total liabilities</b>		<u>2,129,923</u>	<u>2,174,974</u>
<b>Total equity and liabilities</b>		<u>2,157,720</u>	<u>2,199,587</u>

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

**Income statement**  
**Year ended 31 December 2013**

	<b>Note</b>	<b>2013</b> <b>\$'000</b>	<b>2012</b> <b>\$'000</b>
Revenue	13	47,501	45,382
Cost of sales		(40,653)	(35,796)
<b>Gross profit</b>		6,848	9,586
Other operating income	14	1,311	1,857
Other operating expenses		(4,173)	(5,610)
<b>Profit before tax</b>	15	3,986	5,833
Tax expense	16	(785)	(1,502)
<b>Profit for the year</b>		3,201	4,331

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

FS2



**Statement of comprehensive income**  
**Year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	3,201	4,331
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net changes in fair value of cash flow hedges transferred to profit or loss	—	674
Other comprehensive income for the year, net of tax	—	674
<b>Total comprehensive income for the year</b>	<b>3,201</b>	<b>5,005</b>

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

FS3

**Statement of changes in equity**  
**Year ended 31 December 2013**

	Share capital \$'000	Capital reserve \$'000	Hedging reserve \$'000	Revenue reserve \$'000	Total \$'000
At 1 January 2013	3,000	106	–	21,507	24,613
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	3,201	3,201
Total comprehensive income for the year	–	–	–	3,201	3,201
<b>Transactions with owner recognised directly in equity</b>					
<b>Contributions by and distributions to owner of the Company</b>					
Bonus Issued	12,000	–	–	(12,000)	–
Value of employee services received for restricted shares issued by ultimate holding company	–	93	–	–	93
Value of employee services paid for share options issued by ultimate holding company	–	(110)	–	–	(110)
Total contributions by and distributions to owner of the Company	12,000	(17)	–	(12,000)	(17)
At 31 December 2013	15,000	89	–	12,708	27,797
At 1 January 2012	3,000	109	(674)	21,276	23,711
<b>Total comprehensive income for the year</b>					
Profit for the year	–	–	–	4,331	4,331
<b>Other comprehensive income</b>					
Net changes in fair value of cash flow hedges transferred to profit or loss	–	–	674	–	674
Total other comprehensive income for the year	–	–	674	–	674
Total comprehensive income for the year	–	–	674	4,331	5,005
<b>Transactions with owner, recognised directly in equity</b>					
<b>Contributions by and distributions to owner of the Company</b>					
Value of employee services received for restricted shares issued by ultimate holding company	–	69	–	–	69
Value of employee services paid for share options issued by ultimate holding company	–	(72)	–	–	(72)
Final exempt one-tier dividend paid of \$1.37 per share in respect of year 2011	–	–	–	(4,100)	(4,100)
Total contributions by and distributions to owner of the Company	–	(3)	–	(4,100)	(4,103)
At 31 December 2012	3,000	106	–	21,507	24,613

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

FS4

**Statement of cash flow**  
**Year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
	<b>S'000</b>	<b>S'000</b>
<b>Operating activities</b>		
Profit for the year	3,201	4,331
Adjustments for:		
Fair value of share options expensed off	93	69
Amortisation of transactions costs	949	1,670
Fair value loss on swap derivative contracts	1,576	104
Tax expense	785	1,502
	6,604	7,676
Changes in working capital:		
Trade and other receivables	(41,570)	(414,068)
Trade and other payables	(8,704)	14,363
Income tax paid	(1,153)	(375)
<b>Cash flows used in operating activities</b>	(44,823)	(392,404)
<b>Financing activities</b>		
Dividend paid	-	(4,100)
Proceeds from issue of medium term note	199,777	-
<b>Cash flows from / (used in) financing activities</b>	199,777	(4,100)
<b>Net increase / (decrease) in cash and cash equivalents</b>	154,954	(396,504)
Cash and cash equivalents at beginning of year	(819,605)	(423,101)
<b>Cash and cash equivalents at end of year (note 6)</b>	(664,651)	(819,605)
<b>Cash and cash equivalents comprise:</b>		
- Cash and bank balances and fixed deposits	271,672	383,422
- Bank overdrafts (note 11)	(936,323)	(1,203,027)
	(664,651)	(819,605)

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 26 February 2014.

