Competitive Edge

- A leading developer, owner and operator of energy and water assets with strong operational and technical capabilities
- Global leader in the provision of energy, water and on-site logistics to multiple industrial site customers
- Strong project development capabilities with a proven track record in identifying, securing, financing and executing large-scale greenfield and brownfield projects
- Ability to produce energy from a diversity of fuels including natural gas, coal and renewable sources, and apply technologies for greater efficiency and lower emissions
- Expertise in specialised water solutions for industries and water-stressed areas including industrial wastewater treatment, large-scale desalination and water reclamation

Performance Scorecard

<table>
<thead>
<tr>
<th>Financial Indicators ($ million)</th>
<th>2013</th>
<th>2012</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>5,137.6</td>
<td>5,661.6</td>
<td>(9)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>725.8</td>
<td>715.4</td>
<td>1</td>
</tr>
<tr>
<td>PFO</td>
<td>612.9</td>
<td>606.6</td>
<td>1</td>
</tr>
<tr>
<td>- EBIT</td>
<td>532.2</td>
<td>534.6</td>
<td>-</td>
</tr>
<tr>
<td>- Share of results: Associates &amp; JVs, net of tax</td>
<td>80.7</td>
<td>72.0</td>
<td>12</td>
</tr>
<tr>
<td>Net profit</td>
<td>449.9</td>
<td>374.6</td>
<td>20</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>19.3</td>
<td>19.5</td>
<td>(1)</td>
</tr>
</tbody>
</table>

Operational Indicators

| Power capacity (megawatts)     | 7,277  | 5,861  | 24         |
| Steam capacity (tonnes per hour) | 4,702  | 4,562  | 3          |
| Water & wastewater capacity (cubic metres per day) | 8,378,498 | 7,473,637 | 15 |

Note: Capacity refers to total gross capacity of facilities in operation and under development.

PFO* by Geography

- Singapore
- Overseas

PFO by Segment

- Energy
- Water
- On-site logistics & solid waste management

Note: * excluding Corporate, Sembcorp Salalah IPO gain and Teesside impairment
Utilities Review

Key Developments

Successful IPO of Sembcorp Salalah Power and Water Company in Oman, resulting in value creation with a total recognised gain of S$117 million generated for the Group

Strengthened leadership position in Singapore, with the opening of a S$154 million multi-utilities centre in Jurong Island’s new growth area

Completed more than 80% of our first Indian power project and secured a long-term power purchase agreement and domestic coal supply for the project

Formed a joint venture to develop centralised utilities for Oman’s Duqm Special Economic Zone, set to be the largest special economic zone in the Middle East and North Africa

Secured first project to serve China’s growing coal-to-chemicals sector: a total water management project in Shanxi

Announced projects to grow our renewable energy capabilities in Singapore, China and the UK

OPERATIONS AND FINANCIAL REVIEW

Strong profit growth led by overseas operations

The Utilities business delivered another year of strong net profit growth in 2013 with profit contribution from our overseas operations increasing to over 50%. Turnover was S$5.1 billion compared to S$5.7 billion in 2012. Profit from operations (PFO) was S$612.9 million, comparable to S$606.6 million in the previous year.

Net profit jumped 20% to S$449.9 million from S$374.6 million in 2012, due to strong performance from operations in China and gains from the initial public offering (IPO) of Sembcorp Salalah Power and Water Company (Sembcorp Salalah) in Oman. The gains were partially offset by a one-off impairment for our Teesside operations in the UK. Following the IPO, Sembcorp Salalah has been deconsolidated and has been accounted for under the equity method as an associate from September 2013.

PFO ($ million) 2013 2012 % change

Singapore 304.8 373.4 (18)
Rest of ASEAN, Australia & India 46.1 51.4 (10)
China 85.7 46.8 83
Middle East & Africa 111.5 103.0 8
UK (52.0) 24.8 NM*
The Americas 3.1 8.9 (65)
Corporate 113.7 (1.7) NM*
Total PFO 612.9 606.6 1

* Includes Sembcorp Salalah IPO gain

Singapore

Our Singapore operations delivered a creditable performance, despite increased competition in the energy markets. PFO declined by 18% to S$304.8 million due to lower electricity sales and lower spark spreads. In January 2013, one of the gas turbines in our 815-megawatt cogeneration plant was shut down for planned maintenance, resulting in fewer electricity units sold. PFO was also lower compared to 2012 when the business saw higher contributions from short to medium-term gas sales contracts prior to the arrival of liquefied natural gas (LNG) in Singapore.

