IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR TO U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT")). THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Keppel Corporation Limited as issuer (the "**Issuer**"), DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited as joint bookrunners and lead managers (the "**Joint Bookrunners and Lead Managers**") that (1) you are not a U.S. person nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not, and you are not located in the United States, its territories or possessions and to the extent you purchase securities defined herein you will be doing so pursuant to Regulation S under the Securities Act, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Joint Bookrunners and Lead Managers or their respective affiliates, directors, officers, employees, representatives, agents or any person who controls the Issuer, the Joint Bookrunners and Lead Managers or their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached Offering Circular is being furnished in connection with an offering of securities pursuant to Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in the attached Offering Circular is not complete and may be changed.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES (THE "SECURITIES") (AS DESCRIBED IN THE OFFERING CIRCULAR) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Nothing in this electronic transmission constitutes an offer to sell or a solicitation by or on behalf of any of the Issuer or the Joint Bookrunners and Lead Managers of an offer to subscribe for or purchase any of the securities described therein in any jurisdiction where it is unlawful to do so, and access has been limited so that it shall not constitute in the United States "directed selling efforts" (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Bookrunner and Lead Manager or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Bookrunner and Lead Manager or such affiliates on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular 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 the attached document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the Securities.

Actions that You May Not Take: If you receive the attached Offering Circular by e-mail, you should not reply by e-mail to this e-mail, and you may not purchase any Securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

You are responsible for protecting against viruses and other destructive items. If you receive the attached document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

KEPPEL CORPORATION LIMITED

(Incorporated in Singapore with limited liability)

S$400,000,000 2.90 per cent. Subordinated Perpetual Securities

Issue Price: 100%

The S$400,000,000 2.90 per cent. subordinated perpetual securities (the "**Securities**") will be issued by Keppel Corporation Limited (the "**Issuer**"). The issue price of the Securities shall be 100% of the aggregate principal amount of the Securities and the denomination of each Security shall be S$250,000 and integral multiples thereof. The Securities will constitute direct, unsecured and subordinated obligations of the Issuer which will rank *pari passu* and without any preference among themselves and with any Parity Securities (as defined in the Terms and Conditions (as defined below)) of the Issuer.

Subject to Condition 4.3 of the terms and conditions of the Securities (the "**Terms and Conditions**"), the Securities will confer a right to receive distribution (each a "**Distribution**") from 16 September 2021 (the "**Issue Date**") at the Distribution Rate (as defined in the Terms and Conditions), and Distribution shall be payable on the Securities semi-annually in arrear on 16 March and 16 September of each year (each, a "**Distribution Payment Date**"), with the first Distribution Payment Date falling on 16 March 2022.

The Issuer may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the holders of the Securities (the "**Securityholders**") not more than 15 nor less than five Business Days (as defined in the Terms and Conditions) prior to a scheduled Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred. Any Distribution so deferred shall constitute "**Arrears of Distribution**". Each amount of Arrears of Distribution shall bear Distribution as if it constituted the principal of the Securities at the Distribution Rate and the amount of such Distribution payable thereon shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution as described in the Terms and Conditions. The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement and is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred. See "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*".

The Securities will be perpetual securities and will have no fixed redemption date. The Issuer may at its option redeem in whole but not in part, the Securities at their principal amount (together with Distribution accrued to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) (i) if (a) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations or the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA or (b) the Issuer satisfies the Trustee (as defined in the Terms and Conditions) immediately prior to the giving of such notice that it has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as provided or referred to in Condition 7 of the Terms and Conditions as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncements promulgated thereunder of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, which change or amendment becomes effective on or after 7 September 2021 and such obligation cannot be avoided by the Issuer taking commercially reasonable measures available to it; (ii) if the Securities must not or must no longer be recorded as "equity" of the Issuer as a result of any changes or amendments to the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and Singapore Financial Reporting Standards (International) (collectively referred to as "**SFRS(I)s**") or any other accounting standards that may replace SFRS(I)s for the purposes of the consolidated financial statements of the Issuer; (iii) if (a) the Issuer satisfies the Trustee immediately prior to the giving of notice to the Securityholders that, as a result of any of the matters referred to in Condition 5.4 of the Terms and Conditions, Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer would no longer, or within 90 days of the opinion referred to in Condition 5.4 of the Terms and Conditions would not be deductible by the Issuer for Singapore income tax purposes or (b) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not or will no longer 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 (iv) (a) on or at any time after 16 September 2024 (the "**First Call Date**") and any Distribution Payment Date after the First Call Date. See "*Terms and Conditions of the Securities – Redemption, Purchase and Cancellation*".

The Securities will not be rated.

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the Securities on 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 for the listing and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer or any other subsidiary or associated company of the Issuer or the Securities. The Securities will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as any of the Securities remains listed on the SGX-ST and the rules of the SGX-ST so require.

Investing in the Securities involves certain risks. See "*Risk Factors*" beginning on page 7 for a discussion of certain factors to be considered in connection with an investment in the Securities.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities 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 (1) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 (the "SFA")); (2) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (3) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA. Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**"). The Securities may only be offered outside the United States in reliance on Regulation S. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Securities will be initially represented by a global certificate (the "**Global Certificate**") registered in the name of and deposited with, The Central Depository (Pte) Limited (the "**Depository**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the Depository. Except as described in the Global Certificate, certificates for the Securities will not be issued in exchange for interests in the Global Certificate.

Joint Bookrunners and Lead Managers

DBS Bank Ltd. **Oversea-Chinese Banking Corporation Limited** **United Overseas Bank Limited**

The date of this Offering Circular is 7 September 2021.

IMPORTANT NOTICE

GENERAL

About this document

This document (this "**Offering Circular**") is issued by the Issuer. Any offering of the Issuer's Securities is made under this Offering Circular.

The Issuer has confirmed to the Joint Bookrunners and Lead Managers that all the information in this Offering Circular is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Offering Circular are carefully considered, are based on all relevant considerations and facts existing at the date of its issue and are fairly, reasonably and honestly held by the Issuer; there are no other facts the omission of which in the said context would make any such information or expressions of opinion or expectation misleading in any material respect and the Issuer has made and will make all reasonable enquiries to ascertain all material facts for the purpose aforesaid and to verify all facts and information herein are true and accurate in all material respects; and this Offering Circular (or any amendment or supplement thereto) complies with all applicable laws and regulations. The Issuer accepts responsibility for the information contained in this Offering Circular. This Offering Circular should be read in its entirety. It contains general information only and does not take into account the specific objectives, financial situation or needs of any investor. In the case of any doubt, investors should seek the advice of a financial or other independent and qualified professional adviser.

None of the Issuer, any member of the Issuer and the Issuer's subsidiaries as a whole (collectively, the "**Group**"), any of the Joint Bookrunners and Lead Managers, The Bank of New York Mellon, Singapore Branch (the "**Trustee**") or the Agents (as defined in the Terms and Conditions) or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them guarantees the success of the offering of the Securities (the "**Offer**" or the "**Offering**"), or any particular rate of capital or income return on the Securities. Investment-type products are subject to investment risk, including possible loss of income and capital invested.

None of the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them is providing investors with any legal, business or tax advice in this Offering Circular. Investors should consult their own advisers to assist them in making their investment decision and to advise themselves whether they are legally permitted to purchase the Securities. Investors must comply with all laws that apply to them in any place in which they buy, offer or sell any Securities or possess this Offering Circular. Investors must also obtain any consents or approvals that they need in order to purchase the Securities. None of the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them is responsible for the investors' compliance with any such legal requirements. The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Securities other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Security shall in any circumstance create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group since the date of this Offering Circular.

Any offer, invitation or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Offering Circular shall (without liability or responsibility on the part of the Issuer, the

Joint Bookrunners and Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them) lapse and cease to have any effect if (for any reason whatsoever) the Securities are not issued by the Issuer to the Joint Bookrunners and Lead Managers.

Furthermore, no comment is made or advice is given by any of the Joint Bookrunners and Lead Managers, the Trustee, the Agents or the Issuer or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them in respect of taxation matters relating to any Securities or the legality of the purchase of Securities by an investor under applicable or similar laws. The Joint Bookrunners and Lead Managers, the Trustee and the Agents and each of their respective affiliates, advisers, agents, representatives, employees, officers, associates and directors and each person who controls any of them do not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of the Joint Bookrunners and Lead Managers, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

No representations or recommendations

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the Offering and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them. None of the Joint Bookrunners and Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them has separately verified the information contained in or incorporated in this Offering Circular. Accordingly, no representation, warranty or undertaking, whether express or implied, is made, and no responsibility or liability is accepted, by the Joint Bookrunners and Lead Managers, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them as to the accuracy or completeness of the information (including the financial information) contained or incorporated in this Offering Circular or any other information (including the financial information) provided by the Issuer or in connection with the Securities or their distribution. Nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Bookrunners and Lead Managers, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and nor should it be considered as a recommendation by the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them that any recipient of this Offering Circular should purchase the Securities. Each potential purchaser of Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Securities should be based upon such investigations as it deems necessary.

Restrictions in certain jurisdictions

This Offering Circular does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined herein) and the issue of the Securities by the Issuer to the Joint Bookrunners and Lead Managers pursuant to the Subscription Agreement.

The distribution of this Offering Circular and the offering, sale and delivery of Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and on distribution of this Offering Circular and other offering material relating to the Securities, see "*Subscription and Sale*".

The Securities have not been, and will not be, registered under the Securities Act, subject to certain exceptions, and may not be offered or sold within the United States. The Securities are being offered and sold solely outside the United States pursuant to Regulation S.

Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or any Agent or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them to subscribe for, or purchase, any of the Securities.

Prohibition of Sales to EEA Retail Investors

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Notification under Section 309B of the SFA

The Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Listing of the Securities on the SGX-ST

An application will be made to the SGX-ST for permission to deal in and quotation for the Securities on the Official List of the SGX-ST. Such permission will be granted when the 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 in this Offering Circular. There is no assurance that the application to the SGX-ST for the listing of the Securities will be approved. Admission of the Securities to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Issuer's subsidiaries, the Issuer's associated companies (if any) or the Securities.

Global Certificate

The Securities will be in registered form. The Securities will be represented on issue by a Global Certificate. On or around the Closing Date, the Global Certificate will be registered in the name of, and deposited with, the Depository. The Global Certificate will be exchangeable, in whole or in part, for individual definitive Securities in registered form, serially numbered, in denominations of S$250,000 and integral multiples thereof (but only in the limited circumstances described in the Global Certificate).

Risk Factors

Prospective purchasers of the Securities should carefully consider the risks and uncertainties described in this Offering Circular before making a decision to invest in the Securities. An investment in the Securities should be considered speculative due to various factors, including the nature of the Group's business and operations and the business outlook for the industry in which the Group operates. See "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Risk Factors*" in this Offering Circular.

Definitions

In this Offering Circular, unless otherwise defined herein or the context requires otherwise, all references to:

- "**1H 2020**" refers to the consolidated interim financial statements of the Group for the half year ended 30 June 2020;
- "**1H 2021**" refers to the consolidated interim financial statements of the Group for the half year ended 30 June 2021;
- "**AAMTF IV**" refers to Alpha Asia Macro Trends Fund IV;
- "**ABS**" refers to the Association of Banks in Singapore;
- "**Alternative Clearing System**" refers to any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Agent and the Registrar through which the Securities are held;
- "**Arrears of Distribution**" refers to any Distribution deferred pursuant to Condition 4.3 of the Terms and Conditions;
- "**AUM**" means assets under management;

- "**Banking Services or Transactions**" refers to various activities which the Joint Bookrunners and Lead Managers and their respective affiliates are engaged in, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities;

- "**Benchmarks Regulation**" refers to Regulation (EU) 2016/1011;

- "**Board**" refers to the Board of Directors of the Issuer;

- "**C(WUMP)O**" refers to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong;

- "**CBA**" means Cambodia Block A;

- "**CBD**" means Central Business District;

- "**CDP**" refers to The Central Depository (Pte) Limited;

- "**CEO**" means Chief Executive Officer;

- "**Code**" means the Singapore Code on Take-overs and Mergers;

- "**Companies Act**" refers to the Companies Act, Chapter 50 of Singapore;

- "**Comptroller**" means the Comptroller of Income Tax in Singapore;

- "**Constitution**" refers to the Constitution of the Issuer;

- "**COVID-19**" refers to the outbreak of a novel strain of coronavirus (i.e. Coronavirus Disease 2019 (COVID19));

- "**Depository**" means The Central Depository (Pte) Limited;

- "**Distribution Payment Date**" refers to 16 March and 16 September of each year;

- "**Distribution**" refers to a right to receive distribution conferred by the Securities;

- "**DIS**" means distribution in specie;

- "**EEA**" means the European Economic Area;

- "**ESG**" means environment, social and governance;

- "**EURIBOR**" means the euro interbank offered rate;

- "**EUWA**" means the European Union (Withdrawal) (Act) 2018;

- "**Euro**" refers to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

- "**Exchange Date**" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which the banks are open for business in the city in which the specified office of the Registrar is located;

- "**EV**" means electric vehicle;

- "**Financial Instruments and Exchange Act**" refers to the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended;

- "**Floatel**" means Floatel International Ltd;

- "**foreign passthru payments**" refers to certain payments which a "foreign financial institution" makes and may be required to withhold on pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 (commonly known as FACTA);

- "**FRS**" means the Singapore Financial Reporting Standard;

- "**FSMA**" means the Financial Services and Markets Act 2000;

- "**FY**" means financial year;

- "**FY2019**" means the financial year of the Group ended 31 December 2019;

- "**FY2020**" means the financial year of the Group ended 31 December 2020;

- "**Global Certificate**" refers to the global certificate initially representing the Securities;

- "**GRESB**" refers to the Global Real Estate Sustainability Benchmark;

- "**Group**" means the Issuer and its subsidiaries;

- "**HCMC**" means Ho Chi Minh City;

- "**HSE**" refers to health, safety and environment;

- "**IDD**" refers to Directive (EU) 2016/97;

- "**IFRS**" refers to the International Financial Reporting Standards;

- "**IGA**" means intergovernmental agreements;

- "**IMD**" refers to International Institute for Management Development;

- "**IMDA**" means the Infocomm Media Development Authority;

- "**Investor's Currency**" refers to the currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Singapore dollar;

- "**IRAS**" means the Inland Revenue Authority of Singapore;

- "**IRD Act**" means the Insolvency, Restructuring and Dissolution Act of Singapore;

- "**IRD Bill**" means the Insolvency, Restructuring and Dissolution Bill of Singapore;

- "**Issuer**" means Keppel Corporation Limited;

- "**ITA**" means the Income Tax Act, Chapter 134 of Singapore;

- "**IWMF**" means the Tuas Nexus Integrated Waste Management Facility;