### **1 Domicile and activities**

Sembcorp Financial Services Pte Ltd (the “Company”) is a company incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04, Singapore 179360.

The principal activities of the Company are those relating to the business of finance and acting as the finance and treasury centre for Sembcorp Industries Ltd and its subsidiaries.

The immediate and ultimate holding company is Sembcorp Industries Ltd, incorporated in 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”).

The financial statements are presented in Singapore dollars which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand (“S\$’000”), unless otherwise stated. The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 estimates are revised and in any future periods affected.

With effect from 1 January 2013, the Company adopted the new or revised FRS that are mandatory for application from that date. The adoption of these new or revised FRS does not have any significant impact on the financial statements.

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

## 2.2 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at foreign exchange rates at the dates of the transactions. At each reporting date:

- Foreign currency monetary assets and liabilities are retranslated to the functional currency using foreign exchange rates at that date.
- Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rates at the date of the transaction.
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at exchange rates at the date the fair value was determined.

Foreign currency differences arising from the settlement or from translation of monetary items are recognised in profit or loss.

Foreign currency differences arising from non-monetary items are recognised directly in other comprehensive income when non-monetary items' gains or losses are recognised directly in other comprehensive income. Conversely, when non-monetary items' gains or losses are recognised directly in profit or loss, foreign exchange differences arising on retranslation are recognised directly in profit or loss.

## 2.3 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

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

### ***Depreciation***

Depreciation is calculated using the straight-line method to allocate the cost less its residual value so as to write off items of property, plant and equipment over their estimated useful life of 3 years. The assets' depreciation method, useful lives and residual values are reviewed, if not insignificant, annually, and adjusted as appropriate.

No depreciation is provided on capital work-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

## 2.4 Financial Assets

### *Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets are acquired or held. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is irrevocable.

#### *(i) Fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the profit or loss.

#### *(ii) Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date for which they are classified as non-current assets. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Receivables with a short duration are not discounted.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

*(iii) Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts are repayable on demand and form an integral part of the cash pooling system of the holding company and related companies. This has been included as a component of cash and cash equivalents for the purpose of the cash flow statement.

*Impairment of financial assets*

The Company assesses at each balance sheet date to determine whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Reversal of impairment*

An impairment loss in respect of financial assets 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. The decrease in impairment loss is reversed through profit or loss.

*Derivatives*

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 profit or loss as 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 profit or loss. 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 below.

*Hedging Activities*

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, together with the methods that will be used to assess the effectiveness of the hedge relationship as well as its risk management objective and strategies for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. The ineffective part of any gain or loss is recognised immediately in profit or loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, then hedge accounting is discontinued prospectively. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

### *Non-Derivative Financial Liabilities*

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the following categories: financial liabilities (comprise of bank overdrafts, loans and borrowings) and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

## 2.5 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account, net of any tax effects.



## 2.6 Intra-group financial guarantees

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

## 2.7 Employee benefits

### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related employment service is provided.

The amount expected to be paid is accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### *Equity and Equity-Related Compensation Benefits*

#### Share Option Plan

The share option programme allows the Company's employees to acquire shares of the ultimate holding company. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

#### Performance Share Plan

The fair value of equity-related compensation (shares of ultimate holding company) is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The fair value of the compensation cost is measured at grant date and amortised over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the shares. In estimating the fair value of the compensation cost, market-based performance conditions are taken into account. The compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance period relates, irrespective of whether this performance condition is satisfied.

#### *Restricted Share Plan*

Similar to the Performance Share Plan, the fair value of equity-related compensation (shares of ultimate holding company) is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and the volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The fair value of the compensation cost is measured at grant date and amortised over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the shares. In estimating the fair value of the compensation cost, non-market-based performance conditions are taken into account. The compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance period relates.

At the balance sheet date, the Company revises its estimates of the number of performance-based restricted shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

#### *Cash-Related Compensation Benefits*

##### *Sembcorp Challenge Bonus*

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the ultimate holding company. The Company recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay.

The compensation cost is measured at the fair value of the liability at each balance sheet date and spread over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the bonus. The liability takes into account the probability of achieving the performance conditions in the future.