In 2013, as guided, market power prices fell. The Uniform Singapore Energy Price averaged S$173 per megawatt, a 22% drop from 2012’s average of S$222 per megawatt, while vesting contract prices averaged S$195 per megawatt, a drop of 9% from 2012’s S$215 per megawatt. During the year, the market also saw 800 megawatts of new capacity coming onstream from one of the generation companies. In mid-2014, our 400-megawatt cogeneration plant producing both power and steam will come onstream, enhancing the flexibility of our power operations in Singapore.

Rest of ASEAN, Australia & India

Our operations in Australia and Phu My 3 power plant in Vietnam continued to be key contributors to the region, which turned in a PFO of S$46.1 million compared to S$51.4 million the previous year. In January, we completed the divestment of our 51% stake in SembRamky Environmental Management, a medical waste collection and treatment player in India, to our partner Ramky International (Singapore).

China

China operations recorded a strong PFO growth of 83% to S$85.7 million in 2013, backed by the strong performance of our power assets. Yangcheng International Power Generating Company, acquired in September 2012, delivered a robust performance due to declining coal prices. With effect from September 25, 2013, coal-fired power tariffs were adjusted downwards by China’s National Development and Reform Commission.

On the water operations front, financial performance also improved, driven by higher operational efficiencies and customer demand.
Utilities Review

Creating value through the Sembcorp Salalah IPO: Demonstrating the success of Sembcorp’s “developer model”

Sembcorp achieved a significant milestone with the successful IPO and listing of Sembcorp Salalah on the Muscat Securities Market. The IPO raised OMR53 million (approximately S$173 million) and was the biggest listing in Oman for the year, as well as one of the largest in the region. We recognised a total gain of S$117 million from the IPO, comprising a S$37 million gain on disposal of our 20% equity interest and an S$80 million fair value gain on the re-measurement of our remaining 40% stake in Sembcorp Salalah.

The IPO not only highlighted Sembcorp’s strong capabilities in developing and executing large-scale energy and water projects, but also the value created during the development phase of the project.

Sembcorp Salalah’s shares were priced at a 57% premium and its IPO was 8.3 times oversubscribed. This demonstrates the success of the Sembcorp “developer model”, which encompasses identification of business opportunities, commercial and financial structuring of projects, and project management and execution. Going forward, we will seek to further leverage this “developer model” and our strong capabilities in this area to create value for our shareholders, such as through the sell-down of our stakes in large-scale projects after their successful completion.

UK & The Americas

Our UK operations registered a PFO loss of S$52 million. Municipal water operations in Bournemouth continued to perform well, but operating conditions for our Teesside operations remained challenging, due to a reduced on-site customer base, poor wholesale energy market conditions and government policies, including a carbon support tax and removal of levy exemption certificates, all of which affected the profitability of the business.

Meanwhile, PFO from our operations in the Americas, comprising Chile, Panama and the Caribbean, declined to S$3.1 million due to a one-off adjustment for a service concession arrangement in 2012.

Restructuring Teesside operations for sustainability

To ensure a sustainable business going forward, we are in the process of restructuring our Teesside operations. A key factor to ensuring the business’ viability is to reduce our dependence on on-site customers. Our approach in addressing this is two-pronged. First, we are right-sizing the power and steam business by rationalising our cost base through the reduction of fixed costs and impairment of assets. In 2013, a S$60.6 million impairment (net of tax: S$48.5 million) was made to write off assets, mainly in the power and steam business.

The second prong of our strategy is to develop the Wilton International site (Wilton) into a green hub. This will enable us to capitalise on Wilton’s zoning for industrial use to seek a new mix of industrial tenants and offer site management services. In addition, it will allow us to leverage our track record in renewable assets for growth. Currently, we operate the 35-megawatt Sembcorp Biomass Power Station at Wilton and have reached financial close on a second green energy facility for the site, which is targeted to commence operation in 2016. Our strategic re-positioning for Wilton is in line with the sustained move towards strong government emphasis and public support for green initiatives in the UK.

Development pipeline to deliver new income streams

In 2013, we made significant progress in the development of our ongoing pipeline of power and water projects.