- "**Joint Bookrunners and Lead Managers**" refers to DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited;
- "**JV**" means joint venture;
- "**Keppel Capital**" means Keppel Capital Holdings Pte Ltd;
- "**Keppel Infrastructure**" means Keppel Infrastructure Holdings Pte Ltd;
- "**Keppel Land**" means Keppel Land Limited;
- "**Keppel Land China**" means Keppel Land China Limited;
- "**Keppel O&M**" means Keppel Offshore & Marine;
- "**Keppel Renewable**" means Keppel Renewable Energy Pte. Ltd.;
- "**Keppel T&T**" means Keppel Telecommunication & Transportation Ltd;
- "**Keppel Urban Solutions**" means Keppel Urban Solutions Pte. Ltd.;
- "**KIT**" means Keppel Infrastructure Trust;
- "**KrisEnergy**" means KrisEnergy Ltd;
- "**Kyanite**" means Kyanite Investment Holdings Pte Ltd;
- "**Latest Practicable Date**" means 3 September 2021;
- "**LIBOR**" means the London interbank offered rate;
- "**Market Day**" means a day on which the SGX-ST is open for securities trading;
- "**MAS**" means the Monetary Authority of Singapore;
- "**Minister**" means the Minister for Communications and Information;
- "**MOU**" means Memorandum of Understanding;
- "**MTI**" means the Ministry of Trade and Industry;
- "**NEM**" means the national energy market;
- "**O&M**" means offshore & marine;
- "**OEM**" means Open Electricity Market;
- "**Offer**" refers to the offering of the Securities;
- "**Offering**" refers to the offering of the Securities;
- "**OTT**" means over-the-top;
- "**per cent.**" or "**%**" refer to percentage;

- "**Permira**" refers to Permira Holdings Limited;
- "**PIL**" means Pacific International Lines Pte Ltd;
- "**PRIIPs Regulation**" Regulation (EU) No 1286/2014, as amended;
- "**Proposed SPH Acquisition**" refers to the proposed acquisition by Keppel Pegasus Pte. Ltd. of all the issued and paid-up ordinary shares in the capital of SPH;
- "**Puravankara**" means Puravankara Limited;
- "**RCF**" means Revolving Credit Facility;
- "**Relevant Accounting Standard**" refers to the accounting standards that may replace SFRS(I)s for the purposes of the consolidated financial statements of the Issuer;
- "**Relevant intermediary**" refers to (i) a licensed bank or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; (ii) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and (iii) the Central Provident Fund Board, in respect of shares purchased on behalf of members of the Central Provident Fund;
- "**ROE**" means Return on Equity;
- "**S$**", "**$**", "**SGD**" and "**Singapore dollars**" refer to Singapore dollars;
- "**SC-STS**" refers to the Steering Committee for SOR Transition to SORA;
- "**Scheme**" refers to a scheme of arrangement;
- "**Securities Act**" refers to the U.S. Securities Act of 1933, as amended;
- "**Securityholders**" refers to the holders of the Securities;
- "**Securities**" refers to the S$400,000,000 2.90 per cent. subordinated perpetual securities;
- "**Sembcorp Marine**" means Sembcorp Marine Ltd.;
- "**Sete**" means Sete Brasil;
- "**SFA**" means the Securities and Futures Act, Chapter 289;
- "**SFEMC**" means the Singapore Foreign Exchange Market Committee;
- "**SFO**" means the Securities and Futures Ordinance (Cap. 571) of Hong Kong;
- "**SFRS(I) 9**" means the Singapore Financial Reporting Standard (International) 9;
- "**SFRS(I)s**" means, collectively, the International Financial Reporting Standards as issued by the International Accounting Standards Board and Singapore Financial Reporting Standards (International);
- "**SGX-ST**" means the Singapore Exchange Securities Trading Limited;
- "**SMA**" means Separate Managed Accounts;

- "**Smartworks**" refers to Smartworks Coworking Space Pvt. Ltd;
- "**SMEs**" means Small and Medium Enterprises;
- "**SOR**" refers to the Singapore dollar swap offer rate;
- "**SORA**" refers to the Singapore Overnight Rate Average;
- "**SPH**" means Singapore Press Holdings Limited;
- "**SSC**" refers to Saigon Sports City;
- "**SSTEC**" refers to the Sino-Singapore Tianjin EcoCity Investment and Development Co., Ltd;
- "**Subscription Agreement**" refers to the subscription agreement entered into between the Joint Bookrunners and Lead Managers and the Issuer dated 7 September 2021;
- "**Terms and Conditions**" refer to the terms and conditions of the Securities;
- "**tpd**" means tonnes per day;
- "**Trustee**" refers to The Bank of New York Mellon, Singapore Branch;
- "**U.S.$**" , "**US$**" and "**U.S. dollars**" refer to United States dollars;
- "**U.S.**" and "**United States**" are to the United States of America;
- "**UK**" refers to the United Kingdom;
- "**Venture**" refers to the venture, launched by Alpha, PT Asuransi Jiwa Manulife Indonesia, a subsidiary of Manulife Financial Corporation and PT Mega Manunggal Property Tbk, which will focus on Indonesia's fast-growing logistics property sector; and
- "**WTE**" means Waste-to-Energy.

Websites

The websites referenced in this Offering Circular are intended as guides as to where other public information relating to the Issuer may be obtained free of charge. Information appearing in such websites does not form part of this Offering Circular and none of the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them accepts any responsibility whatsoever that any such information is accurate and/or up-to-date. Any such information should not form the basis of any investment decision by an investor to purchase or deal in the Securities.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Offer and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of the Group, statements about the industry and the markets in which the Group operates and statements about the future performance of the Group's businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Group or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this Offering Circular under the heading "*Risk Factors*".

COVID-19, and the volatile regional and global economic conditions stemming from it, and additional or unforeseen effects from the COVID-19 pandemic, could also give rise to or aggravate these risk factors, which in turn could materially adversely affect the Group's business, financial condition, liquidity, results of operations (including revenues and profitability) and/or stock price. Further, the COVID-19 pandemic may also affect the Group's operating and financial results in a manner that is not presently known to it or that the Group currently does not consider to present significant risks to its operations. The Group's forward-looking statements are based on the beliefs, assumptions, expectations and opinions of management on the date the statements are made, and the Group does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, assumptions, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Any forward-looking statements speak only as of the date of this Offering Circular.

Past performance is not a reliable indicator of future performance. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance and should only be viewed as historical data.

TABLE OF CONTENTS

	Page
THE OFFERING	2
RISK FACTORS	7
USE OF PROCEEDS	42
SUMMARY FINANCIAL INFORMATION	43
DESCRIPTION OF THE GROUP	52
DIRECTORS AND MANAGEMENT	81
TERMS AND CONDITIONS OF THE SECURITIES	87
SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM	115
TAXATION	118
SUBSCRIPTION AND SALE	124
GENERAL INFORMATION	129
INDEX TO FINANCIAL STATEMENTS	F-1

THE OFFERING

The following summary is a summary of the Terms and Conditions, and is not intended to be complete. It does not contain all the information that is important to you. For a more complete description of the Securities, please refer to the section of this Offering Circular entitled "Terms and Conditions of the Securities." Phrases used in this summary and not otherwise defined shall have the meaning given to them in the section entitled "Terms and Conditions of the Securities."

Issuer	Keppel Corporation Limited.
Issue	S$400,000,000 2.90 per cent. perpetual subordinated securities (the "**Securities**"). The issue of the Securities was authorised by a resolution of the Board of Directors of the Issuer on 6 September 2021.
Issue Price	The Securities will be issued at 100 per cent. of their principal amount.
Issue Date	16 September 2021.
Status and Subordination of the Securities	The Securities will constitute direct, unsecured and subordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and with any Parity Securities (as defined in Condition 17 of the Terms and Conditions) of the Issuer. Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in Condition 17 of the Terms and Conditions) of the Issuer, the rights and claims of the Securityholders in respect of the Securities to payment of principal of and Distribution on the Securities) are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with any Parity Securities of the Issuer and in priority to any Junior Securities of the Issuer.
Set-off	Subject to applicable law, no Securityholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities, and each Securityholder shall, by virtue of his holding of any Securities, be deemed to have waived all rights of set-off, deduction, withholding or retention against the Issuer.
Distributions	Subject to Condition 4.3 of the Terms and Conditions, the Securities confer a right to receive distribution (each a "**Distribution**") from the Issue Date at the Distribution Rate (as defined in Condition 4.2 of the Terms and Conditions) and Distribution shall be payable on the Securities semi-annually in arrear on 16 March and 16 September of each year (each, a "**Distribution Payment Date**"), with the first Distribution Payment Date falling on 16 March 2022.
Maturity of Securities...........	The Securities will be perpetual securities and will have no fixed redemption date.

Early Redemption for Taxation Reasons	At any time the Issuer may, having given not less than 30 nor more than 60 days' notice, to the Securityholders, the Trustee and the Principal Agent, redeem all and not some only of the Securities at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if (i) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that (A) the Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations or (B) the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the Income Tax Act, Chapter 134 of Singapore, or (ii) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (A) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncements promulgated thereunder of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, which change or amendment becomes effective on or after 7 September 2021 and (B) such obligation cannot be avoided by the Issuer taking commercially reasonable measures available to it. See "*Terms and Conditions of the Securities – Redemption, Purchase and Cancellation – Early Redemption for Taxation Reasons*".
Early Redemption for Accounting Reasons	At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Securityholders, the Trustee and the Principal Agent, redeem in whole, but not in part, the Securities at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if as a result of any changes or amendments to International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and Singapore Financial Reporting Standards (International) (collectively referred to as "**SFRS(I)s**") or any other accounting standards that may replace SFRS(I)s for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Securities must not or must no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard. See "*Terms and Conditions of the Securities – Redemption, Purchase and Cancellation – Early Redemption for Accounting Reasons*".

Early Redemption due to a Tax Deductibility Event.........	At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Securityholders, the Trustee and the Principal Agent, redeem in whole, but not in part, the Securities at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer would no longer, or within 90 days of the date of the opinion referred to in Condition 5.4 would not, be deductible by the Issuer for Singapore income tax purposes, or (ii) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not or will no longer be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the Income Tax Act, Chapter 134 of Singapore. See "*Terms and Conditions of the Securities – Early Redemption, Purchase and Cancellation – Redemption for Tax Deductibility Event*".
Early Redemption at the Option of the Issuer	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Call Date (as defined in Condition 17 of the Terms and Conditions) upon giving not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 9 (which notice shall be irrevocable) and to the Trustee and the Principal Agent in writing at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount). See "*Terms and Conditions of the Securities – Redemption, Purchase and Cancellation – Early Redemption at the Option of the Issuer*".
Early Redemption in the case of Minimum Outstanding Amounts..............................	On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Principal Agent in writing and to the Securityholders in accordance with Condition 9, the Issuer shall redeem all and not some only of the Securities on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, prior to the date the relevant Optional Redemption Notice is given, redemptions effected in respect of 90 per cent. or more in principal amount of the Securities originally issued (which shall for this purpose include any further Securities issued pursuant to Condition 14). See "*Terms and Conditions of the Securities – Redemption, Purchase and Cancellation – Early Redemption on Minimum Outstanding Amounts*".

Early Redemption in the case of a Relevant Event..............	Following the occurrence of a Relevant Event, the Issuer may redeem all, and not some only, of the Securities at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders (which notice shall be irrevocable), at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), where: (i) a "**Delisting**" occurs when the Shares cease to be listed or admitted to trading on the SGX-ST (or if applicable, the Alternative Stock Exchange); (ii) a "**Prolonged Suspension**" occurs if there is a suspension or material limitation in trading of the Shares on the SGX-ST (or if applicable, the Alternative Stock Exchange) and such suspension or material limitation continues for a period of 10 consecutive Trading Days; (iii) a "**Relevant Event**" means the occurrence of any Delisting or Prolonged Suspension arising from or as a result of an application to the relevant stock exchange having been initiated or made by the Issuer; and (iv) "**Shares**" means ordinary shares of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer. See "*Terms and Conditions of the Securities – Redemption, Purchase and Cancellation – Early Redemption for Relevant Event*".
Form and Denomination of the Securities........................	The Securities will be issued in registered form in the denomination of S$250,000 and integral multiples thereof.
Further Issues	The Issuer may from time to time without the consent of the Securityholders create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the issue date and the first payment of Distribution on them) and so that such further issue shall be consolidated and form a single series with the Securities. See "*Terms and Conditions of the Securities – Further Issues*".
Clearance	The Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of the Depository, and deposited on the Issue Date with the Depository. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the Depository. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.

Global Certificate	For as long as the Securities are represented by the Global Certificate and the Global Certificate is held by the Depository, payments of principal in respect of the Securities represented by the Global Certificate will be made without presentation or, if no further payment falls to be made in respect of the Securities, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent for such purpose. The Securities which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository.
Selling Restrictions	There are restrictions on the offer, sale and/or transfer of the Securities in, among others, the United States, the United Kingdom, the European Economic Area, Hong Kong, Singapore and Japan. For a description of the selling restrictions on offers, sales and deliveries of the Securities, see "*Subscription and Sale*".
Listing	An application will be made to the SGX-ST for the listing of and quotation for the Securities on the Official List of the SGX-ST. Admission to the Official List of the SGX-ST for the listing and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer or any other subsidiary or associated company of the Issuer or the Securities. The Securities will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as any of the Securities remains listed on the SGX-ST and the rules of the SGX-ST so require.
Trustee	The Bank of New York Mellon, Singapore Branch.
Principal Agent and Calculation Agent	The Bank of New York Mellon, Singapore Branch.
Registrar and Transfer Agent	The Bank of New York Mellon, Singapore Branch.
Governing Law	The Securities will be governed by, and construed in accordance with, the laws of Singapore.
Use of Proceeds	For a description of the use of proceeds of this offering, see "*Use of Proceeds*".
Legal Entity Identifier	254900SQ7IPDOY6IDW33.
ISIN	To be obtained.
Common Code	To be obtained.

RISK FACTORS

There are numerous widespread risks associated with investing in any form of business and with investing in the securities market generally. There are also a range of specific risks associated with the Group's business and an investment in the Securities should be considered speculative. Many of these risk factors are largely beyond the control of the Issuer and its directors. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties of which the Issuer is not aware or that may be immaterial may also adversely affect the business, financial condition, liquidity, results of operations or prospects of the Issuer and the Group as a whole. If any of these events occur, the business, financial condition, liquidity, results of operations or prospects of the Issuer and the Group as a whole could be materially and adversely affected.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Issuer and the Group may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Circular.

Investors should carefully consider the risks described below before making a decision to invest in the Securities. The risks described below do not necessarily comprise all those faced by the Issuer and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are advised to examine the contents of this Offering Circular and to consult their professional advisers before making a decision to subscribe for Securities.