Until the liability is settled, the Company will re-measure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

## 2.8 Revenue recognition

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

## 2.9 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary difference related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

## 2.10 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the company.

### 3 Property, plant and equipment

	Office equipment \$'000	Total \$'000
<b>Cost</b>		
At 1 January and 31 December 2012	464	464
At 1 January and 31 December 2013	464	464
<b>Accumulated depreciation</b>		
At 1 January 2012	464	464
Depreciation for the year	—	—
At 31 December 2012	464	464
At 1 January 2013	464	464
Depreciation for the year	—	—
At 31 December 2013	464	464
<b>Carrying amount</b>		
At 1 January 2012 and 31 December 2012	—	—
At 31 December 2013	—	—

### 4 Long term receivables and prepayments

	Note	2013 \$'000	2012 \$'000
Long-term loans due from:			
- holding company	7	240,700	300,000
- related corporations	8	864,175	777,395
Loans and receivables		1,104,875	1,077,395
Prepayments		2,965	2,088
		1,107,840	1,079,483

Prepayments relate to upfront fees charged under the S\$941 million (2012: S\$520 million) facility agreement of which S\$780 million (2012: S\$365 million) has yet to be drawn down.

### 5 Trade and other receivables

	Note	2013 \$'000	2012 \$'000
Other receivables		71	144
Amounts due from:			
- holding company	7	202,956	347,634
- related corporations	8	527,724	370,018
Loans and receivables		730,751	717,796
Prepayments		1,152	718
		731,903	718,514

Prepayments of \$1,097,000 (2012: \$662,000) relate to upfront fees charged under the S\$941 million (2012: S\$520 million) facility agreement of which S\$780 million (2012: S\$365 million) has yet to be drawn down.

## 6 Cash and cash equivalents

	Note	2013 \$'000	2012 \$'000
Cash at bank and in hand		266,398	383,422
Fixed deposits		5,274	—
Cash and cash equivalents		<u>271,672</u>	<u>383,422</u>
Bank overdrafts*	11	<u>(936,323)</u>	<u>(1,203,027)</u>
Cash and cash equivalents in the cash flow statement		<u>(664,651)</u>	<u>(819,605)</u>

The weighted average effective interest rate per annum of cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Company is 0.44% (2012: 0.04%).

\* The Company runs a cash pooling system for Sembcorp Group of companies as part of its cash management and treasury activities. The related companies deposit net surplus cash with the Company via the cash pooling system. At the end of the year, the Company reports the outstanding deposits by related companies as bank overdrafts. The cash pooling fund bears interest rates ranging from 0.45% to 0.55% (2012: 0.01% to 0.45%) per annum.

## 7 Amounts due from/(to) holding company

	Note	2013 \$'000	2012 \$'000
Amount due from:			
- long-term loans	4	<u>240,700</u>	<u>300,000</u>
Amount due from:			
- trade		2,956	2,934
- short-term loans		<u>200,000</u>	<u>344,700</u>
	5	<u>202,956</u>	<u>347,634</u>
Amount due to:			
- trade	12	<u>(5,633)</u>	<u>(1,743)</u>

The long-term loans due from holding company bear interest ranging from 0.65% to 3.82% (2012: 3.82% to 5.18%) per annum, are unsecured and are repayable from 2015 to 2020 (2012: 2014 to 2020).

The short-term loans due from holding company bear interest at 5.18% (2012: 0.87% to 3.58%) per annum, is unsecured and repayable within the next 12 months.

## 8 Amounts due from/(to) related corporations

	Note	2013 \$'000	2012 \$'000
Amount due from:			
- long-term loans	4	864,175	777,395
Amount due from:			
- trade		7,403	6,595
- short-term loans		520,321	363,423
	5	527,724	370,018
Amount due to:			
- trade		(3,224)	(4,671)
- short-term loans		(64,710)	(82,599)
	12	(67,934)	(87,270)

The long-term loans due from related corporations bear interest ranging from 0.81% to 4.33% (2012: 0.77% to 4.33%) per annum, are unsecured and are repayable from 2017 to 2025 (2012: 2017 to 2025).

The short-term loans due from related corporations bear interest ranging from 0.60% to 1.29% (2012: 0.74% to 1.35%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to related corporations bear interest ranging from 0.22% to 2.35% (2012: 0.28% to 1.55%) per annum, are unsecured and repayable within the next 12 months.