Strengthening leadership in centralised utilities on Jurong Island with the opening of a second multi-utilities centre

In December, we commenced commercial operation of our S$154 million multi-utilities centre in Banyan, attaining a significant milestone in the expansion of our utilities business in this new growth area of Jurong Island. Together with our industrial wastewater treatment plant, which commenced operation in 2012, Sembcorp is now able to offer customers in the vicinity a comprehensive range of multi-utilities services that includes process steam, industrial water supply and wastewater treatment and service corridor services. With an unrivalled operating track record and two multi-utilities centres, Sembcorp is now well-placed to provide its services to customers across the whole of Jurong Island.

Our facilities in Banyan will be further complemented by an upcoming 400-megawatt gas-fired cogeneration plant, our second such plant in Singapore. Currently in commissioning, the plant will be ready to commence commercial operation in mid-2014.
Utilities Review

First Indian power project advancing towards completion; embarking on a second power project

The development of our first Indian power project, a 1,320-megawatt supercritical coal-fired power plant in Andhra Pradesh, achieved significant progress in 2013. Located in Nellore, Krishnapatnam, the power plant is more than 80% complete, with the first 660-megawatt unit to be completed in the second half of 2014, followed by the second unit in 2015.

During the year, we secured a 25-year power purchase agreement (PPA) for the sale of 500 megawatts to the Andhra Pradesh Power Distribution Companies, locking in a long-term income stream for 40% of the plant’s capacity. The remaining capacity will be contracted under short to medium-term PPAs. In addition, we made good progress on the fuel supply front. The domestic coal supply agreement with the subsidiary of Coal India, will supply 2.5 million tonnes per annum of coal to the plant. With this substantial coal supply, we made good progress on the fuel resources for one million tonnes per annum of imported coal. The procurement process for a second tranche of imported coal supply is now ongoing.

With the first power project advancing toward completion, we embarked on developing our second power project in the country. We acquired a 45% stake in NCC Power Projects, which is currently building another 1,320-megawatt coal-fired power plant on a site adjacent to our first Indian power project. The proximity of the two plants will enable us to benefit from operational synergies, such as shared coal importation and logistics infrastructure and the same management team. As coastal power projects, both plants will benefit from reliable delivery of coal from the nearby Krishnapatnam Port.

Once operational, both power plants will play a critical role in alleviating power shortages in India.

30 MiGD desalination expansion in the UAE progressing smoothly

Our US$200 million expansion to the seawater desalination capacity of our combined power and water plant in Fujairah is proceeding smoothly, with construction now 25% complete. In January, a 20-year water purchase agreement was signed with the Abu Dhabi Water & Electricity Company for the sale of the additional desalinated water to be produced by the expansion. Targeted to commence operation in the first half of 2015, the expansion will use uncontracted surplus power from the facility's existing power plant, enabling it to produce the additional water at a competitive cost.

BUILDING A STRONG DEVELOPMENT PIPELINE TO UNDERPIN LONG-TERM GROWTH

We continue to build our development pipeline, leveraging our distinct core capabilities and strong track record to offer solutions to meet the world’s growing power and water needs.

Industrial Segment

Targeting energy-intensive industries with our multi-utilities and specialised water solutions

Extending our centralised utilities business model to Oman

Backed by Sembcorp’s strong capabilities and operating experience in running centralised utilities facilities, we were selected by Takamul Investment Company (Takamul), a subsidiary of Oman Oil Company, as its partner to develop centralised utilities facilities for the Duqm Special Economic Zone (Duqm SEZ).

Under the joint venture agreement, Takamul and Sembcorp’s 65:35 joint venture entity, Centralised Utilities Company (CUC), will serve as a one-stop provider of a range of centralised utilities such as power, steam, water, wastewater treatment and on-site logistics on a captive basis to multiple industrial customers in the Duqm SEZ. CUC’s customers will include anchor customer Oman Oil Company, which is developing a 230,000 barrels per day refinery targeted to begin operation in 2018 as well as a petrochemical complex on the site. With a land area of 1.777 square kilometres, including 365 square kilometres designated as an industrial zone, and an 80-kilometre coastline, the Duqm SEZ is set to be the largest SEZ in the Middle East and North Africa region. With its strategic location in the south of the country and along the Gulf of Oman, Duqm has been targeted for development as a major maritime gateway for trade in crude oil from the region.

Addressing complex water management needs of China’s growing industrial sector

In 2013, our business in China marked a key milestone in securing its first project to serve the country’s growing coal-to-chemicals sector. With a total capacity of 1.2 million cubic metres per day, this RM8932 million ($189.9 million) total water management plant will serve Shanxi Lu’an Group’s one million tonnes per annum coal-to-diesel project in Changzhi city, Shanxi, under a 15-year contract.