Limitations of this Offering Circular

This Offering Circular is not, and does not purport to be, investment advice. A prospective investor should make an investment in Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in any Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such determination. Neither this Offering Circular nor any document or information (or any part thereof) delivered or supplied under or in relation to the Offer or any Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered a recommendation by the Issuer, the Trustee, any Agent or any Joint Bookrunner and Lead Manager that any recipient of this Offering Circular or any such other document or information (or such part thereof) should subscribe for or purchase or sell any Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on the Issuer, any of its subsidiaries or associated companies, the Trustee, any Agent or any Joint Bookrunner and Lead Manager or any person affiliated with any of them in connection with its investigation of the accuracy or completeness of the information contained herein or any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient contemplating subscribing for or purchasing or selling Securities should determine for itself the relevance of the information contained in this Offering Circular 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 on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the relevant Securities and any other factors relevant to its decision, including the merits and risk involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in any Securities.

RISKS RELATING TO THE GROUP

Risks affecting the Group's business generally

The Group's success in the future may depend, in part, on the successful implementation of its strategies, including its Vision 2030 strategy.

The Group's ability to successfully pursue new growth opportunities will depend on its continued ability to implement its strategies. A core aspect of the Issuer's future growth depends on its transformation plans as laid out in its Vision 2030 plans which focus on sustainable urbanisation. This includes strategic investment opportunities to accelerate its chosen growth engines as well as the divestment of some assets to improve the Group's balance sheet to support the new growth initiatives. There can be no assurance that the Group will be able to successfully implement its strategies.

Strategic ventures, investments and divestments are major risk areas as the Group's businesses and projects are located in both developing and developed countries and some of these strategies may also include entering new markets or business areas that may take time to mature. The Group's business and the implementation of such strategies will be subject to various risks beyond its control, such as business or technological disruptions, market competition and geopolitical risks. These risks could result in the Group's failure to:

- acquire or divest investments and assets in response to changes in the business environment or as a result of strategic decisions, or at the best possible price or at all, or acquire or divest without being subject to onerous restrictions;
- integrate its acquisitions and create synergies within a reasonable period of time or at all; and/or
- deliver its projects or perform other business activities effectively.

Further, while the Group will conduct reasonable due diligence investigations as to its acquisitions and divestments, there is no assurance that the Group will successfully identify all defects, deficiencies, or causes of concern or be affected by breaches of laws and regulations. Such defects or deficiencies may require significant capital expenditure or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on the Group's earnings and cash flows and would require substantial management time and attention.

Such events could potentially affect the Group's ability to implement its strategies, thereby materially and adversely affecting its business, financial condition, prospects and results of operations.

Risks relating to the transformation and restructuring (including potential mergers, acquisitions or divestments) of the Group may adversely affect the Group's business, prospects, results of operations and its financial condition.

Part of the Group's Vision 2030 transformation plans seeks to bring together its business divisions into the following four growth segments: Energy & Environment, Urban Development, Connectivity and Asset Management. Such transformation would depend, in part, on (1) the reorganisation or restructuring of business units which includes the strategic review of specific business segments like the Issuer's logistics business and Keppel O&M, including the announced exploration of proposed combination with Sembcorp Marine Ltd ("**Sembcorp Marine**"); and (2) other potential mergers or acquisitions ("**M&A**") such as the recently announced offer for Singapore Press Holdings Limited ("**SPH**"). For more information, please refer to the sections titled "*Recent Development*" and "*Strategic Directions*". Further, any such M&A transactions including these recently announced transactions, will be subject to, among others, satisfactory due diligence, negotiation and execution of definitive agreements, relevant regulatory approvals and shareholders' approval of the respective parties. There is no guarantee that a final agreement will be reached or that any transaction will materialise. Many risk factors associated with restructuring include finding the right partners or achieving consensus from existing partners and/or creditors and/or shareholders, the sale of subsidiaries or associated companies, redeploying personnel, acquiring talent, facing increased competition from competitors or keeping up with external market conditions that are constantly evolving. In addition, there is also a risk that not all material risks in connection with any restructuring or M&A will be identified in the due diligence process or that they will not or cannot be sufficiently taken into account in a decision to acquire an asset or business or in a relevant purchase agreement. Any of these risks could result in the Group's failure to successfully transform and restructure or to effectively execute existing or future plans, thereby materially and adversely affecting its business, financial condition, prospects and results of operations.

The Group may be affected by any changes to the political, economic, regulatory or social conditions globally and in the countries and industries in which it operates currently or intends to operate in the future.

With a presence in over 20 countries, the Group is exposed to developments in the global economy as well as the industries and geographical markets in which it operates currently or intends to operate in the future. The Group is subject to the laws, regulations and government policies in each country in which it operates and its business, financial condition, prospects and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. This includes availability and demand for essential commodities like oil and gas. There is no guarantee that global markets and price will remain stable and the extent of price volatility including sustained economic weakness gives rise to potential asset impairment risks. Another part of the Group's strategy involves expanding its business into other emerging markets such as Vietnam, Indonesia, and India. In recent years, some of these markets have been among the world's fastest growing economies in terms of gross domestic product growth. However, there is no assurance that such growth will be sustained or that these countries will not experience negative growth in the future. A deterioration in the economies of emerging markets, a national, regional or global recession, any slowdown in the global economy, unanticipated and sizeable currency valuation changes or volatility or a significant decrease in trade flows with such emerging markets may adversely affect economic growth in these markets or elsewhere and may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Significant concerns around trade practices and among other social and political matters between the United States (and its allies) and other dominant countries in the global economy, which have led to a deterioration in economic and trade relations between United States and these countries, have stirred geopolitical tensions that affect global trade. Concerns about rising sovereign debt levels in many developed and emerging economies have also triggered uncertainty over their sovereign debt ratings and the stability of their currencies. Along with the uncertainties of economic growth in China and other emerging market economies following the COVID-19 pandemic, global market conditions may remain unpredictable in the medium term.

Notably as well, geopolitical instability in various parts of the world, including Europe, North Africa, the Middle East and Asia, could also contribute to economic instability in those and other regions. In addition, the global economy and global financial and commodity markets have also experienced significant volatility as a result of other factors, including, the occurrence of health epidemics, such as the COVID-19 pandemic; price volatility as well as changes in monetary policies by the U.S. Federal Reserve and other central banks; ramifications from the United Kingdom's exit from the European Union; the volatility in oil prices and sociopolitical dissatisfaction such as that in Myanmar, Hong Kong and parts of the Middle East and Africa. All these events could adversely affect the Group's business, financial condition, prospects and results of operations.

The global macroeconomic environment and credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. Global trade wars may also impinge upon the health of the global financial system. These and other related events have had a significant impact on the global capital markets associated with the global credit and financial markets as a whole. These events have resulted in increased difficulty in borrowing from financial institutions and an increased risk of counterparty default. These events could adversely affect the Group's business, financial condition, prospects and results of operations, as a result of, among other things, the inability to access, manage, or procure funds, degradation in the liquidity or the value of the Group's investment holdings, including foreign exchange and interest rate risks.

In addition, many of the economies in the developing countries where the Group does business in differ from the economies of most developed countries in many respects including:

- extent of government involvement or influence;
- social conditions;
- political stability;
- level of development;
- institutional fabric supporting market transparency;
- growth rate;
- control of foreign exchange; and
- laws and regulations.

While many of these developing economies have experienced significant growth in the past 20 years, growth has often been uneven, both geographically and among various sectors of their economies. The governments of these countries have implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall economy, but may also have a negative effect on the Group. For example, the Group's business, financial condition, prospects and results of operations may be adversely affected by governmental control over capital investments, exchange controls, changes in relevant tax regulations, or regulations including direct interventions affecting the industries in which the Group operates.

Several of the emerging economies which the Group has operations in have been transitioning from planned economies to more market-oriented economies. Although some local governments have implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance business enterprises, a substantial portion of productive assets is still owned by local governments. In addition, in many of these countries, local or national governments continue to play a significant role in regulating companies or industrial development through policies. At times, some of these government actions run contrary to market or corporate interests due to political or social rationales. Accordingly, changes introduced by governments in the countries of the Group's operations may adversely affect the Group's business, financial condition, prospects and business results.

Natural calamities including severe weather patterns and the outbreak of infectious diseases or any other serious public health concerns or the occurrence of natural or man-made disasters in Asia and elsewhere could adversely impact the Group's business, financial condition, prospects and results of operations.

Natural disasters, severe weather conditions and the outbreak of epidemics may adversely affect the economy and infrastructure in the countries in which the Group operates. Some cities where the Group operates may face floods, earthquakes, sandstorms, snowstorms, heatwaves, fires, drought or epidemics. Past and present occurrences of such business disrupting events have caused varying degrees of harm to businesses and the national and local economies, which in turn could have a material and adverse effect on the Group's business, financial condition, prospects and results of operations in the affected regions.

In particular, more recently, the outbreak of the novel coronavirus COVID-19 globally has resulted in a negative impact to public health, the economy and business activities in Singapore and in other countries that the Group operates, adversely impacting the revenues and results of operations of the Group despite the efforts and measures now in place in many countries. The continued outbreak of such communicable diseases on a global scale may affect investment sentiment and result in volatility in the global capital markets or adversely affect Singapore and other economies. Restrictions on travel and public transportation and prolonged closures of workplaces, resulting from such outbreaks, has a material adverse effect on the global economy and concomitant implications to the Group's business activities or key customers. These include the credit quality of major suppliers and/or customers, the slowdown in project delivery and property sales, reduced demand from consumers of telecommunication and energy services, changing leasing patterns and demand for property space. Different countries would also face uneven recovery as they roll out vaccination drives to facilitate the easing of COVID-19 related restrictions and accelerate business resumption. Continued weakness in the global economy caused by pandemics such as COVID-19 or other similar global events may result in material changes in the financial markets or local or regional economies and may materially and adversely affect the Group's business, financial condition, prospects and results of operations, which may in turn affect the Group's ability to fulfil its obligations under the Securities.

Secondary risks associated with the emergence of the COVID-19 pandemic include sociopolitical uncertainty that will test governments and social resilience. There is continued uncertainty in relation to governmental action, potential taxation changes, movement controls, work stoppages, lockdown, quarantines, travel restrictions, curfews, suspension and/or termination of major events, interruptions to supply and demand chains locally and globally, leading to a substantial decline in the number of travellers and in business activity. There have also been adverse impacts on the global economy and share markets affecting access to capital markets for funding requirements. The events relating to COVID-19 have also resulted in market volatility including in the prices of securities trading on SGX-ST and on other foreign securities exchanges. Adverse changes in economic conditions or global equity or credit markets as a result of the sociopolitical uncertainty arising from the COVID-19 pandemic may also adversely affect the Group.

As the COVID-19 pandemic is ongoing and evolving, there is no assurance that the Group will not experience further severe disruptions in the future in the event the COVID-19 outbreak continues to persist. This could in turn cause further deterioration in the business, financial condition, prospects and results of operations of the Group. The actual extent of the COVID-19 outbreak and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on the Group's business, financial condition, prospects and results of operations will depend on, among other things, the duration and impact of the COVID-19 outbreak.

The Group is subject to credit risk exposures and difficulties in recovering receivables relating to major contracts.

During the course of its business, Group companies may enter into contracts with customers or third parties. Such contracts include offshore and marine construction contracts as well as other major projects in various business segments. These external contractual parties may encounter difficulties in raising sufficient funds to pay for services consumed, develop and/or undertake the relevant projects, or perform service obligations required of them which may, in turn, affect the Group's ability to derive such income as contracted for in the relevant agreements.

Further, some of the Group's projects typically involve progressive billing according to the stages of project completion pursuant to the terms of the relevant contracts. Companies within the Group may also enter into contracts with deferred payment terms, where the bulk of the contract price is payable at the delivery of the product or service. There is no assurance on the timeliness of customers' payment or whether they will be able to fulfil their payment obligations. The Group is therefore subject to the risk of unrecoverable debts should any of its customers fail to promptly settle the amounts due to the Group for work done, particularly if these customers experience a deterioration in their business performance and financial position. Significant unanticipated and systemic incidence of unrecoverable debts will have an adverse impact on the Group's prospects, financial position and results of operations.

Uncertainty in the recoverability of contract asset and receivable balances may also result in the risk of a material adjustment to the carrying amounts of assets and liabilities of the Issuer; examples are set out below.

Contracts with Sete

The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd ("**Magni**") to purchase four Sete subsidiaries, two of which are special-purpose entities ("**SPEs**") for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of the remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets.

On 31 May 2021, the Group entered into a Supplemental Agreement to the Settlement Agreement which essentially terminates the EPC contracts and related agreements entered into in relation to these four uncompleted rigs, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group had obtained full title to the uncompleted rigs, albeit two of which are still encumbered. Sete is to procure the release of the mortgage on the two encumbered rigs placed with the ship registry within 120 days after execution of the Supplemental Agreement. As a result of the termination, receivable balances of $638,932,000 relating to these four uncompleted rigs was reversed, giving rise to a net asset of $183,316,000 presented within contract assets. Upon release of all encumbrances and settlement with relevant vendors, these assets will be reclassed to inventory. Negotiations are in progress to close out purchase contracts with the Group's vendors.

As disclosed in the audited financial statements for FY2020, the Group continues to be in active discussion with relevant stakeholders as Sete negotiates with Petrobras. Should the conclusion of the negotiation result in significant changes to the key assumptions as disclosed in the audited financial statements for FY2020, additional material provision may be required, including adjustments to the net carrying amounts (net of total cumulative losses as described above) relating to the Sete contracts amounting to $113,645,000 as at 30 June 2021 (31 December 2020: $113,645,000).

Other contracts

As at 30 June 2021, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks. In the event that the customers are unable to fulfil their contractual obligations, the Group can exercise the right to retain payments received to date and retain title to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements, amounting to $840,114,000 as at 30 June 2021 (31 December 2020: $848,117,000) of which $765,266,000 (31 December 2020: $772,443,000) is secured on the rigs and $74,848,000 (31 December 2020: $75,674,000) is unsecured but the Group has obtained parental guarantee from the customers.

Management has assessed each deferred construction project individually to make a judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates. Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects and of rigs delivered on financing arrangements to determine if a provision for expected loss is necessary.

The global economic environment has been and continues to be significantly affected by COVID-19 and the oil and gas industry, in particular, has experienced an unprecedented and very difficult period as a result of lower expected demands. The Group remains cognisant of these developments and have been closely monitoring the market and industry developments relating to utilisation rates, day rates, oil price outlook and other relevant information.

