

Singapore Electricity Privatisation: YTL Power Acquisition of Power Seraya from Temasek for S\$3.6 billion (Speech from Group MD, YTL Corporation)

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Singapore: A very good evening to Mr Koh Boon Hwee, Chairman, DBS Bank; Tan Sri Yeoh Tiong Lay, Executive Chairman of YTL, friends at DBS and fellow colleagues.

First of all, I would like to thank Chairman Koh for hosting this "Appreciation Dinner" which is very aptly named; much as DBS appreciates YTLs custom, YTL too very much appreciates DBS support for the acquisition of Seraya.

YTL has been following the "Singapore Genco space" since the very beginning. As far back as 1996, YTL was very keen to supply electricity to PUB Singapore from our Pasir Gudang Power Station, and even received in-principle approval from the Malaysian Government to commence discussions with PUB.

PUB, however, had different plans to corporatize and Singapore introduced the day-ahead power pool in early 2001. YTL applied for an Offshore Power Producer License but, again, the time wasnt right as the EMA was evolving the Singapore pool market to its current form, the National Electricity Market of Singapore.

Meanwhile, we focused our expansion efforts further afield. In 2000, shortly after we first began looking overseas to add to our regulated asset portfolio of two power stations in Malaysia, we acquired a 33.5% indirect interest in ElectraNet in Australia. We followed in 2002 with our 1.25 billion acquisition of Wessex Water in the UK, and, in 2004, with the acquisition of a 35% stake in Jawa Power in Indonesia.

The intervening years saw the upsurge of private equity funds, driving asset prices ever-higher. This led us to focus on consolidating and integrating our existing businesses, rather than attempting to compete with private equity and sky-high asset valuations.

When the Genco Sale Process started with Tuas in October 2007, YTL did not even make it to the final shortlist of 9 bidders. However, YTL persevered and was amongst the four or five final bidders for Senoko which the Marubeni Consortium won.

DBS supported YTL in the Senoko bid by providing the sole underwriting position for the transaction which we understand was the only one offered to bidders in the Senoko bid. I recall Hong briefing me about the lunch meeting he had with Elbert in KL where Elbert had said that DBS was prepared to put its Balance Sheet behind YTL by solely underwriting the acquisition facility; for a small fee, of course, which we gladly paid.

Although we were not successful in our bid for Senoko, the faith that DBS' Board and management had shown in YTL was not misplaced. YTL pushed on with the Seraya bid and by then, the global financial crisis had set in, created a "perfect storm". As our history shows, we have been very disciplined in bidding for assets successfully over the past few years, waiting for just such a "perfect storm".

YTL has always been a pragmatic and disciplined bidder and we recognise that there is a premium to be paid when investing in Singapore, a AAA-rated country. We are therefore very pleased, with Gods grace, to have been successful in our acquisition of Seraya.

PowerSeraya is a highly synergistic addition to our portfolio of international utility businesses, adding expertise in the electricity retail and distribution sector to our current matrix of regulated power generation, power transmission and water and sewerage facilities. We also anticipate that we will be able to deploy the Group's extensive O&M experience for the benefit of PowerSeraya's operations.

I would like to thank the teams at DBS and YTL who have worked very hard from the Senoko transaction to the Seraya transaction for their contribution to the success of this venture. Thanks also go to our advisers, Lexicon Partners and Slaughter and May, and also to DBS' legal counsel, Baker & McKenzie.

Most of all, we thank our Good Lord Jesus for honouring the YTL Group with this acquisition. As God's steward, our Team will work very hard to make PowerSeraya the most efficient and profitable Genco in Singapore.

In closing, I would like to propose a toast to DBS Bank to express our gratitude and appreciation for their steadfast support and confidence in YTL throughout this process. The YTL Group has made significant investments in Singapore over the past few months and I am sure that we have many opportunities to work together in these challenging but promising times.

A toast, to DBS Bank.

Speech By Tan Sri Dr Francis Yeoh, CBE

Group Managing Director, YTL Corporation Berhad Thursday, March 5, 2009