The plant will offer the most comprehensive range of water and wastewater solutions among all of Sembcorp’s plants in China to date. It will supply industrial, potable, demineralised as well as cooling water. In addition, it will have capabilities to treat both high-concentration and high-salinity wastewater and reclaim water from the treated industrial effluent. By integrating industrial wastewater treatment, water reclamation and industrial water supply in a closed loop, the facilities aim to achieve zero liquid discharge and help to promote sustainable development of the site.

This project demonstrates Sembcorp’s ability to offer innovative solutions to support industries and water-stressed areas in China. The project has received high-level recognition and has been designated as a joint showcase for integrated water management by the governments of China and Singapore.

In 2013 we also extended our capabilities in the treatment of complex industrial wastewater to key chemical industrial parks in Liaoning and Hebei provinces.
SOLID DEVELOPMENT PIPELINE

Over 3,000MW of power and close to 1.5 million m3/day of water and wastewater treatment capacity * coming onstream between 2014 to 2016

<table>
<thead>
<tr>
<th>Commercial Operation Date</th>
<th>Projects in Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-2014</td>
<td>Sembcorp Cogen @ Banyan</td>
</tr>
<tr>
<td></td>
<td>Jurong Island SINGAPORE</td>
</tr>
<tr>
<td></td>
<td>Capacity: 400MW / 200tpd steam</td>
</tr>
<tr>
<td>End-2014</td>
<td>Fushun Water Treatment Plant</td>
</tr>
<tr>
<td></td>
<td>Fushun Petrochemical and Fine Chemical Park, Liaoning CHINA</td>
</tr>
<tr>
<td></td>
<td>Capacity: 22.5Mlnd/Day</td>
</tr>
<tr>
<td>2H2014 / 2015</td>
<td>Thermal Powertech Corporation India</td>
</tr>
<tr>
<td></td>
<td>Nellore, Andhra Pradesh, INDIA</td>
</tr>
<tr>
<td></td>
<td>Capacity: 1.32MI/GD</td>
</tr>
<tr>
<td>1H2015</td>
<td>Fujairah 1 Desalination Expansion</td>
</tr>
<tr>
<td></td>
<td>Fujairah UAE</td>
</tr>
<tr>
<td></td>
<td>Capacity: 30MI/GD</td>
</tr>
<tr>
<td>1H2015</td>
<td>Huanghua Wind Power Capacity Expansion</td>
</tr>
<tr>
<td></td>
<td>Huanghu CHINA</td>
</tr>
<tr>
<td></td>
<td>Capacity: 48MW</td>
</tr>
<tr>
<td>Mid-2015</td>
<td>Nanjing Industrial Water Treatment Plants</td>
</tr>
<tr>
<td></td>
<td>Nanjing Chemical Industrial Park, Jiangsu CHINA</td>
</tr>
<tr>
<td></td>
<td>Expected to be completed in mid-2015, the expansion will double the plant’s industrial water capacity by another 120,000 cubic metres per day.</td>
</tr>
<tr>
<td>2015</td>
<td>Changzhi Total Water Management Plant</td>
</tr>
<tr>
<td></td>
<td>Wangqiao Industrial Park, Shanxi CHINA</td>
</tr>
<tr>
<td></td>
<td>Capacity: 1.2 million m3/day</td>
</tr>
<tr>
<td>2015</td>
<td>Industrial Wastewater Treatment Plants</td>
</tr>
<tr>
<td></td>
<td>Panjin Fine Chemical Industrial Park, Liaoning CHINA</td>
</tr>
<tr>
<td></td>
<td>Capacity: 20.00mnd/Day</td>
</tr>
<tr>
<td>2015</td>
<td>NCC Power Projects</td>
</tr>
<tr>
<td></td>
<td>Nellore, Andhra Pradesh, INDIA</td>
</tr>
<tr>
<td></td>
<td>Capacity: 1.32MI/GD</td>
</tr>
<tr>
<td>2016</td>
<td>Energy-from-Waste Facility</td>
</tr>
<tr>
<td></td>
<td>Jurong Island SINGAPORE</td>
</tr>
<tr>
<td></td>
<td>Capacity: 140tpd steam</td>
</tr>
<tr>
<td>2016</td>
<td>Wilton 11 Energy-from-Waste Facility</td>
</tr>
<tr>
<td></td>
<td>Swansea, UK</td>
</tr>
<tr>
<td></td>
<td>Capacity: 48MW or 190tpd steam</td>
</tr>
</tbody>
</table>

In Liaoning, we signed a joint venture agreement to develop, own and operate an industrial wastewater treatment plant with a capacity of 10,000 cubic metres per day, targeted for operation in the second half of 2015. The project will serve the Panjin Fine Chemical Industrial Park, which houses a seven million tonnes per annum refinery and an 800,000 tonnes per annum ethylene cracker, and is located in Panjin City, home to China’s third largest oilfield.