For the above contract assets and secured trade receivables, in the event that the customers are unable to fulfil their contractual obligations, management has considered the most likely outcome for the rigs delivered or under construction is for the Group to take possession of the asset and charter it out to work with an operator. The value of the rig on this basis would be based on an estimation of the Value-in-use ("**VIU**") of the rig, i.e. through estimating the net present value of cash flows from operating the rig over the useful life of the asset.

Management has performed an assessment on whether the VIU of the rigs would exceed the carrying values of contract assets and trade receivables as at 30 June 2021. The VIU model used is consistent with prior years and is based on Discounted Cash Flow calculations that cover each class of rig. Management has obtained a confirmation from the same industry expert, who had independently provided a view of the market outlook, assumptions and parameters used in the estimation of VIU as at the end of the last financial year that such assumptions and parameters have not materially changed and remain valid as at 30 June 2021. Key inputs into the estimation of the VIU include day rates and cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the rigs would decrease if the expected income from operating the rigs declines, or discount rates were higher, or the estimated commencement of deployment were delayed.

Arising from the assessment, the Group found the VIU of the rigs exceeds the carrying values of contract assets and trade receivables as at 30 June 2021 and did not recognise further expected credit loss allowance on contract assets and long term receivables during the half year ended 30 June 2021. The Group had recognised expected credit loss allowances of $430,842,000 and $169,611,000 on contract assets and long term receivables, respectively, for the financial year ended 31 December 2020.

The Group is affected by any possible loss of major customers.

There is no assurance that the Group will be able to continue to retain its major customers or that its customers will maintain or increase their current level of business with the Group. In the event that any of the Group's major customers ceases to have business dealings with it or materially reduces the level of business activities with it, the Group's business, financial condition and results of operations will be adversely affected.

The Group operates in capital intensive industries and if the Group is unable to obtain funding lines on acceptable terms, it may not be able to finance its capital expenditure requirements, which may adversely affect its business and results of operations.

Some business units of the Group operate in capital intensive industries that require significant capital expenditure, such as to maintain, upgrade and expand its facilities to keep pace with the competition, technological advancements and evolving standards in the industries in which it operates. In addition, the expansion of the Group in pursuit of new business opportunities may require it to have access to significant amounts of capital. The Group may not be able to fulfil all such funding requirements from the resources available and may require additional sources of finance, which may not be readily available or available on commercially reasonable terms. Even if debt funding is available and sought, interest payment obligations may increase and the Group may be subject to additional restrictive covenants from lenders.

The financing capital expenditure is also subject to a number of risks, contingencies and other factors, some of which are beyond the Group's control, including tariff regulations, borrowing or lending restrictions imposed by regulators and general economic and capital market conditions and interest rates. No assurance can be given that the Group will be able to obtain financing to meet its capital expenditure requirements, either on a short-term or long-term basis on terms favourable to the Group or at all. In addition, global financial markets from which the Group derives funding for some of its capital expenditures are exposed to macroeconomic risks and are volatile in nature and this may affect the availability of credit to the Group. Any significant change in the Group's lines of funding may have an adverse effect on its cash flows, financial condition and results of operations.

The Group is exposed to foreign exchange risks.

The Group is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. A substantial portion of the Group's investments and revenues are and will continue to be denominated in U.S. dollars and the respective local currencies of countries where the Group operates, while its reporting currency is in Singapore dollars. Hence, many of the Group's activities, income, costs and operating cash flows are exposed to foreign exchange risks arising from exchange rate volatility with respect to the Group's base reporting currency for financial reporting translation purposes. While the Group selectively enters into hedging transactions to mitigate such risks, there can be no assurance that its exposure to foreign exchange rate volatility will be adequately mitigated in the immediate reporting period or a later date when its capital and profits are repatriated back to Singapore.

The Group is exposed to inflationary pressures.

Increases in prices of goods and services may negatively affect the economic growth and stability of countries in which the Group operates. The economic and political conditions in some of these countries make it difficult to predict whether goods and services will continue to be available at price levels that will not negatively affect economic growth and stability. There can be no assurance that future increases in general price levels in the countries in which the Group operates will not lead to asset bubbles or exceptional inflationary conditions that cause political, social or economic instability, which in turn could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is subject to interest rate fluctuations.

The interest cost borne by the Group on its borrowings will be subject to fluctuations. In addition, the Group is subject to market disruption clauses contained in its loan agreements with banks. Such clauses 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 enters into hedging transactions to mitigate the risk of interest rate fluctuations, there can be no assurance that its exposure to interest rate risks will be adequately covered. As a result, the Group's business, financial condition, prospects and results of operations could potentially be adversely affected by interest rate fluctuations.

The Group's performance may be affected by its ability to attract and retain personnel.

The Group's future performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams. The loss of key employees may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is exposed to terrorist attacks, other acts of violence or war and adverse political developments.

Terrorist attacks other acts of violence or war or adverse political developments may affect the business and results of operations of the Group. Further developments stemming from these events or other similar events could cause political or economic volatility. The direct or indirect consequences of any terrorist attacks or armed conflicts are unpredictable. Any additional significant escalation of military or other responses by nations to terrorism or any further terrorist activities could adversely affect international financial markets and the economies in which the Group operates and may thereby adversely affect its business, financial condition, prospects and results of operations.

Some or all of the Group's existing and planned projects may be significantly delayed or not be completed.

The success and financial performance of the Group will depend on its ability to identify, develop, market and complete its projects in a timely and cost-effective manner. The Group's projects are subject to risks such as changes in regulations, delays in obtaining required permits or approvals, availability of raw materials, increases in costs, natural disasters, pandemics, third party contractors engaged, the creditworthiness of customers as well as the risk of decreased market demand during the development of a project. As a result of these and other factors described herein, there can be no assurance that existing and planned projects will be completed in a timely and cost-effective manner. While the Group deploys much of its internal expertise and strategies acquired and developed over years of operations, new projects may pose unforeseen challenges and fresh demands on the Group's managerial and financial resources. Significant delays or non-completion of major projects may have a material and adverse effect on the Group's business, financial condition, prospects and results of operations.

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 customers, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the Group's business activities. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays in the execution of projects. In addition, the Group may have disagreements with regulatory bodies in the course of its operations including those related to anti-money laundering, anti-bribery and anti-terrorism laws and regulations in the jurisdictions where the Group operates, which may subject it to administrative proceedings and unfavourable orders, directives or decrees or other sanctions (including but not limited to fines or revocation of licences) that may result in financial losses and project delays. For more information, please refer to the section titled "LITIGATION, CLAIMS AND OTHER PROCEEDINGS".

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, any relevant regulatory agencies may have the power and authority to impose sanctions on the Group (including but not limited to fines, revocation of licences and/or other sanctions) and as a result, the Group's business, financial condition, prospects and results of operations may be adversely affected.

The Group is subject to risks inherent in joint venture structures and/or funds.

The Group has, and expects in the future to have, interests in joint venture entities and/or funds in connection with its businesses. Disagreements may occur between the Group, its joint venture partners and/or third party fund investors regarding the business and operations of the joint ventures and/or funds. In addition, the Group's joint venture partners and/or third party fund investors may (i) have economic or business interests or goals that are not aligned with the Group's, (ii) take actions contrary to the Group's instructions, requests, policies or objectives, (iii) be unable or unwilling to fulfil their obligations (for example, defaulting on their obligations in capital calls or capital raising exercises), (iv) have financial difficulties affecting their obligations or creditworthiness, or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Although joint venture and private fund agreements generally contain terms that govern the treatment of such events to the detriment of the defaulting party and the Group would generally seek to enforce its rights as enumerated within these legal agreements, the occurrence of any of these events may materially and adversely affect the performance of the Group's joint ventures and/or funds, which in turn may materially and adversely affect its business, financial condition, prospects and results of operations.

The Group engages in transactions in the ordinary course of business with related parties.

The Group engages in transactions in the ordinary course of its business with related parties. While the Group believes that it engages in these transactions on an arm's length basis and in the best interests of the Group, there can be no assurance that the Group has achieved as favourable terms as had such transactions not been entered into with related parties. In addition, transactions with related parties could potentially involve conflicts of interest, and there can be no assurance that the Group will be able to resolve such conflicts should they arise.

The Group is affected by existing and possible new competitors.

The Group operates in highly competitive markets and faces competition at all levels. Maintaining or increasing its market share will depend upon its ability to anticipate and respond to various competitive factors affecting its business segments, including its ability to improve its processes, respond to pricing strategies of its competitors and adopt new technology efficiently.

The Group expects to face increased competition from existing competitors and any new entrants into its core markets in the future. Competitive factors may include technology, price, delivery terms, quality/specifications and credit terms of the products and services offered by other providers. Some of the Group's competitors have longer operating histories, greater economies of scale, greater degrees of vertical integration, larger customer bases, stronger relationships with customers and other partners and possess greater financial, technical, political, marketing and other resources in the markets that the Group operates in or intends to venture into.

There can be no assurance that the Group will be able to continue to compete successfully in the markets in which it operates. Any failure to compete effectively, including delays in the Group's response to changes in market conditions in any of its business verticals, may affect its competitiveness, thereby reducing its market share and resulting in a decline in its revenues. If the Group fails to compete successfully against existing competitors and new entrants, its business, financial condition and results of operations may be adversely affected.

Fluctuations in input costs and disruption in input supplies could adversely affect profitability and consequently the Group's business, financial condition and results of operations and prospects.

The profitability of the Group is affected by a variety of input costs including the price of raw materials, transportation and labour. These input costs represent a significant portion of the total cost of the services the Group provides to its customers.

Input costs are generally volatile and subject to the fluctuations of demand and supply and other macroeconomic conditions. Any significant increases in the above input costs could result in an increase in the Group's cost of sales and adversely affect its business, financial condition, results of operations and prospects.

The Group's insurance coverage may not adequately protect it against certain operational risks and it may be subject to losses that might not be covered in whole or in part by existing insurance cover, including potential liability arising from any damage, injury or death resulting from accidents or other causes.

The Group's insurance policies, taken by the Group and/or by companies within the Group, cover various risks, including risk of theft and burglary, operational risks (including cybercrime and data loss) and risks of accidents occurring to either its employees or third parties.

However, such insurance may not be adequate to cover all losses or liabilities that may arise from the Group's operations, particularly when the loss suffered is not easily quantifiable. Even with adequate insurance cover, the Group may not be able to successfully assert its claims for any liability or loss under the relevant insurance policies. Additionally, there may be various other risks and losses for which the Group is not insured against as they may be uninsurable (for example, risks associated with war and other international conflicts) or the cost of insurance may be prohibitive or not economically viable when compared to the risks.

In the event that a company within the Group is held liable, whether contractually or under the law, for any or all of such loss or damage or injury to or loss of life that is not covered by its insurance policies or the claims of which are in excess of its insurance coverage or are contested by the insurance companies, the Group's financial performance and position may be adversely affected.

The Group may be affected by project cost overruns.

In preparing tender submissions for projects, the Group carries out internal costing and budgeting estimates based on the scope of work, labour and material costs and third party costs. The accuracy of the Group's internal costing and budgeting estimates is subject to the Group's experience and expertise in understanding and assessing the complexity and challenges of each project.

However, unforeseen circumstances such as unanticipated price fluctuations of input costs, changes or damages during development or fabrication and omissions in estimation in the Group's internal costing may arise. As these circumstances may incur additional costs and work which may not have been factored into the contract value, these may lead to cost overruns that may erode the Group's profit margin for the project. In the event that any of the above circumstances occur and the Group is unable to manage such cost overruns, its profitability will be affected.

Compliance with and changes in, safety, health and environmental laws and other regulations may adversely affect the Group's business, prospects, results of operations and its financial condition.

The Group is subject to and required to ensure that its operations are in compliance with a broad range of safety, health and environmental laws and other regulations in each of the locations in which it operates. There is a possibility that the governments of each of these locations may change their laws or regulations in the future which would require the Group to modify its facilities or operations or respond in various other ways, thereby incurring expenses which may have an effect on operating results. Further, in the event the relevant laws or regulations in any of the locations in which the Group operates are changed, no assurance can be given that the ensuing steps taken by the Group to comply with such new laws or regulations will not have a material effect on its operating results. There can also be no assurance that members of the Group will not be involved in future litigation or other proceedings or be held responsible in any litigation or proceedings relating to compliance with local or international regulations, the costs of which could be material. This could encompass civil and criminal liability and other regulatory consequences in the event the operation of any of its businesses affects its licence to operate or results in material damage to the environment or other third parties. Some environmental laws may also impose joint and several liability, irrespective of fault or legality of the original conduct that caused the degradation to the environment.

A failure to comply with any existing or future safety, health and environmental laws or other regulations may result in levy of fines, commencement of judicial proceedings and/or third party claims which may result in substantial administrative, civil and criminal penalties and/or other sanctions.

If any of the above should occur, this may adversely affect the Group's business, prospects, results of operations, reputation and financial condition.

The Group may incur additional costs or liquidated damages in the event of disputes, claims, defects or delays.

The Group may also encounter disputes with its customers in relation to non-compliance with contract specifications, defects in workmanship and materials used on various projects, or in services rendered. Additionally, should any Group projects be delayed, whether such delay is attributable to the relevant company within the Group or such company's suppliers or sub-contractors or events beyond such company's control, the Group company may be liable to pay liquidated damages. There can also be no assurance that any such disputes and claims will not further result in protracted litigation, which will negatively affect profits, cash flows and the financial position of the relevant companies within the Group. Moreover, should customers (or sub-contractors) suffer loss or damage due to project delays, product defects or poor service which may be attributable to companies within the Group, these parties may claim for such loss and damage against such companies or call on any advance payment guarantees and/or performance bonds relating thereto, thereby adversely affecting the financial performance of the Group as a whole.

The Group's intellectual property rights (if any) may be exposed to the risks of infringement or the Group may be subject to claims for infringement of third parties' intellectual property rights.

The Group may develop and own intellectual property rights in relation to its businesses. In such an event, the Group may face the risk of third parties infringing upon the Group's intellectual property rights by, amongst other things, unlawfully passing off their products as products of the Group or imitating or using the Group's trademarks without its authorisation. The Group may face considerable difficulties and costly litigation in trying to protect such intellectual property rights, and this may in turn affect the Group's business, financial condition, prospects and results of operations.

Further, the Group, while taking care not to, may in the course of business inadvertently infringe upon registered trademarks or other intellectual property rights belonging to third parties. In such an event, the Group may be subject to legal proceedings and claims relating to such infringement. Any claims or litigation involving infringement of intellectual property rights of third parties, whether with or without merit, could result in a diversion of management time and resources and the Group's business operations may be materially and adversely affected. In addition, any successful claim against the Group arising out of such proceedings could result in substantial monetary liability and may materially affect the Group's reputation and the continued sale of the affected products and consequently, the Group's business, financial condition, prospects and results of operations.

The Group faces technology and cyber risks which are evolving in nature including risks from the regulation of data privacy, technology, and cyber security.