## 9 Share capital

	2013 No. of shares (*000)	2012 No. of shares (*000)
<i>Fully paid ordinary shares, with no par value:</i>		
At 1 January	3,000	3,000
Bonus shares issued	12,000	-
At 31 December	15,000	3,000

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.

During the year, the company has issued bonus shares of 12,000,000 ordinary shares to its shareholder.

## 10 Other reserves

	2013	2012
	\$'000	\$'000
Share-based payments reserve	89	106

Share-based payments reserve of the Company comprises the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance based restricted shares of the holding company. The expense for service received is recognised over the performance period and / or vesting period. The amount in the share-based payments reserve is retained when the option is exercised or expires.

## 11 Financial liabilities

	Note	2013	2012
		\$'000	\$'000
<b>Non-current liabilities</b>			
- unsecured bank loans		839,530	829,913
- financial derivatives		42,917	14,604
		882,447	844,517
<b>Current liabilities</b>			
- bank overdrafts	6	936,323	1,203,027
- unsecured bank loans		219,978	23,308
- financial derivatives		5,069	3,668
		1,161,370	1,230,003
		2,043,817	2,074,520
Total loans and borrowings		1,995,831	2,056,248
Total derivatives		47,986	18,272
Total financial liabilities		2,043,817	2,074,520

### *Terms and debt repayment schedule*

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2013		2012	
			Face value \$'000	Carrying amount \$'000	Face Value \$'000	Carrying amount \$'000
S\$ medium term notes	5%	2014	200,000	199,928	200,000	199,707
S\$ medium term notes	3.7325%	2020	300,000	299,785	300,000	299,755
S\$ medium term notes	4.25%	2025	100,000	100,000	100,000	100,000
S\$ medium term notes	SOR + 0.55%	2017	100,000	99,598	100,000	99,491
S\$ medium term notes	3.64%	2024	200,000	199,777	-	-
S\$ floating rate loans	SOR + 0.5%	2017	161,000	160,420	155,000	154,268
Bank overdrafts	up to 0.45%	Note 6	936,323	936,323	1,203,027	1,203,027
			1,997,323	1,995,831	2,058,027	2,056,248

During the year, the Company together with its holding company (the “Issuers”) have increased its Multicurrency Multi-Issuer Debt Issuance Programme (the “Programme”), established in November 2004 from \$1.5 billion to \$2 billion.

Pursuant to this, the Company, together with other subsidiaries of its holding company (together with the Issuers, the “Issuing Subsidiaries”) may from time to time issue debt under the Programme. The obligations of the Issuing Subsidiaries under the programme will be fully guaranteed by its holding company. In November 2013, the Company had issued S\$200 million medium term notes bearing a fixed interest rate of 3.64% per annum, payable semi-annually in arrear, with maturity date on 27 May 2024. At balance sheet date, the Company had issued S\$900 million (2012: S\$700 million) medium term notes.

## 12 Trade and other payables

	Note	2013 \$'000	2012 \$'000
Interest payable to:			
- holding company	7	195	215
- related corporations	8	308	812
- banks		9,601	8,194
Amounts due to:			
- holding company	7	5,438	1,528
- related corporations	8	67,626	86,458
Trade payables		83,168	97,207
Accrued operating expenses and other payables		467	408
		<u>83,635</u>	<u>97,615</u>

## 13 Revenue

	2013 \$'000	2012 \$'000
Interest income		
- holding company	18,194	20,115
- related corporations	27,872	22,466
- banks and financial institutions	1,435	2,801
	<u>47,501</u>	<u>45,382</u>

## 14 Other operating income

	2013 \$'000	2012 \$'000
Facility fee charged to a related corporation	<u>1,311</u>	<u>1,857</u>



## 15 Profit before tax

Profit before tax includes the following:

	2013 \$'000	2012 \$'000
Staff costs	968	912
Net fair value of share options/restricted shares expensed off	93	69
Termination of cash flow hedges	–	390
Foreign currency transactions and contracts:		
- Fair value through profit or loss	1,576	104
Exchange loss/(gain)	(1,824)	136
Amortisation of transaction costs	949	1,670
Interest expense:		
- holding company	2,167	1,895
- related corporations	4,015	2,687
- banks and financial institutions	34,472	30,824