Meanwhile, in Hebei, we signed a joint venture agreement to develop, own and operate an industrial wastewater treatment project in the Caofeidian Chemical Industrial Park with a capacity of 10,000 cubic metres per day. Targeted to come onstream at the end of 2015, the facility will have advanced capabilities to treat high concentration industrial wastewater and high oil content industrial wastewater.

In addition to these new projects, we are also growing our existing operations organically. In early 2014, we announced an expansion to our existing operations at the Nanjing Chemical Industrial Park. Expected to be completed in mid-2015, the expansion will double the plant’s industrial water capacity by another 120,000 cubic metres per day.

Enhancing competitiveness with technology and innovation

In 2013, we continued to strengthen the Utilities business’ capabilities and sharpen our competitive advantage. During the year, we acquired a stake in Norway-based Biowater Technology (Biowater), a recognised industry leader in biological wastewater treatment. This strategic partnership will give us preferential and early access to Biowater’s proprietary technologies. We also completed a new centre for applied research and development in energy and water on Jurong Island. The Sembcorp Technology & Innovation Centre will house Sembcorp engineers and technical specialists who aim to develop innovative processes and run test beds for relevant emerging technologies to enhance the efficiency, cost and environmental performance of our existing plants. The centre will also provide technological support for Sembcorp’s global utilities operations.

Expanding presence in fast-growing Vietnam

In 2013, we deepened our presence in Vietnam by raising our stake in Phu My 3 power plant – Sembcorp’s first power plant in the country – from 33.3% to 66.7%. We signed a capital assignment agreement to acquire BP’s entire stake in the facility for approximately US$51 million. This transaction is targeted to be completed in the first half of 2014. Located in Ba Ria-Vung Tau province in southern Vietnam, the 746-megawatt gas-fired power plant has performed well since commencing operation in 2004.

In addition, the Vietnamese government gave its endorsement for Sembcorp to be the owner and developer of an additional power project in the country, the 1,200-megawatt Dung Quat power project. Demonstrating its support for the project, the government also approved its inclusion in Power Master Plan VII, the nation’s 10-year national power development master plan. This coal-fired power plant will be located in the Dung Quat Economic Zone in Quang Ngai province, which has been earmarked by the central government to become a multi-sectoral economic zone and a base for oil refining and petrochemical industries. During the year, a memorandum of understanding (MOU) was signed with the Ministry of Industry and Trade (MoIT) for the project, and going forward, Sembcorp will undertake further studies and carry out subsequent steps for the development of the project with MoIT in accordance with the MOU.

Rapidly Developing Economies: Meeting growing power and water needs

New EfW projects in Singapore and the UK to improve competitiveness

We are also embarking on two new energy-from-waste (EfW) projects slated for completion in 2016. Broadening our fuel supply source, both projects will use alternative fuel in the form of municipal or industrial and commercial waste, which would otherwise be bound for incineration or landfill. In Singapore, we will invest over S$250 million in a new 140 tonnes per hour steam production facility fuelled by industrial and commercial waste. The facility will be Sembcorp’s largest EfW plant in Singapore to date and will provide an economical, environmentally-friendly source of steam for our customers on Jurong Island. It will be fuelled by around 1,000 tonnes of industrial and commercial waste per day, further strengthening synergies with our solid waste management operations. With the completion of this facility in 2016, Sembcorp will achieve its target of fulfilling one-third of its existing customers’ steam demand in Singapore using alternative fuel.