Advancements in various technologies, such as the increasing interconnectivity of businesses and global reliance on the Internet, cloud services and social media for doing business, introduces risk to the business environment and the service support that the Group relies upon for its business activities. External risks include threats such as data theft and leakage, technological disruptions affecting the Group's existing business lines, disruptive cyberattacks and actions by governments to regulate data privacy or technology usage. Internal risks include the failure to implement proper systems or processes against external threats, undetected inadequacies in existing legacy systems and processes and the failure to adequately keep up with technological advancements so as to mitigate such risks. There is no assurance that the Group is able to fully keep up with technological changes to fully address all its cyber-risks. Such risks, if manifested in a significant way, may adversely affect the reputation or the financial performance of the Group.

The Group is exposed to various regulatory and litigation risks.

The Group holds investments and operates in many countries. This means that the Group from time to time is confronted with legal and regulatory requirements and judiciary systems in many jurisdictions. These include licensing requirements, sanctions, laws against illegal payments and trade barriers, as well as the risk of regulatory action by regulators.

Further, any such proceedings (and/or any civil or other litigation proceedings in relation to alleged violation or breach of legal or regulatory requirements, including without limitation the making of illegal payments) against the Issuer and/or any of its subsidiaries may have a material adverse effect on the Group's financial condition, reputation and results of operations.

The Group is exposed to climate, environment and other sustainability-related risks.

In the areas of climate change and environment, the Group is exposed to both physical risks (relating to the assets that are exposed to actual increased frequency of extreme weather conditions) and transition risks (relating to government actions, sociopolitical pressures or even stakeholder actions). Such risks include: (1) potential direct costs incurred in response to increasing frequency of extreme weather patterns such as storms, floods, heat waves which extend to rectifying damaged assets or modifying them to improve resiliency; (2) other costs such as service taxes levied on carbon emissions or waste generated; or (3) indirect costs coming from reduced demand or devaluation of assets. Sustainability-related risks stretches into areas such as the recognition of values and rights, which may be viewed as important to stakeholders including investors, customers, regulators, employees or even the communities in which the Group has operations in. Because of the global nature of such sustainability-linked risks, they extend as well into the Group's supply chain (including business partners), which may implicitly affect the Group if these suppliers or partners are significant to the Group's business activities. To the extent that such risks are not adequately addressed, their singular or collective impact may have material adverse effects on the Group's business, financial condition, prospects and results of operations.

Risks affecting the Group's Energy & Environment Division

Changes in the organisational structure of the Energy & Environment division may affect the Group's business, financial condition, prospects and results of operations.

The Group is currently undergoing restructuring. The transformation of Keppel's O&M's business will result in it being restructured into three parts: a Rig Co, a Dev Co, which are transient structures created to hold assets including its approximately $2.9 billion worth of completed and uncompleted rig assets, and an Op Co, which will hold the rest of Keppel O&M's business and will be transformed into a nimble, asset-light and people-light developer and integrator of offshore energy and infrastructure assets, even as the Issuer continues to explore inorganic options for its business; efforts to explore combination options with other companies, such as the announcement relating to the exploration of a proposed combination with Sembcorp Marine, have also been publicly announced. There can be no assurance that any such organisational restructuring or efforts will not have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group has undertaken and expects to continue to undertake cost reduction initiatives and organisational restructurings to improve operating efficiencies, optimize its asset base and focus on principal businesses. For example, Keppel O&M will exit the offshore rig building business, and also progressively exit low value-adding repairs and other activities with low bottom line contribution. In doing so, it will transit to a developer and integrator role higher up the value chain, focusing on design, engineering and procurement, with fabrication work subcontracted to third parties. Keppel O&M's yard operations will be streamlined and rightsized, while investing to build new capabilities, and its offshore rig technology can also be repurposed for other uses. However, there can be no assurance that the Group will be able to complete these initiatives as planned or without business interruption, or that the estimated operating efficiencies from such activities will be fully realised or maintained over time.

The operations and financial position of Keppel O&M are dependent on the state of the offshore oil and gas industry and its supply chains.

The operations of Keppel O&M are dependent on the state of, and capital expenditure of its customers in, the offshore oil and gas industry, in terms of the level of activities in the exploration, development and production of oil and natural gas. Such activities are affected by factors such as fluctuations in oil and natural gas prices, changes in capital spending by customers in the offshore oil and gas industry, the existing supply of oil and gas vessels or structures in the market, the numbers and locations of oil and gas fields, the ability to economically justify putting discoveries of oil and gas reserves into production, the need to clear all structures from the production site once the oil and gas reserves have been depleted, the existence, and economic viability, of alternative energy sources such as shale oil or renewable energy, other offshore and marine competitors, as well as weather conditions.

The prices of oil and natural gas are volatile and are affected by the fundamental principles of supply and demand as well as global political and economic factors, including substitute products. They in turn will affect the level and type of capital spending by companies in the offshore oil and gas industry. When lower oil and gas prices prevail, major oil and gas companies generally reduce their spending budgets for offshore drilling, exploration and development.

Keppel O&M's customers are also affected by laws, regulations, policies and directives relating to energy, investment, taxation and such other laws promulgated by the governments of countries from which they will need to obtain licences to engage in the exploration, development and production of oil and gas. In some cases, such customers are government entities themselves who are in pursuit of a blend of sociopolitical and/or commercial agenda(s). The demand for Keppel O&M's services and the potential for growth of its business will be affected if its customers cannot obtain the necessary licences to engage in exploration, development and production activities in the relevant areas.

Any decline in the level of activities in the offshore oil and gas industry will result in a decrease in demand for Keppel O&M's products and services. In the event of a reduction in the level of activities in the exploration, development and production of oil and natural gas as a result of any changes in capital spending by, and access to financing to, the offshore oil and gas industry, Keppel O&M's results of operations and financial position may be adversely affected.

Keppel O&M is affected by the cyclical nature of the shipping industry.

Keppel O&M is affected by the cyclical nature of the shipping industry. The shipping industry is affected by general economic conditions and any adverse change in general economic conditions will have a negative impact on Keppel O&M's operations. In weak economic conditions, ship owners may defer the building or procurement of new vessels and/or the execution of repair and maintenance work on existing vessels, which will have an impact on the demand for shipbuilding, repair, conversion and upgrading services provided by Keppel O&M. Should any such development occur, Keppel O&M's financial performance may be adversely affected.

Keppel O&M is affected by competition in its specialised shipbuilding business and Keppel O&M expects to face increased competition in the future.

The market segments and regions in which Keppel O&M operates are highly competitive. Keppel O&M anticipates that it will face increased competition from existing competitors and new entrants into the market in the future. Price is an important factor in determining whom a specialised shipbuilding project is awarded to. Factors such as payment terms, experience, reputation, availability and safety record are also relevant. Some of Keppel O&M's competitors may bid for projects at reduced prices (with low profit margins) or on other more competitive terms in order to gain market share. If Keppel O&M's competitors offer services at a lower cost or on more favourable terms in order to increase their market share to which Keppel O&M is unable to match, Keppel O&M may not be able to secure such projects and its revenue may be adversely affected. Keppel O&M's specialised shipbuilding business faces increased competition from, amongst others, Chinese and Korean shipyards which have competed on price, narrower margins and often with the backing of export import (EXIM) financing schemes. Keppel O&M cannot give assurance that it will be able to continue competing successfully with existing competitors and/or new entrants into the market.

If Keppel O&M is required to reduce the pricing of its specialised shipbuilding services (without any corresponding reduction in costs) in order to retain its existing customers and attract new customers, its profitability could be adversely affected. This may have an adverse effect on Keppel O&M's business, financial performance and financial condition.

Keppel O&M's ability to compete in international markets may also be adversely affected by regulations in the countries where it operates which require, among other things, the awarding of projects to local shipyards.

If Keppel O&M fails to compete successfully with existing competitors and new entrants into the market, the business, financial condition, and results of operations of Keppel O&M may be adversely affected.

Contracts have been entered into by companies within the Energy & Environment Division, some of which contain provisions regarding penalties that may have a material adverse effect on the Energy & Environment Division.

Certain contracts which contain provisions for the payment of penalties for any delays in the supply of power have been entered into by companies within the Group's Energy & Environment Division. In addition, the WTE business is exposed to penalties from non-conformance to required market and/or contractual standards, including delay in delivery. The inability of the relevant companies within the Energy & Environment Division to adhere to delivery schedules or quality parameters could make them liable for payment of penalties, which may adversely affect the financial condition and results of operations of the Energy & Environment Division.

The Energy & Environment Division faces risks in relation to large-scale and high-profile projects with government agencies in its target markets.

The Energy & Environment Division is generally involved in large-scale and high-profile projects with government agencies worldwide for public utilities and associated projects. By the nature of its business, the Energy & Environment Division is exposed to risks arising from the concentration of its revenue sources over a few large government-linked projects. As the projects undertaken by the Energy & Environment Division are generally bespoke in nature, there can be no assurance that political pressure, the risk of changing regulations, failure to properly align with the customers' expectations or any other operational risks will be properly addressed or effectively mitigated. Delays in projects may also result in significant additional costs and public scrutiny which may cause reputational damage. Some projects undertaken by the Energy & Environment Division are joint ventures which carry risks including, but not limited to, default on contractual obligations, changes in government or government policy, and other political risks. Should any of these risks materialise, there may be a material adverse effect on the business, financial condition, prospects and results of operations of the Energy & Environment Division.

The Energy & Environment Division's Power & Gas segment faces competition in the OEM electricity market in Singapore.

Singapore's OEM market allows households and businesses in Singapore to purchase electricity from independent retailers at a competitive price. The introduction of the OEM has resulted in competition among power generation companies in Singapore. Should the Energy & Environment Division find itself unable to compete successfully against other power generation companies or independent retailers, there may be a material adverse effect on the business, financial condition, prospects and results of operations of the Energy & Environment Division.

Power supply contracts and corresponding fuel hedging contracts have been entered into by companies within the Energy & Environment Division and these contracts inherently expose the relevant companies to the National Electricity Market (NEM) and mark-to-market settlement that may have a material adverse effect on the Energy & Environment Division.

Certain power supply contracts and corresponding fuel hedging contracts have been entered into by companies within the Group's Energy & Environment Division. The inability of the relevant companies to adhere to the delivery schedules could make them liable for payment of replacement power from the NEM as well as settlement payment for the fuel hedges, which may adversely affect the financial condition and results of operations of the Energy & Environment Division.

Risks affecting the Group's Urban Development Division

The majority of Keppel Land's property investments are currently concentrated in Asia.

The majority of Keppel Land's property business activities are currently concentrated in Asia, with Singapore, China and Vietnam as its key markets, while it continues to scale up in other markets such as Indonesia and India. As a result, Keppel Land's revenue, prospects, results of operations and future growth depend, to a large extent, on the continued growth of these markets in Asia. Given this concentration of Keppel Land's business activities, the specific laws, regulations, practices, economic and financial conditions, socio-political climate, property market and other aspects of each of these countries and their corresponding micro-regions could have a significant impact on the business, financial condition, operations and results of Keppel Land. In addition, future excesses in property supply over demand as a result of economic uncertainty, slower growth and increased interest rates (which reduces the ability of Keppel Land's customers to finance purchases and increases Keppel Land's own costs of financing) may lead to unanticipated volatility in property prices and yields which could in turn adversely affect the business, financial condition, prospects and results of operations of Keppel Land.

Keppel Land's property development business may face increasing competition in property markets.

Keppel Land's residential and commercial development operations face competition from both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing. Intensified competition between property developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect Keppel Land's property development business. Domestic developers in the overseas markets that Keppel Land operates in have extensive knowledge of their respective local real estate markets and a longer operational track record in these markets. International developers are also able to capitalise on their overseas experience and greater financial resources to compete in the markets in which Keppel Land has an overseas presence. Such competition may limit Keppel Land's opportunity to invest in projects that could add value or achieve higher rates of return. As a result, there can be no assurance that Keppel Land will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to its activities may not have a material adverse effect on Keppel Land's business, financial condition, prospects and results of operations.

Keppel Land also competes with other property developers to secure land sites and is subject to the availability of suitable land sites for development. The inability to secure suitable land sites and/or new property development projects which are optimal given the market conditions would pose risks to Keppel Land's revenue and profitability.

Keppel Land is subject to government regulation in the countries where it operates.

The real estate industry in the countries in which Keppel Land operates is subject to significant government regulations and changes to such regulations (for instance, environmental regulations, market cooling measures, development control guidelines and property ownership restrictions) may affect Keppel Land's profitability. In addition, regulatory approvals may be required for, among other things, land and title acquisition, development planning and design, construction and mortgage financing and refinancing. Such approvals may stipulate, among other things, maximum periods for the commencement of development of the land. Some of these countries may also restrict the level, percentage and manner of foreign ownership and investment in real estate or may impose additional costs on foreigners seeking to invest in or own properties. The interpretation and application of such regulations may at times be ambiguous, inconsistent or uncertain, making compliance with them challenging and can affect demand for Keppel Land's properties, and may be potentially detrimental to Keppel Land.

If Keppel Land fails to obtain the relevant approvals or comply with applicable laws and regulations, it may, among other things, be subject to penalties, have its licences or approvals revoked, or lose its right to own, develop or manage its properties and its businesses, any or all of which could have a material and adverse impact on its business, financial condition, prospects and results of operations.

Governments of the countries in which Keppel Land operates may also seek to promote a stable and sustainable property market by monitoring the market and enacting measures as and when they deem necessary to manage the market. These governments may introduce new policies or amend or abolish existing policies at any time and some policies may have retroactive effect. These changes may have a material and adverse impact on the overall performance of the property markets in which Keppel Land operates and thus affect Keppel Land's business, financial condition, prospects and results of operations.

In addition, in the countries in which Keppel Land operates, in order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. If Keppel Land fails to obtain relevant approvals or fulfil the conditions of those approvals for its property developments, these developments may not proceed as scheduled, and Keppel Land's business, financial condition, prospects and results of operations may be adversely affected.

Higher interest rates may have a significant impact on the real estate industry.

An increase in interest rates in any of the countries in which Keppel Land operates may negatively impact its residential and commercial property developments. Higher interest rates generally impact the real estate industry by making it harder for consumers to secure financing for property, which can lead to a decrease in the demand for residential and commercial sites. Any downturn in the economy or consumer confidence could negatively impact the demand for all types of property that Keppel Land has under development and negatively affect the business, financial condition, prospects and results of operations of Keppel Land.

Keppel Land is exposed to fluctuations in the residential and commercial property markets.

The real estate development industry in the countries in which Keppel Land operates is cyclical and is significantly affected by changes in international and local economic conditions, including employment levels, availability of financing, interest rates, consumer confidence and demand for developed products, whether residential or commercial. The process of development of a project begins, and financial and other resources are committed, long before the project comes to market, which could occur at a time when the real estate market is depressed. A depressed real estate market will adversely affect the business, financial condition, prospects and results of operations of Keppel Land.