## 16 Tax expense

	2013 \$'000	2012 \$'000
<b>Current tax expense</b>		
Current year	785	1,345
Underprovided in prior years	–	179
	<u>785</u>	<u>1,524</u>
<b>Deferred tax</b>		
Movements in temporary difference	–	(22)
Total tax expense	<u>785</u>	<u>1,502</u>

### *Reconciliation of effective tax rate*

	2013 \$'000	2012 \$'000
Profit before tax	<u>3,986</u>	<u>5,833</u>
Tax using the Singapore tax rate of 17% (2012: 17%)	678	992
Non-deductible expenses	163	357
Tax exempt revenue	(56)	(26)
Underprovided in prior years	–	179
	<u>785</u>	<u>1,502</u>

*Tax effects relating to each component of OCI*

	2013			2012		
	Before tax \$'000	Tax benefit \$'000	Net of tax \$'000	Before tax \$'000	Tax benefit \$'000	Net of tax \$'000
Interest on swap derivative contracts transferred to profit or loss	-	-	-	812	(138)	674
Other comprehensive income	-	-	-	812	(138)	674

## 17 Significant related party transactions

### *Key management personnel compensation*

Compensation payable/paid to key management personnel comprise:

	2013 \$'000	2012 \$'000
Short-term employee benefits	368	280

For the purpose of the financial statements, parties are considered to be related to the Company if the party has the ability, directly, or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, there are no related party transactions during the year.

## 18 Share-based Incentive Plans

### **Restricted Share Plan**

The Company participates in its holding company's Restricted Share Plan (SCI RSP 2010). Under the SCI RSP 2010, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. The performance criteria for the restricted shares are calibrated based on Return on Total Assets (excluding Sembcorp Marine Ltd) and Group Profit from Operations (excluding Sembcorp Marine Ltd) for awards granted in 2013.

A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 150% of the conditional restricted shares awarded.

The managerial participants of Sembcorp Industries Ltd and its subsidiaries (SCI Group) will be awarded restricted shares under SCI RSP 2010, while the non-managerial participants of SCI Group will receive their awards in an equivalent cash value. This cash-settled notional restricted shares award for non-managerial participants is known as the Sembcorp Challenge Bonus.

A specific number of restricted shares shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants. Non-managerial participants will receive the equivalent in cash at the end of the two-year performance cycle, with no further vesting conditions.

Senior management participants are required to hold a minimum percentage of the shares released to them under the SCI RSP 2010 to maintain a beneficial ownership stake in SCI Group, for the duration of their employment or tenure with SCI Group. A maximum cap is set based on a multiple of the individual participant's annual base salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

The details of the movement of the restricted shares of SCI awarded during the year are as follows:

	2013	2012
At January 1	58,236	58,152
Conditional restricted shares awarded	18,500	19,300
Conditional restricted shares lapsed	(4,932)	(6,840)
Additional restricted shares awarded arising from targets met	6,948	4,326
Conditional restricted shares released	(21,329)	(16,702)
At December 31	57,423	58,236

As approved by the SCI Group's Executive Resource and Compensation Committee (the "Committee"), performance targets for the performance period 2011 to 2012, a total of 8,750 restricted shares were released in 2013. For awards in relation to the performance period 2010 to 2011, a total of 7,059 (2012: 8,310) were released in 2013. For awards in relation to the performance period 2009 to 2010, a total of 5,520 (2012: 6,760) restricted shares were released in 2013. For awards in relation to the performance period 2008 to 2009, a total of nil (2012: 1,632) restricted shares were released in 2013. The restricted shares were released via the issuance of treasury shares.

In 2013, an additional 6,948 (2012: 4,326) restricted shares were awarded for the over-achievement of the performance targets for the performance period 2011 to 2012 (2012: performance period 2010 to 2011).

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2013, was 57,423 (2012: 58,236). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 34,500 (2012: 38,600). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 51,750 (2012: 57,900) restricted shares.

Sembcorp Challenge Bonus

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2011 to 2012 (2012: performance period 2010 to 2011), a total of S\$6,530, equivalent to 1,088 (2012: S\$5,686, equivalent to 968) notional restricted shares, were paid. A total of nil (2012: 432) notional restricted shares of SCI Group's shares were awarded in 2013 for the Sembcorp Challenge Bonus.

