ANNEX B: PAYMENT MECHANISM

INTRODUCTION

1. CWSA CHARGES

Unless the Tenant has elected to enter into an individualised CWSA with the Concession Company as contemplated in Clause 14.4(b) of the Concession Agreement, the Concession Company must charge each Tenant for the supply of Chilled Water Service on a monthly basis as follows:

(a) where the Tenant's actual usage or consumption ("**Actual Load**") of the Chilled Water Service equals to or is higher than the Declared Demand Load of that Tenant, the Concession Company must charge that Tenant the actual usage charge ("**Actual Usage Charge**") which is calculated as follows :

ACL = CWSA Charge x AL x AU

Where:

ACL = Actual Usage Charge in Singapore Dollars

CWSA Charge = Chilled Water Charge as reflected in the CWSA, in Singapore Dollars per Refrigeration Ton (RT) per hour, which must not in any event exceed the Price Ceiling for the relevant billing month

AL = actual usage of the Chilled Water Service by that Tenant in RT during the relevant billing month

AU = actual usage in hours during the relevant billing month

(b) where the Actual Load is less than the Declared Demand Load of that Tenant, the Concession Company must charge that Tenant the minimum load charge ("**Minimum Load Charge**") which is calculated as follows :

MLC = CWSA Charge x M x DDL x 730

Where:

MLC = Minimum Load Charge in Singapore Dollars

CWSA Charge = Chilled Water Charge as reflected in the CWSA, in Singapore Dollars per Refrigeration Ton (RT) per hour, which must not in any event exceed the Price Ceiling for the relevant billing month

M = Minimum Load Factor quoted as a percentage of the Declared Demand Load (%)

DDL = Declared Demand Load in RT of that Tenant

730 = Number of hours in an average month, calculated as (365 days per year x 24 hours per day) / 12 months

2.   PRICE CEILING ADJUSTMENTFORMULA

The Price Ceiling Adjustment Formula shall mean the following formula to be used to determine the Price Ceiling for each Quarter Period (other than the first Quarter Period) or such other formula as may be adjusted pursuant to the Concession Agreement.

$PC_{q+1} = PC_q$ X [(A x Water Index) + (B x Electricity Index) + (C x Inflation Index) - Eff]

Where:

PC = Price Ceiling

q = current Quarter Period

Water Index = (NEWater Tariff + Waterborne Fee + GST)$_q$ / (NEWater tariff + Waterborne Fee + GST)$_{q-1}$

Electricity Index = (Weighted Extra High Tension Electricity Tariff)$_q$ / (Weighted Extra High Tension Electricity Tariff)$_{q-1}$

Inflation Index = (1+Average MAS Core Inflation Index$_{q+1}$) / (1+Average MAS Core Inflation Index$_q$)

NEWater Tariff = NEWater Tariff as specified by PUB

Waterborne Fee = Waterborne Fee as specified by PUB

GST = prevailing goods and services tax charged under the Goods and Services Tax Act (Cap. 117A) of Singapore

MAS Core Inflation = MAS Core Inflation index as published in the Monthly Statistical Bulletin of the Monetary Authority of Singapore

Weighted Extra High Tension (EHT) Electricity Tariff = [(2/3) x Peak EHT Electricity Tariff] + [(1/3) x Off-Peak EHT Electricity Tariff]

Peak and Off-Peak Electricity Tariff = kWh charge in cents/kWh for Peak Period and Off-Peak Period for Extra High Tension (EHT) Supplies as published by SP Services

Average MAS Core Inflation Index = sum of monthly MAS Core Inflation Index for the current Quarter Period / no. of months in that current Quarter Period

A, B, C = Proportion of Price Ceiling linked to Water Index, Electricity Index and Inflation Index. Sum of factors must add up to 1

Eff = efficiency savings (%) proposed by the Concession Company, provided that for the first year from the Plant First Supply Date, Eff shall be zero