Keppel Land is exposed to general risks associated with the ownership and management of real estate.

Real estate investments are generally less liquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice, the result of which is that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity limits Keppel Land's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, Keppel Land may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to such market illiquidity or as a result of restrictions in its debt obligations.

Property investments are subject to risks incidental to the ownership and management of residential, commercial and hospitality properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to dispose of major investment properties at a profit, increased operating costs, the need to renovate, repair and re-let space periodically and other associated costs and events beyond Keppel Land's control such as wars, terrorist attacks, riots, civil commotions, natural disasters, pandemics and related government actions. Keppel Land's activities may also be impacted by changes in laws and regulations in relation to local municipality real estate, including those governing usage, zoning, taxes or other charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditures to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

Keppel Land is dependent on the quality of title to the properties in its land bank.

Due to the underdeveloped nature of property law in some of the countries where Keppel Land operates and the lack of a uniform title system in such countries, there is greater potential for disputes over the quality of titles purchased from previous landowners. For example, in Indonesia, Keppel Land must negotiate each time it acquires land as a licence-holder with the actual owner of the land which may result in property purchases and acquisition of title being delayed or not proceeding in the event that negotiations are unsuccessful. Such delays in acquiring properties required for Keppel Land's development activities could negatively affect its business, financial condition, prospects and results of operations.

Keppel Land's land and/or real property may be subject to compulsory acquisition.

Land and real property comprise a significant part of Keppel Land's property development business. Properties of Keppel Land or the land on which the properties are located in various countries may be compulsorily acquired by the respective governments of the countries in which they are located for, among other things, public use or due to public interest. In the event that Keppel Land's properties or the land on which they are located are compulsorily acquired, and the market value of the land (or part thereof), to be compulsorily acquired is greater than the compensation paid to Keppel Land in respect of the acquired land, the income of Keppel Land may be adversely affected. Accordingly, the business, financial condition, prospects and results of operations of Keppel Land would be adversely affected.

Keppel Land is subject to risks in relation to its pre-sold properties.

Failure or delay in completion or delivery

In the event Keppel Land pre-sells any properties prior to completion of construction, it may be liable for potential losses that purchasers of such pre-sold properties may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and compensation for late delivery. There can be no assurance that Keppel Land will not experience failure or significant delays in completion or delivery.

Payment default by purchasers

There is also a risk that due to conditions in the financial markets or difficult economic conditions, purchasers of such pre-sold properties may not be able to obtain credit to finance their purchases and/or might become insolvent. Purchasers of Keppel Land's properties under deferred payment schemes or otherwise may find it increasingly difficult to secure financing to fund their purchases and could default on their obligations to pay for their units. Keppel Land has granted and may from time to time grant purchasers of its properties (including purchasers of a substantial number of units in a development) an extension of time to pay for their units. There can be no assurance that any such extension or other accommodation granted by Keppel Land to purchasers in respect of their obligations to pay for their units, will subsequently result in a purchaser being able to pay for their units.

In the event a purchaser defaults, and the total amount in default is substantial, this could adversely affect Keppel Land's business, financial condition, prospects and results of operations.

Certain construction risks may arise during the development of any new property.

Construction of new developments entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods, significant downtime as a result of pandemics such as COVID-19 and unanticipated cost increases, any of which could give rise to delays in completion or result in cost overruns. Any significant increase in the price of construction materials, for example, would increase the cost of development. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of new developments. If any of these events were to occur, the business, financial condition, prospects and results of operations of Keppel Land could be adversely affected.

Keppel Land relies on contractors to provide it with various services.

Keppel Land engages third party contractors to provide it with various services in connection with its residential and commercial developments, including construction, piling and foundation, building and property fitting-out work, interior design, installation of air-conditioning units and lifts and gardening and landscaping work. There is no assurance that the services rendered by the third-party contractors will be satisfactory or match the level of quality required by Keppel Land. Keppel Land is also exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project and it may have to bear such additional amounts in order to provide the contractor with sufficient incentive to complete the project. Furthermore, there is a risk that contractors may experience financial or other difficulties, which may affect their ability to carry out or continue works, thus delaying the completion of development projects or resulting in additional cost to Keppel Land. If any of these events were to occur, the business, financial condition, prospects and results of operations of Keppel Land may be adversely affected.

Keppel Land has operations in Myanmar, a country that is currently subject to socio-political unrest and international trade restrictions, economic embargoes and sanctions.

Keppel Land currently owns, operates and manages one hotel in Myanmar, namely Sedona Hotel Yangon. Keppel Land also holds a 40% stake in Junction City Tower, a Grade A office building in Yangon's central business district. The recent civil unrest has significantly increased levels of political instability and uncertainty in the country, which has triggered fears of reintroduced or tightened sanctions. These developments have reduced business activity considerably and threaten business operations including the safety of Keppel Land's customers and staff in Myanmar, and ultimately the economic potential of Keppel Land's business in the country. Also, as far as the Issuer is aware, it has not been put on notice that Keppel Land's current operations in Myanmar are the target of, or in breach of, any applicable U.S. or international sanctions. However, there can be no assurance that Keppel Land's operations in Myanmar will not be affected in future by the current socio-political instability in Myanmar or related international actions, and if so, investors in the Securities may incur reputational or related risks.

Keppel Land may be subject to restrictions in repatriation of funds.

Keppel Land may be subject to foreign exchange controls that may adversely affect its ability to repatriate the income or proceeds of sale arising from Keppel Land's properties that are located outside of Singapore. Repatriation of income, capital and the proceeds of sale may require the consent of the relevant governments. Delays in or a refusal to grant any such approval, or a revocation or variation of consents previously granted, or the imposition of new restrictions may adversely affect Keppel Land's business, results of operations and financial condition.

Risks affecting the Group's Connectivity Division

Failure to address cyber-security issues or the regulation of cyber-security for critical infrastructure assets.

With increasing desire by cyber criminals or rogue entities globally to infiltrate and disrupt critical infrastructure assets such as power and water plants, governments are increasingly imposing more stringent regulations on the cyber-security of such infrastructure assets. Costs relating to such measures or regulatory compliance may be significant and adversely affect the financial condition and results of operations of the Connectivity Division.

Failure to execute strategy for the Data Centre and Logistics business.

The Data Centre and Logistics businesses are undergoing transformative changes including plans to divest the third-party logistics business in Southeast Asia and Australia as well as its channel management business in order to capture new opportunities in response to increased connectivity and rapid urbanisation in their respective industries. A part of their strategy hinges on relinquishing underperforming assets and recycling the capital towards higher yielding investment ventures. In particular, in respect of the Logistics business, Keppel Telecommunications & Transportation Ltd ("**Keppel T&T**") is currently reviewing bids received for the purchase of its third-party logistics business in Southeast Asia and Australia as well as its channel management business and there is no certainty whether such divestment exercise will be successfully consummated. Intensifying competition, prevailing market conditions, and geopolitical tensions relating to trade may affect the execution of their strategies, which would in turn affect Keppel T&T's business, results of operations and financial condition adversely.

Failure to keep pace with developments in technology and business models or penetrate new markets.

The success of the Data Centre and Logistics businesses depend, in part, on their ability to anticipate and adapt in a timely manner to the fast-paced changes in technology and business models that characterise the industries in which the businesses operate. New services, technologies and business models emerge on a continuous basis and existing services, technologies and business models will also further develop.

While the businesses will respond through mitigating measures or fresh strategies, there can be no assurance that such mitigating measures or fresh strategies will be sufficient against market disruption threats. If the businesses fail to upgrade and adapt their business models, or fail to introduce new services or products in line with technological innovations in a timely or satisfactory manner, their products and services may become obsolete and unmarketable. This could limit the businesses' ability to acquire new customers and cause them to lose existing customers to competitors, which could have a material adverse effect on Keppel T&T's business, results of operations and financial condition.

In addition, the Data Centre business' efforts to penetrate new markets may not succeed if product or market opportunities develop more slowly than expected, their services or products are not well accepted among customers, or if the profitability of opportunities is undermined by competitive pressures. In the event that the Data Centre business segment lose their competitive edge, Keppel T&T's business, results of operations and financial condition will be adversely affected.

The Data Centre business faces competition, which may decrease or prevent increases of the occupancy and rental rates of its data centres, alter the terms and conditions of future leases and co-location arrangements and result in shorter term rental periods.

The Data Centre business faces competition from other owners, operators and developers of data centre properties, many of which own data centres similar to Keppel T&T's in the same markets in which its data centres are located. In addition, despite the high barriers to entry for the data centre industry, there is still a risk that the Data Centre business segment may in the future face competition from new entrants into the data centre market, including new entrants who may acquire Keppel T&T's current competitors. Keppel T&T's competitors and potential competitors may have advantages over it, including pre-existing relationships with current or potential clients, significantly greater financial, marketing and other resources and access to capital which allow them to respond more quickly to new or changing opportunities. If Keppel T&T's competitors offer data centre space that its clients or potential clients perceive to be superior to Keppel T&T's, or if they offer rental rates substantially below current market rates, or below the rental rates Keppel T&T offers, it may lose clients or potential clients or be required to incur costs to improve its properties or reduce its rental rates.

Keppel T&T's clients may choose to develop new data centres or expand their own existing data centres, which could result in the loss of one or more key clients or reduce demand for Keppel T&T's existing or future data centres, which could have a material adverse effect on its revenues and results of operations.

Rising demand and opportunities may lead Keppel T&T's clients to choose to develop their own new data centres or expand or consolidate into data centres that Keppel T&T does not own. In the event that any of Keppel T&T's key clients were to do so, it could result in a loss of business or put downward pressure on pricing. If Keppel T&T loses a client, no assurance can be given that it would be able to replace that client at a competitive rate or at all, which could have a material adverse effect on Keppel T&T's business, prospects, results of operations and financial condition.

If Keppel T&T is unable to locate and secure quality or suitable sites for additional data centres on commercially acceptable terms, the Group's ability to grow the Data Centre business may be limited.

The growth of the Data Centre business is partially dependent on locating and securing suitable income producing data centres that meet the Group's strict specifications. These specifications include, but are not limited to, sourcing sites free from seismic activity and sub-surface contamination, storm potential and various topographical considerations, further requirements in terms of proximity to international network routes, access to a significant supply of high voltage electrical power, the ability to sustain heavy floor loading and an adequate supply of sufficiently educated labour to operate and maintain the site. Properties with these specifications may be scarce in the Data Centre business' target markets. If Keppel T&T is unable to identify and acquire data centres that meet such requirements on commercially acceptable terms on a timely basis for any reason, including competition from other companies seeking similar sites with greater financial resources than Keppel T&T, Keppel T&T's rate of growth may be substantially impaired.

Keppel T&T is exposed to tightening regulatory control on carbon emissions.

As data centres are significant emitters of carbon, the traditional Data Centre business is facing increasing pressure to reduce its carbon footprint. Some jurisdictions like Singapore have even placed moratoriums on new data centres which may affect Keppel T&T's ability to grow its data centre footprint. Keppel T&T has, in recent years, been accelerating its response to the decarbonisation challenge by exploring and investing in innovative new green solutions such as high rise green data centres and floating data centres to reduce the environmental footprint of its data centres and strengthen its market position as a sustainable solutions provider.

Keppel T&T is exposed to project development risks.

Construction of new data centres entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unforeseen increases in cost. There may also be progress delays due to supply chain and labour disruptions caused by global pandemics as experienced during the COVID-19 lockdowns. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of, new data centres. Safety regulations of some countries in which the Group's construction sites are located may not be applied as stringently as in developed countries. This could result in accidents and fatalities which could have an adverse impact on the Group's reputation and result in fines and litigation. All of these factors may affect the Group's business, prospects, results of operations and financial condition.

Any failure of the Data Centre business' physical infrastructure or disruption to its services could lead to significant capital expenditure and disruptions to its business that could adversely affect its earnings and financial condition.

The strength of the Data Centre business depends in part on the Group being able to provide customers with highly reliable service, including with respect to power supply and maintenance of environmental conditions. The Data Centre business may fail to provide such service as a result of numerous factors, including, inter alia, mechanical failure, power outage, human error and physical security breaches. While the Group manages such risks through operational maintenance programmes, this risk is not mitigated fully. Service interruptions and equipment failures may expose the data centre business to legal liability and damage its brand reputation, thus adversely affect the Group's business, prospects, results of operations and financial condition.

M1 is exposed to extensive laws and regulations.

M1's telecommunications operations in Singapore are subject to extensive government regulation which may impact competition, and require new technologies, changes in cost structures or flexibility to respond to market conditions. The Singapore government may alter its policies relating to the telecommunications, information technology and related industries and the regulatory environment (including taxation) in which M1 operates. Such changes could have a material adverse effect on the Group's financial performance and operations.

Under the Telecommunications Act, Chapter 323 of Singapore, the Minister for Communications and Information (the "**Minister**") has certain discretionary powers to direct M1 (in its capacity as a public telecommunications licensee) to undertake and provide certain services and facilities. In the event the Minister exercises such powers and M1 is required to undertake and provide such services and facilities, M1 may incur costs that may not be fully recoverable. There may also be interruption to operations and services and a diversion of telecommunications resources for other purposes as directed.

The businesses of M1 depend upon licences issued by governmental authorities. Failure to meet regulatory requirements could result in fines or other sanctions including, ultimately, revocation of the licences. There is no assurance that M1 will be able to renew existing licences on terms that are the same or equivalent to those that currently apply, or at all. In addition, M1 may be required to obtain licences where they wish to expand their existing businesses or enter into new areas of business and there can be no assurance that they will be able to obtain these licences.

M1 faces major competitive risks in the telecommunications market in Singapore.

The telecommunications market in Singapore is highly competitive. As competition further intensifies with the entry of a fourth mobile network operator and mobile virtual network operators, M1's market share may decline and the Singapore market may be exposed to more intense price competition.

The disintermediation in the telecommunications industry by handset suppliers and non-traditional telecommunications services providers (including social media networks and over-the-top ("**OTT**") players) obtaining access to, and establishing relationships with, customers by providing multimedia content, applications and services directly on demand also challenges the business models and profits of vertically-integrated providers like M1.

M1 faces technology obsolescence risk.

Rapid and significant technological changes are typical in the telecommunications and the information communications technology industry and these changes may materially affect M1's capital expenditure and operating costs, the demand for M1's products and services, and M1's returns on the technology investments. For example, rapid advancements in new technologies such as Artificial Intelligence (AI), Digital Application Programming Interfaces (APIs), cloud and blockchain are driving development of entirely new ecosystems and business models.