The total number of notional restricted shares in awards for the Sembcorp Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released as at end 2013, was 432 (2012: 1,054). Based on the multiplying factor, the number of notional restricted shares to be converted into the funding pool could range from zero to a maximum of 648 (2012: 1,581).

Fair value of restricted shares

The fair values of the restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.

The fair values of restricted shares granted during the year are as follows:

	<b>Fair value of Sembcorp Industries Ltd restricted shares granted on May 9, 2013</b>	<b>Fair value of Sembcorp Industries Ltd restricted shares granted on May 2, 2012</b>
Fair value at measurement date	S\$4.58	S\$4.61
<b>Assumptions under the Monte Carlo model</b>		
Share price	S\$4.95	S\$5.16
Expected volatility:		
Sembcorp Industries Ltd	26.3%	28.0%
Risk-free interest rate	0.2% - 0.4%	0.2% - 0.4%
Expected dividend	2.9%	3.5%

The expected volatility is based on the historical volatility over the most recent period that is close to the expected life of the restricted shares.

During the year, the Company charged S\$92,893 (2012: S\$70,128) to the profit or loss based on the fair value of restricted shares at the grant date being expensed over the vesting period.

Fair value of Sembcorp Challenge Bonus

During the year, the Company charged S\$4,952 (2012: S\$4,588) to the profit or loss based on the market values of the shares at the balance sheet date. The fair value of the compensation cost is based on the notional number of restricted shares awarded for Sembcorp Challenge Bonus and the market price at the vesting date.

## 19 Financial risk management

### *Overview*

The Company follows the risk management policies and guidelines of its holding company which set out its overall business strategies, its tolerance of risk and its general risk management philosophy.

As part of the Company's Enterprise Risk Management framework, treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Company utilises derivative financial instruments to manage exposures to interest rate risk and foreign exchange rate risk. Exposures to foreign currency risks are also hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount where possible. All such transactions must involve underlying assets or liabilities and no speculative transactions are allowed.

### *Liquidity risk*

The Company manages its liquidity risk with the view to maintain sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals, loan disbursements and repayment of borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Company to meet its obligations.

The table below analyses the maturity profile of the Company's financial liabilities (including derivative financial liabilities) based on the expected contractual undiscounted cash inflows/ (outflows), including interest payments and excluding the impact of netting arrangements:

	Carrying amount \$'000	Cash Flows			
		Contractual cash flow \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
<b>2013</b>					
<b>Derivatives</b>					
Derivative financial asset	(46,305)	407,163	11,878	394,811	474
Derivative financial liabilities	47,986	(414,637)	(14,919)	(399,244)	(474)
<b>Non-derivative financial liabilities</b>					
Trade and other payables	83,635	(83,635)	(83,635)	–	–
Financial liabilities	1,995,831	(2,205,179)	(1,184,155)	(339,108)	(681,916)
	<u>2,081,147</u>	<u>(2,296,288)</u>	<u>(1,270,831)</u>	<u>(343,541)</u>	<u>(681,916)</u>
<b>2012</b>					
<b>Derivatives</b>					
Derivative financial asset	(18,168)	20,935	7,868	12,011	1,056
Derivative financial liabilities	18,272	(21,039)	(7,972)	(12,011)	(1,056)
<b>Non-derivative financial liabilities</b>					
Trade and other payables	97,615	(97,615)	(97,615)	–	–
Financial liabilities	2,056,248	(2,218,447)	(1,254,773)	(505,663)	(458,011)
	<u>2,153,967</u>	<u>(2,316,166)</u>	<u>(1,352,492)</u>	<u>(505,663)</u>	<u>(458,011)</u>

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### ***Credit risk***

The Company only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Company's counterparty risk, the Company enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating.

As the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

At balance sheet date, there were no significant concentrations of credit risk, other than approximately 24% (2012: 36%) of total receivables due from holding company. Based on historical experience in the collection of amounts due from holding company, management believes that there is no inherent credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments as recorded on the balance sheet.

With respect to derivative financial instruments, credit risk arises from potential failure of counterparties to meet their obligation under the contract or arrangement. The Company's maximum credit risk exposure to derivative financial instruments is the fair values as disclosed in the "Fair Value" section.