Renewable Energy: Growing and broadening capabilities

Woodchip boiler expansion commences operation, increasing steam capacity from alternative fuel

In October, we commenced commercial operation of a S$30 million expansion to triple the capacity of our Sembcorp Woodchip Boiler Plant located in the Sakri area of Jurong Island in Singapore. The 60 tonnes per hour facility, which utilises woodchips derived from waste wood collected by Sembcorp’s solid waste management operations, allows us to reduce our cost of energy production and offer our customers competitively-priced steam. The renewable energy facility is also estimated to reduce carbon dioxide emissions by around 70,000 tonnes per year.
Utilities Review

Sembcorp’s Utilities Growth Strategy

Expand global presence in key markets and rapidly developing economies
- Maintain balanced exposure to developed and rapidly developing economies (RDEs)
- Leverage our knowledge of local and regional market conditions to deepen our foothold in existing geographies and prudently expand into selected new RDEs
- Capture operational and financial synergies between existing and new assets

Grow our energy and water portfolio and leverage leadership in multi-utilities
- Develop a strong portfolio of thermal power projects, since thermal capacity remains the baseload power generation, particularly in markets with rapidly growing energy consumption and sound, sufficiently developed market structures to support in-country project financing
- Expand the depth of our existing wind power and EfW capabilities and monitor new growth opportunities in other renewables as these become increasingly cost-competitive
- Sharpen our competitive edge in industrial water and wastewater treatment by building on our total water management capabilities and specialised solutions to serve niche industry segments, such as petrochemicals and coal-to-chemicals
- Pursue opportunistic investments in centralised utilities across the world
- Leverage Sembcorp’s strong project development capabilities to create value, such as through the sell-down of our stakes in large-scale projects upon their successful completion

Build new capabilities to enhance competitiveness
- Leverage specialist know-how as a key business differentiator
- Drive innovation and invest in new technologies to sharpen our competitive edge

In the UK, we are developing a new EfW facility through a 40:40:20 joint venture between Sembcorp, Suez Environment’s SITA UK and ITOCHU Corporation’s i-Environment Investments that emerged the winner in a competitive bid. To be located at Wilton, Teesside, the facility will be capable of producing up to 49 megawatts of gross power or 190 tonnes per hour of steam fuelled by municipal and commercial waste. Total investment in the project, which also includes a waste transfer station, amounts to approximately £250 million (approximately $513 million) and will be mostly funded through long-term non-recourse project finance loans. Targeted to begin operation in 2016, the project will provide a new income stream and is in line with our strategy to focus on green businesses on the Wilton site and leverage our track record in renewables for growth.

Expanding total wind power generation capacity in China by 19%
Together with our joint venture partner, we are also embarking on a 48-megawatt expansion to our existing wind power facilities in Huanghua, Hebei province. Expected to be completed by the first half of 2015, this will increase our renewable energy capacity at Huanghua by 48% and grow our total wind power generation capacity in China to close to 300 megawatts.

OUTLOOK
In 2014, Utilities’ underlying core business is expected to deliver a steady performance compared to 2013. In 2013, the business recorded gains from the IPO of Sembcorp Salalah, which were partially offset by a one-off impairment for our Teesside operations in the UK. While competition is expected to be intense in the Singapore power and gas market, 2014 will see continued growth from our overseas operations. The first unit of our 1,320-megawatt coal-fired power plant project in India will commence operation in the second half of the year, contributing a new earnings stream. In addition, upon completion of the transaction, our acquisition of an additional 33.3% stake in Phu My 3 will result in a higher share of earnings from the asset. In Singapore, there will be additional earnings streams from our newly expanded woodchip boiler and Banyan multi-utilities centre, as well as our additional upcoming 400-megawatt cogeneration plant which is due to commence operation in mid-2014.

The underlying fundamentals for energy and water demand growth remain strong. Positive government developments in the markets where we operate are expected to translate into potential opportunities for the business. The Singapore government, through its Jurong Island Version 2.0 initiative, has embarked on a strategy to transform the petrochemical hub with future-ready solutions, enhancing its competitiveness and sustainability. It is also planning to award up to two new LNG import licences in line with its objective to establish Singapore as Asia’s LNG trading hub.

In China, balancing the pursuit of economic growth with environmental protection was a key area of emphasis in the country’s 12th Five-year Plan and also reflected in the Third Plenary Session of the 18th Communist Party of China Central Committee, held in 2013. In line with this, the central government is actively encouraging clean energy generation and has announced its intention to liberalise energy and water tariffs. It has also taken a firm stand in tightening controls over the treatment of industrial wastewater and in encouraging water reuse.

Meanwhile, there has been renewed momentum towards the goal of governments in the Middle East to build up a downstream petrochemical industry and reduce dependency on oil revenues. With Sembcorp’s strong developer-owner-operator capabilities and robust track record, we are in a good position to benefit from these developments and take advantage of opportunities to build up our pipeline of energy and water projects and deliver long-term growth.