M1 has invested substantial capital and other resources in the development and modernisation of its networks and systems. Technological changes continue to reduce the costs, and expand the capacities and functions, of new infrastructure capable of delivering competing products and services, resulting in lower prices and more competitive and innovative products and services. With the rapid advancement in technology, M1 may be left with investments that are technologically obsolete before the end of the expected useful life of these investments and the value of these investments may be impaired. These changes may require M1 to replace and upgrade its network infrastructure and as a result, M1 may be required to incur significant additional capital expenditure in order to maintain the latest technological standards and remain competitive against these newer products and services.

M1 faces a continuing risk of market entry by new operators and service providers (including non-telecommunications players and OTT players) who, by using newer or lower cost technologies, may succeed in rapidly attracting customers away from established market participants. New technologies may also enable players from adjacent industries to enter the telecommunications and information technology services markets, thus increasing competition and depressing prices. This may result in a loss of market share and could have an adverse effect on M1's business, prospects, financial condition and results of operations.

M1 may be affected by supply chain disruptions.

M1 relies on supply chains that may be dominated by a small number of players, resulting in its increased exposure to supply chain disruptions from a variety of issues not within its control. These may include geopolitical risks such as sanctions, corporate failures, or evolving technology standards as well as other competitive pressures which may affect the supply of key services needed by M1 for its business operations. To the extent M1's services are reliant on these services, M1's business, prospects, financial condition and results of operations may be adversely affected.

Risks affecting the Group's Asset Management Division

Failure to effectively manage acquisitions may adversely impact the Group's growth and profitability.

The Group has made investments through acquisitions of assets in recent years and continues to evaluate merger and acquisition opportunities as part of its growth strategy. The Group may commit itself to mergers or acquisitions in the future if suitable opportunities arise. These may require significant investments which may not yield favourable returns due to unanticipated risks. The Group may acquire or enter into new lines of business in which it may not have substantial prior experience. Acquisitions generally involve additional risks, including unforeseen contingent risks or latent liabilities relating to these businesses that may become apparent only after the merger or acquisition is completed, integration and management of the operations and systems, retention of select personnel, co-ordination of sales and marketing efforts and diversion of management's attention from other ongoing business concerns. Any inability to effectively develop and operate its new business segments may have an adverse impact on the Group's financial condition and results of operations.

Keppel Capital's asset management segment is subject to investment risks and market fluctuations.

The capital value of investments in Keppel Capital's asset management segment, and the income derived from them, may fluctuate. A fall in such capital values may result in a reduction in the level of income which Keppel Capital may derive from the investments. A reduction in the aggregate value of such investments may require additional contributions from investors.

Keppel Capital's asset management segment is subject to changes in general economic conditions such as fluctuations in the financial and property markets, inflation and changes in investment returns. Adverse effects on Keppel Capital resulting from changes in market conditions could include the inability to deploy capital in investment, poor performance and/or reduced returns on investments and an increase in credit defaults. Falls in investment returns could impair Keppel Capital's operational capabilities, including its ability to derive new business or deliver its existing obligations. Adverse general movements in the market and consequential impacts on the assets under Keppel Capital's management may lead to reduced operating profit of Keppel Capital.

Keppel Capital's asset management segment is subject to competition.

Keppel Capital's asset management segment is conducted in a highly competitive environment and its success depends on the ability of Keppel Capital's management to respond to the competition.

There are many factors which affect Keppel Capital's ability to market its financial services, including price and yields offered, financial strength and ratings, the range and quality of products offered, brand strength and name recognition and investment management performance. Further, heightened competition for talented and skilled employees with local experience may impact Keppel Capital's ability to accelerate its growth plans.

Keppel Capital's principal competitors include many of the major financial services businesses. Keppel Capital believes that competition will intensify in response to consumer demand, technological advances, the impact of consolidation, regulatory actions and other factors. Keppel Capital's ability to generate an appropriate return for its stakeholders depends significantly on its ability to anticipate and respond appropriately to these competitive pressures.

Keppel Capital's investment portfolio includes illiquid real estate investments.

Real estate investments, particularly in high value commercial properties such as those which Keppel Capital controls and manages on behalf of its stakeholders, and those which it may directly invest in, are relatively illiquid. Such illiquidity may affect the ability of Keppel Capital or any listed vehicle it represents to vary its investment portfolio or liquidate part of its respective assets in response to changes in economic or other market conditions. This could have an adverse impact on the execution of business plans of the investment portfolio managed by Keppel Capital, and could consequently affect Keppel Capital's ability to make expected returns.

Keppel Capital may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs.

The asset managers under Keppel Capital include several REIT managers. Keppel Capital may thus be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs in the jurisdictions in which it operates. There is no assurance that the Monetary Authority of Singapore and/or any other relevant authority will not introduce new legislation, regulations, guidelines or directions which would adversely affect REITs generally. Changes in legislation, regulations or government policies may increase the cost of compliance with such laws, regulations or policies and may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance.

RISKS RELATING TO THE SECURITIES

The Securities will be unsecured and subordinated obligations.

The Securities will constitute direct, unsecured and subordinated obligations of the Issuer. Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the Issuer, the rights and claims of the Securityholders in respect of the Securities to payment of principal of and Distribution on the Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with any Parity Securities of the Issuer and in priority to any Junior Securities of the Issuer.

On a Winding-Up or dissolution of the Issuer, the Securityholders will not have recourse to any specific assets of the Issuer as security for outstanding payment or other obligations under the Securities owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Securities, to discharge the outstanding payment and other obligations under the Securities owed to the Securityholders.

Accordingly, in the event of a shortfall of funds or a Winding-Up, there is a real risk that an investor in the Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Securities.

The Securities will be perpetual securities and investors will have no right to require redemption, except in limited circumstances.

The Securities will be perpetual and will have no maturity date. The Issuer will not be under any obligation to redeem the Securities (except in limited circumstances) at any time and the Securities will only be able to be disposed of by Securityholders by sale. Securityholders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities. Furthermore, for so long as Securityholders remain holders of the Securities, such Securityholders would be subject to a fixed Distribution Rate on the Securities.

The Securities may be redeemed at the Issuer's option on the occurrence of certain events.

The Securities will be perpetual securities and will have no fixed redemption date. The Issuer may also at its option redeem, in whole but not in part, the Securities at their principal amount (together with any Distribution accrued to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)):

- if (i) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the 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 the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA or (ii) the Issuer satisfies the Trustee immediately prior to the giving of such notice that if it has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncements promulgated thereunder of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, which change or amendment becomes effective on or after 7 September 2021 and such obligation cannot be avoided by the Issuer taking commercially reasonable measures available to it;

- if the Securities must not or must no longer be recorded as "equity" of the Issuer as a result of any changes or amendments to the IFRS as issued by the International Accounting Standards Board and Singapore Financial Reporting Standards (International) (collectively referred to as "**SFRS(I)s**") or any other accounting standards that may replace SFRS(I)s for the purposes of the consolidated financial statements of the Issuer;

- if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that, as a result of any of the matters referred to Condition 5.4(a)(i) of the Terms and Conditions, the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer would no longer be deductible by the Issuer for Singapore income tax purposes or (ii) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not or will no longer 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

- on or at any time after 16 September 2024 (the "**First Call Date**") and any Distribution Payment Date after the First Call Date.

See "*Terms and Conditions of the Securities – Redemption, Purchase and Cancellation*".

The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Securityholders. This may be disadvantageous to the Securityholders in light of market conditions or the individual circumstances of the Securityholders. 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 Securities.

There are limited remedies for non-payment under the Securities.

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Terms and Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment within 15 business days of its due date. The only remedy against the Issuer available to Securityholders for recovery of amounts in respect of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities will be instituting Winding-Up proceedings and/or proving and/or claiming in Winding-Up in respect of any of the Issuer's payment obligations arising from the Securities. The right to institute Winding-Up proceedings and/or proving and/or claiming in Winding-Up in respect of any of the Issuer's payment obligations arising from the Securities is limited to circumstances provided by applicable law.

Changes in accounting standards may impact the Issuer's financial condition or the characterisation of the Securities.

There can be no assurance that the adoption of new accounting policies or new SFRS(I)s will not have a significant impact on the Issuer's financial condition and results of operations. In addition, any change or amendment to, or any change or amendment to any interpretation of, SFRS(I)s may result in the reclassification of the Securities such that the Securities must not or must no longer be recorded as "equity" of the Issuer, and will give the Issuer the right to redeem the Securities. See "*The Securities may be redeemed at the Issuer's option on the occurrence of certain events*".

The Securities are complex instruments and 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. Furthermore, each potential investor in the Securities should:

- 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 in this Offering Circular;

- 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;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities including where the currency for payment is different from the potential investor's currency;

- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

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

A potential investor should not invest in the Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

In addition, the investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Securities constitute legal investments for it; (ii) the Securities can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Securities by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules and regulations.

Market price of the Securities.

The market price of the Securities may fluctuate due to various factors, including investor perceptions, Singapore and worldwide economic conditions, better rates of return on other securities, interest rates, inflation rates, movements in foreign exchange rates, impacts of regulatory change, changes in the laws relating to the availability of franking, movements in the market price of senior or subordinated debt, the Issuer's financial performance and position, as a result of information disclosed to the market by the Issuer in order to comply with its continuous disclosure requirements and other factors that may affect that performance and position. The Securities may trade at a market price below the face value. There is no guarantee that the Securities will remain continuously quoted on the SGX-ST.

In recent years, markets have sometimes been volatile. In particular, since March 2020, global financial markets have become more volatile due to the impact of the COVID-19 pandemic. The expected duration and magnitude of the COVID-19 pandemic and its full economic impact remain unclear. Volatility risk is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investors should carefully consider the impact of volatility risk on the potential market price of the Securities before deciding whether to make an investment in the Securities.

Securityholders who wish to sell or otherwise transfer their Securities may incur loss if the Securities trade at a market price below the amount for which the Securities were acquired by those Securityholders.

Lack of a public market for the Securities.

The Securities will be a new issue of securities for which there is currently no established trading market when issued, and one may never develop. An application will be made to the SGX-ST for permission to deal in and quotation for the Securities on the Official List of the SGX-ST. Such permission will be granted when the Securities have been admitted to the Official List of the SGX-ST. However, there can be no assurance that the Issuer will be able to maintain such a listing or that, if listed, a trading market will develop for the Securities on the SGX-ST. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Securities.

If an active trading market were to develop, the Securities could trade at a price that may be lower than the initial offering price of the Securities. Whether or not the Securities will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- the Group's financial condition, financial performance and future prospects;
- the publication of earnings estimates or other research reports and speculation in the press or investment community in relation to the Issuer or the Group; and
- changes in the industry and competition affecting the Group.

Securityholders may not receive Distribution payments if the Issuer elects to defer Distribution payments.

Subject to Condition 4.3 of the Terms and Conditions, the Securities will confer a right to receive Distribution from the Issue Date, and Distribution shall be payable on the Securities semi-annually in arrear on 16 March and 16 September of each year, with the first Distribution Payment Date falling on 16 March 2022. The Issuer may, at its sole discretion, elect to defer any scheduled Distributions or Arrears of Distribution on the Securities for any period of time, and is not subject to any limits as to the number of times Distributions or Arrears of Distribution can be deferred, unless there is an occurrence of the events under Condition 4.3(e) of the Terms and Conditions. Although Arrears of Distributions following a deferral are cumulative, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral election notices to holders of the Securities. Any such deferral will not constitute a default for any purpose.

Any deferral of Distribution will likely have an adverse effect on the market price of the Securities. In addition, as a result of the Distribution deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of debt securities on which original issue discount, interest or distribution accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

There is an absence of covenant protection for the Securities.

Other than as described herein, the Trust Deed will not limit the Issuer's ability to incur additional debt or liabilities (including secured indebtedness). The Trust Deed will not contain any provision specifically intended to protect holders of the Securities in the event of a future leveraged transaction by the Issuer.

The Issuer may in future incur further indebtedness and other liabilities. The Issuer has provided, and may in the future provide, guarantees and/or indemnities in respect of such liabilities.

The Issuer may raise or redeem other capital which affects the price of the Securities.

The 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 Issuer may issue or incur and which rank senior to, or *pari passu* with, the Securities. Similarly, subject to compliance with the Terms and Conditions, the Issuer may redeem securities that rank *pari passu* with, or senior to, the 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 Securityholders on a Winding-Up of the Issuer, and may increase the likelihood of a deferral of Distribution or Arrears of Distribution under the 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 Securities and/or the ability of Securityholders to sell their Securities.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the taking of steps and/or action and/or instituting of proceedings pursuant to Condition 8 of the Terms and Conditions for the Winding-Up of the Issuer and/or proving in the Winding-Up of the Issuer and/or claiming in the liquidation of the Issuer), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or action or institutes any such proceedings on behalf of Securityholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding 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 pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed and the Terms and Conditions and applicable laws and regulations, it will be for the Securityholders to take such actions directly.

Modifications and waivers.

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

The Terms and Conditions will also provide that the Trustee may, without the consent of Securityholders, agree to:

- any modification (except as mentioned in the Trust Deed) of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement (as defined in the Terms and Conditions), any agreement supplemental to the Agency Agreement, the Securities or the Terms and Conditions which in the opinion of the Trustee will not be materially prejudicial to the interests of Securityholders; and

- any modification of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Securities or the Terms and Conditions which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

In addition, the Trustee may, without the consent of the Securityholders, authorise or waive any breach or proposed breach of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Securities or the Terms and Conditions (other than a proposed breach or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Securityholders will not be materially prejudiced thereby.

The insolvency laws of Singapore and other local insolvency laws may differ from those of another jurisdiction with which the Securityholders are familiar.

As the Issuer is incorporated under the laws of Singapore, any insolvency proceedings relating to the Issuer would involve Singapore insolvency laws. The procedural and substantive provisions of Singapore insolvency law may differ from comparable provisions of the insolvency laws of jurisdictions with which the Securityholders are familiar.

There can be no assurance that the Issuer will not become bankrupt or insolvent, or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission and (in the case of judicial management) the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the "**IRD Bill**" or as passed, the "**IRD Act**") was passed in Parliament on 1 October 2018 and has come into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, a debenture. However, it may apply to related contracts that are not found to be directly connected with the Securities.

The Issuer may issue additional Securities in the future.

The Issuer may, from time to time, and without prior consultation with or consent from the Securityholders, create and issue further securities having the same terms and conditions as the Securities in all respects or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Securities.

Developments in other markets may adversely affect the market price of the Securities.

The market price of the Securities may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Securities is, to varying degrees, influenced by economic and market conditions in other markets. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If such volatility occurs in the international financial markets in the future, the market price of the Securities could be adversely affected.

The Securities are subject to changes of law.