### ***Market risk***

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates and prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

### ***Interest rate risk***

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's loan portfolio and debt obligations. The Company primarily adopts natural hedge to manage the interest rate risk arising from its loan portfolio and debt obligations. In addition, the Company also uses interest rate derivative instruments to manage its interest rate exposure, where applicable.

The Company's fixed-rate debt securities and loan obligations are exposed to change in their fair value due to changes in interest rates, whereas the Company's variable-rate debt obligations and loan portfolio are exposed to changes in cash flows due to changes in interest rates.

At 31 December 2013, the Company had interest rate swaps with an aggregate notional amount of S\$221,000,000 (2012: S\$175,000,000) on a back-to-back arrangement for a related company, of which was designated as fair value through profit or loss. The Company receives a variable interest rate and pays a fixed rate interest ranging from 2.74% to 2.96% (2012: 2.74% to 2.96%) per annum on the notional amount.

*Sensitivity analysis*

It is estimated that 100 basis point (bp) change in interest rate at the reporting date would increase/(decrease) equity and profit before tax by the following amounts. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax		Equity	
	100 bp Increase \$'000	100 bp Decrease \$'000	100 bp Increase \$'000	100 bp Decrease \$'000
<b>31 December 2013</b>				
Variable rate instruments	1,489	(1,489)	–	–
<b>31 December 2012</b>				
Variable rate instruments	(808)	808	–	–

*Foreign currency risk*

At 31 December 2013, the Company entered into GBP/SGD Cross Currency interest rate swaps of notional amount GBP199 million (2012: Nil) on a back-to-back arrangement for a related company. These derivative contracts will mature on 2018. The Company designates these derivative contracts as fair value through profit or loss.

The Company is exposed to foreign currency risk on lending and borrowings that are denominated in a currency other than Singapore dollars. The Company's exposures to foreign currency are as follows:

	USD \$'000	EUR \$'000	AUD \$'000	GBP \$'000
<b>2013</b>				
<b>Financial assets</b>				
Cash and cash equivalents	58,808	5,440	2,408	803
Trade and other receivables	145,459	–	–	73,200
Financial derivatives	–	–	–	408,627
	<u>204,267</u>	<u>5,440</u>	<u>2,408</u>	<u>482,630</u>
<b>Financial liabilities</b>				
Trade and other payables	(69)	(5,438)	(2,401)	–
Financial liabilities	(105,729)	–	–	(408,627)
	<u>(105,798)</u>	<u>(5,438)</u>	<u>(2,401)</u>	<u>(408,627)</u>
Net financial assets	98,469	2	7	74,003
Less: Foreign exchange contracts	(97,351)	–	–	(71,650)
Net currency exposure	<u>1,118</u>	<u>2</u>	<u>7</u>	<u>2,353</u>

	USD \$'000	EUR \$'000	AUD \$'000	GBP \$'000
<b>2012</b>				
<b>Financial assets</b>				
Cash and cash equivalents	113,115	1,594	3	8,334
Trade and other receivables	187,283	–	–	88,801
	<u>300,398</u>	<u>1,594</u>	<u>3</u>	<u>97,135</u>
<b>Financial liabilities</b>				
Trade and other payables	(153)	(1,592)	–	–
Financial liabilities	(103,214)	–	–	–
	<u>(103,367)</u>	<u>(1,592)</u>	<u>–</u>	<u>–</u>
Net financial assets	197,031	2	3	97,135
Less: Foreign exchange contracts	(195,986)	–	–	(96,527)
Net currency exposure	<u>1,045</u>	<u>2</u>	<u>3</u>	<u>608</u>

*Sensitivity analysis*

A 10% strengthening of foreign currencies against Singapore dollar at the reporting date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables (i.e. interest rates) remain constant.

	2013 \$'000	2012 \$'000
Impact to profit before tax arises from the following currencies:		
- USD	(112)	(105)
- GBP	(235)	(61)
	<u>(347)</u>	<u>(166)</u>

At 31 December, the Company has outstanding foreign exchange swap, interest rate swap and cross currency swap agreements as follows:

	2013 \$'000	2012 \$'000
<b>Foreign exchange swap agreements</b>		
Notional amount	584,000	783,400
Fair value receivables	3,388	3,564
Fair value payables	(5,069)	(3,668)
	<u>(1,681)</u>	<u>(3,772)</u>
<b>Interest rate swap agreements</b>		
Notional amount	221,000	175,000
Fair value receivables	8,873	14,604
Fair value payables	(8,873)	(14,604)
	<u>(0)</u>	<u>(0)</u>
<b>Cross currency swap agreements</b>		
Notional amount	374,717	–
Fair value receivables	34,044	–
Fair value payables	(34,044)	–
	<u>(0)</u>	<u>(0)</u>



### *Estimation of fair values*

FRS 107 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value.

The three levels of the fair value input hierarchy defined by FRS 107 are as follows:

- Level 1: Fair values are measured based on quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2: Fair values are measured using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices)
- Level 3: Fair values are measured using inputs which are not based on observable market data (unobservable input).

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Company.

#### *Derivatives*

The fair value of forward exchange contracts is accounted for based on the difference between the contractual price and the current market price.

The fair value of interest rate swaps, based on current interest rate curves, is the indicative amount that the Company is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

#### *Non-derivative financial liabilities*

Fair values are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

#### *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, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

For financial instruments that are not actively traded in the market, the fair value is determined by independent third party or using valuation techniques where applicable. The Company may use a variety of methods and make assumptions that are based on existing market conditions at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for medium term notes for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Where discounted cash flow techniques are used, the management will estimate the future cash flows and use relevant market rate as the discount rate at the balance sheet date.

***Fair value hierarchy***

The following table sets forth by level within the fair value hierarchy of the financial assets and liabilities that were accounted for at fair value as of 31 December 2013. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

	<b>Fair value measurement at 31 December 2013:</b>	
	<b>Level 2</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Financial assets designated at fair value through profit and loss	46,305	46,305
Financial liabilities designated at fair value through profit and loss	(47,986)	(47,986)
	<b>Fair value measurement at 31 December 2012:</b>	
	<b>Level 2</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Financial assets designated at fair value through profit and loss	18,168	18,168
Financial liabilities designated at fair value through profit and loss	(18,272)	(18,272)

*Financial assets and liabilities not carried at fair value but for which fair values are disclosed\**

	<b>Fair value measurement using:</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 31 December 2013</b>				
Unsecured bank loans	–	1,072,676	–	1,072,676
<b>At 31 December 2012</b>				
Unsecured bank loans	–	887,969	–	887,969

\* *Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.*

**Fair value versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet are as follows:

	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities within the scope of FRS39 \$'000	Total carrying value \$'000	Fair value \$'000
<b>2013</b>						
Cash and cash equivalents	6	–	271,672	–	271,672	271,672
Long term receivables	4	–	1,104,875	–	1,104,875	1,104,875
Trade and other receivables	5	–	730,751	–	730,751	730,751
Financial derivatives		46,305	–	–	46,305	46,305
		<u>46,305</u>	<u>2,107,298</u>	<u>–</u>	<u>2,153,603</u>	<u>2,153,603</u>
<b>2013</b>						
Trade payables	12	–	–	83,635	83,635	83,635
Financial liabilities	11	47,986	–	1,995,831	2,043,817	2,056,985
		<u>47,986</u>	<u>–</u>	<u>2,079,466</u>	<u>2,127,452</u>	<u>2,140,620</u>
<b>2012</b>						
Cash and cash equivalents	6	–	383,422	–	383,422	383,422
Long term receivables	4	–	1,077,395	–	1,077,395	1,077,395
Trade and other receivables	5	–	717,796	–	717,796	717,796
Financial derivatives		18,168	–	–	18,168	18,168
		<u>18,168</u>	<u>2,178,613</u>	<u>–</u>	<u>2,196,781</u>	<u>2,196,781</u>
Trade payables	12	–	–	97,615	97,615	97,615
Financial liabilities	11	18,272	–	2,056,248	2,074,520	2,109,268
		<u>18,272</u>	<u>–</u>	<u>2,153,863</u>	<u>2,172,135</u>	<u>2,206,883</u>

***Working capital management***

The Company manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements reflect management's intention to continue to utilise short-term bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Company. Such working capital requirements are within the credit facilities established and which are adequate and available to the Company to meet their obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Company.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

## **20 Contingent liabilities**

As at the balance sheet date, the Company has the following contingent liabilities:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Banker's guarantees given on behalf of:		
- holding company	6,668	4,572
- related corporation	83	83
	<u>6,751</u>	<u>4,655</u>

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