The Terms and Conditions are governed by the laws of Singapore. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities. The Issuer must also comply with various legal requirements including requirements imposed by securities laws and company laws in Singapore. Should any of those laws change over time, the legal requirements to which the Issuer may be subject could differ materially from current requirements.

Securityholders may be adversely affected by changes in taxation laws.

Changes in taxation laws in the jurisdictions in which the Group operates or in which Securityholders reside may adversely affect the tax treatment of an investment in the Securities or the holding and disposal of the Securities. Securityholders should consult their tax advisors or relevant professionals if they are in any doubt as to the tax treatment of an investment in the Securities or the holding and disposal of the Securities.

Securities law restrictions on the resale of the Securities may impact the Securityholder's ability to sell the Securities.

The Securities have not been registered under the Securities Act or any state securities laws. Unless and until they are registered, the Securities may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Securities are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Securities under the Terms and Conditions. Hence, future resales of the Securities may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

The liquidity and price of the Securities following this offering may be volatile.

The price and trading volume of the Securities may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Securities to change. Any such developments may result in large and sudden changes in the volume and price at which the Securities will trade. There can be no assurance that these developments will not occur in the future.

The Securities will initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s).

The Securities will initially be represented by a Global Certificate. Such Global Certificate will be deposited with the Depository. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates in respect of their individual holdings of Securities. The Depository will maintain records of the beneficial interests in the Global Certificate. While the Securities are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Depository.

While the Securities are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Securities by making payments to the Depository for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the

Depository to receive payments under the Securities. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the Depository to appoint appropriate proxies.

***Securityholders may be adversely affected by certain exchange rate risks and exchange controls*.**

The Issuer will make payments to Securityholders in Singapore dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Singapore dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Singapore dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls that could adversely affect an applicable exchange rate. An appreciation in the value of the Investor's Currency relative to the Singapore dollar would decrease:

- the Investor's Currency-equivalent yield on the Securities;
- the Investor's Currency-equivalent value of the amounts payable on the Securities; and
- the Investor's Currency-equivalent market value of the Securities.

Government and monetary authorities may impose exchange controls that could adversely affect the availability of a specified foreign currency at the time of payment of amounts on a Security. As a result, the payments received by investors may be adversely affected.

The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser before making a decision to subscribe for Securities.

***The Securities issued are subject to interest rate risks*.**

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Securityholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

***The Securities are subject to inflation risks*.**

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.

***Performance of contractual obligations by the Issuer may be dependent on other parties*.**

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Subscription Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Principal Agent and/or the

Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of their obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders.

The Issuer's ability to comply with its obligation to repay the Securities is dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group.

The Issuer's ability to comply with its obligation to repay the Securities may depend on the earnings of the Group and the distribution of funds amongst members of the Group, primarily in the form of dividends. Whether or not the members of the Group can make distributions to the Issuer depend on distributable earnings, cash flow conditions, restrictions that may be contained in the debt instruments of its members, applicable law and other arrangements. These restrictions could reduce the amount of distributions that the Issuer receives from its members, which would restrict the Group's ability to fund its business operations and the Issuer's ability to comply with its payment obligations under the Securities.

Further, the ability of the Issuer to make scheduled principal or distribution payments on its indebtedness, including the Securities, and to fund its growth aspirations, will depend on the Group's future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this section "*Risk Factors*", many of which are beyond the control of the Issuer. If the Issuer's future cash flow from operations and other capital resources are insufficient to pay its debt obligations, including the Securities, or to fund its other liquidity needs, it may be forced to sell assets, attempt to restructure or refinance its existing indebtedness. No assurance can be given that the Issuer would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

The regulation and reform of "benchmarks" may adversely affect the value of Securities linked to or referencing such "benchmarks".

Interest rates and indices which are deemed to be "benchmarks", including the London interbank offered rate ("**LIBOR**"), the euro interbank offered rate ("**EURIBOR**") and SIBOR are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Securities. Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which, for these purposes, includes the United Kingdom). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The Benchmarks Regulation could have a material impact on the Securities in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. In addition, as the Singapore dollar swap offer rate ("**SOR**") methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after the end of 2021 will impact the future sustainability of SOR. On 30 August 2019, MAS announced that it has established a steering committee to oversee an industry-wide interest rate benchmark transition from SOR to the Singapore Overnight Rate Average ("**SORA**"). In addition, the Association of Banks in Singapore ("**ABS**") and the Singapore Foreign Exchange Market Committee ("**SFEMC**") released a consultation report "Roadmap for Transition of Interest Rate Benchmarks: From SOR to SORA" identifying SORA as the alternative interest rate benchmark to SOR, envisaging a phased transition over two years. On 19 March 2020, the Steering Committee for SOR Transition to SORA ("**SC-STS**") released its response to feedback received on the consultation report in which the SC-STS noted that overall, there was broad support for the proposed transition roadmap and approach set out in the consultation report. In its response, the SC-STS also outlined its key priorities and updated transition roadmap to achieve a smooth transition from SOR to SORA as the new interest rate benchmark for the SGD cash and derivatives markets. On 29 July 2020, the ABS and SFEMC issued another consultation report titled "SIBOR Reform and the Future Landscape for SGD Interest Rate Benchmarks" which recommends the discontinuation of SIBOR in three to four years, and a shift to the use of the SORA as the main interest rate benchmark for SGD financial markets. On 5 August 2020, MAS announced several key initiatives to support the adoption of SORA, which include issuing SORA-based floating rate security on a monthly basis starting from 21 August 2020, as well as publishing key statistics involving SORA on a daily basis. As part of the initiatives by MAS, SORA was prescribed as a financial benchmark under the SFA pursuant to the Securities and Futures (Prescribed Financial Benchmark) Regulations 2020, which came into operation on 5 August 2020. On 27 October 2020, the SC-STS announced industry timelines to support a coordinated shift away from the use of SOR in financial products, and to concurrently accelerate usage of SORA. The key timelines are: (a) by end-April 2021, all lenders and borrowers are to cease issuance of SOR-linked loans and securities that mature after end-2021; (b) to support this, all Domestic Systemically Important Banks ("**D-SIBs**") should be ready to offer a full-suite of SORA-based products to their customers by end-February 2021, and all non-D-SIB banks should be ready to offer new SORA-based products by end-April 2021; and by end-September 2021, all banks are to have substantially reduced gross exposures to SOR derivatives, including centrally cleared interbank transactions. On 29 July 2021, the SC-STS published a report setting out updated timelines and key recommendations for the industry-wide transition of financial contracts away from the legacy use of SOR. The recommendations cover a wide spectrum of financial products across wholesale and retail markets, and aim to facilitate a smooth transition out of SOR contracts. It is not possible to predict with certainty whether, and to what extent, the "benchmarks" will continue to be supported going forward. This may cause the benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Securities. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms or any of the international or national reforms and the possible application of the benchmark replacement provisions of any Securities in making any investment decision with respect to the Securities.

Singapore taxation risks.

It is not clear whether the Securities will be regarded as "debt securities" by the IRAS for the purposes of the ITA, whether Distributions made under the Securities will be regarded as interest payable on indebtedness and whether the tax concessions and exemptions available for qualifying debt securities under the qualifying debt securities scheme (as set out in "*Taxation – Singapore Taxation*") would apply to the Securities.

If the Securities are regarded as "debt securities" for the purposes of the ITA, the Securities are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section entitled "*Taxation – Singapore Taxation*". However, there is no assurance that the Securities will continue to enjoy the tax exemptions or concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

If the Securities are not regarded as "debt securities" for the purposes of the ITA, Distributions made under the Securities are not regarded as interest payable on indebtedness or Securityholders thereof are not eligible for the tax concessions or exemptions under the qualifying debt securities scheme, the tax treatment to Securityholders may differ.

Investors and Securityholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Securities.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from the Offering for general corporate and working capital purposes including refinancing of existing debts.

SUMMARY FINANCIAL INFORMATION

The financial information below has been derived from, and should be read in conjunction with, the audited annual consolidated financial statements of the Group for the year ended 31 December 2020 ("**FY 2020**") and 31 December 2019 ("**FY 2019**") (which includes comparatives for the year ended 31 December 2018 ("**FY 2018**")) and the unaudited condensed consolidated interim financial statements of the Group for the half year ended 30 June 2021 ("**1H 2021**") (which includes comparatives for the half year ended 30 June 2020 ("**1H 2020**")). Copies of these financial statements can be obtained from the SGX-ST at www.sgx.com.

Investors should note that past performance is not a reliable indicator of future performance. The below financial data should be read in conjunction with the accompanying Securities.

Consolidated Balance Sheet

	As at 31 December			**As at 30 June**	
	2020	**2019**	**2018**	**2021**	**2020**
		(Audited)		*(Unaudited)*	
S$'000					
Share capital	1,305,668	1,291,722	1,291,722	1,305,668	1,305,668
Treasury shares	(13,690)	(14,009)	(45,073)	(4,747)	(246)
Reserves	9,436,480	9,933,140	10,021,113	9,830,170	9,075,338
Share capital & reserves	10,728,458	11,210,853	11,267,762	11,131,091	10,380,760
Non-controlling interests	427,446	435,178	308,930	397,949	432,551
Total equity	11,155,904	11,646,031	11,576,692	11,529,040	10,813,311
Represented by:					
Fixed assets	2,715,753	2,901,845	2,372,560	2,685,335	2,830,530
Investment properties	3,674,075	3,022,091	2,851,380	3,903,867	4,070,196
Right-of-use assets	582,706	759,929	–	600,478	735,951
Associated companies and joint ventures	5,990,613	6,350,845	6,239,053	6,159,109	5,955,704
Investments	1,229,492	649,069	449,515	1,186,202	1,146,540
Deferred tax assets	159,427	76,454	65,397	137,288	89,398
Long term assets	1,756,399	1,579,908	614,067	1,747,869	1,866,277
Intangibles	1,608,824	1,682,981	129,007	1,610,130	1,658,508
	17,717,289	17,023,122	12,720,979	18,030,278	18,353,104

	As at 31 December			As at 30 June	
	2020	**2019**	**2018**	**2021**	**2020**
		(Audited)		*(Unaudited)*	
S$'000					
Current assets					
Stocks	4,959,427	5,542,755	5,495,904	4,830,694	5,047,817
Contract assets	2,657,231	3,497,476	3,212,712	2,847,585	2,778,275
Amounts due from associated companies and joint ventures	493,269	563,578	291,729	597,359	419,905
Debtors	2,531,075	2,748,484	2,702,300	1,957,126	2,770,631
Derivative assets	124,547	41,050	45,976	240,137	72,240
Short term investments	134,634	121,581	136,587	70,790	119,606
Bank balances, deposits & cash	2,479,715	1,783,514	1,981,406	2,399,856	2,426,429
	13,379,898	14,298,438	13,866,614	12,943,547	13,634,903
Assets classified as held for sale	1,008,692	–	–	–	–
	14,388,590	14,298,438	13,866,614	12,943,547	13,634,903
Current liabilities					
Creditors	4,603,677	4,604,544	4,391,023	4,398,738	4,360,938
Derivative liabilities	59,143	119,481	119,405	34,530	193,709
Contract liabilities	2,072,303	1,824,965	1,918,547	1,201,683	1,913,227
Provisions for warranties	39,449	36,448	69,614	36,371	34,230
Amounts due to associated companies and joint ventures	335,908	490,286	115,824	437,885	319,304
Term loans	4,432,602	4,555,237	1,480,757	4,474,974	5,426,045
Lease liabilities	69,377	67,387	–	82,434	66,774
Taxation	358,802	248,425	297,922	378,149	319,440
	11,971,261	11,946,773	8,393,092	11,044,764	12,633,667
Liabilities directly associated with assets classified as held for sale	115,220	–	–	–	–
	12,086,481	11,946,773	8,393,092	11,044,764	12,633,667
Net current assets	2,302,109	2,351,665	5,473,522	1,898,783	1,001,236
Non-current liabilities					
Term loans	7,606,594	6,504,394	6,067,752	7,146,145	7,256,863
Lease liabilities	494,527	530,052	–	504,629	493,432
Deferred tax liabilities	443,547	399,028	188,340	458,664	434,440
Other non-current liabilities	318,826	295,282	361,717	290,583	356,294
	8,863,494	7,728,756	6,617,809	8,400,021	8,541,029
Net assets	11,155,904	11,646,031	11,576,692	11,529,040	10,813,311

Consolidated Profit and Loss Account

	For the year ended 31 December			For the half-year ended 30 June	
	2020	**2019**	**2018**	**2021**	**2020**
		(Audited)		*(Unaudited)*	
S$'000					
Revenue	6,574,342	7,579,703	5,964,781	3,677,180	3,182,478
Materials and subcontract costs	(4,591,235)	(5,266,594)	(4,175,035)	(2,638,709)	(2,206,864)
Staff costs	(1,120,128)	(1,163,231)	(987,830)	(503,429)	(583,801)
Depreciation and amortisation	(413,506)	(375,294)	(182,386)	(196,611)	(201,097)
Impairment loss on financial assets and contract assets	(651,082)	(74,367)	(120,713)	(130,041)	(634,524)
Other operating income – net	210,010	176,284	556,345	(20,369)	294,387
Operating profit	8,401	876,501	1,055,162	188,021	(149,421)
Investment income	29,346	64,594	9,991	83,763	12,384
Interest income	162,053	177,675	164,260	50,826	105,126
Interest expenses	(292,266)	(312,716)	(204,824)	(121,548)	(156,846)
Share of results of associated companies and joint ventures	(162,221)	147,413	220,895	314,568	(168,565)
Profit/(loss) before tax	(254,687)	953,467	1,245,484	515,630	(357,322)
Taxation	(253,407)	(192,329)	(284,776)	(218,781)	(178,810)
Profit/(loss) for the year	(508,094)	761,138	960,708	296,849	(536,132)
Attributable to:					
Shareholders of the Company	(505,860)	706,975	948,392	299,796	(537,131)
Non-controlling interests	(2,234)	54,163	12,316	(2,947)	999
	(508,094)	761,138	960,708	296,849	(536,132)
Earnings per ordinary share					
– basic	(27.8) cts	38.9 cts	52.3 cts	16.5 cts	(29.5) cts
– diluted	(27.7) cts	48.7 cts	52.0 cts	16.4 cts	(29.4) cts

Consolidated Statement of Cash Flows

	For the year ended 31 December			For the half-year ended 30 June	
	2020	**2019**	**2018**	**2021**	**2020**
		(Audited)		*(Unaudited)*	
S$'000					
Operating activities					
Operating profit	8,401	876,501	1,055,162	188,021	(149,421)
Adjustments:					
Depreciation and amortisation	413,506	375,294	182,386	196,611	201,097
Share-based payment expenses	39,882	37,255	34,885	16,036	18,212
(Gain)/Loss on sale of fixed assets and an investment property	1,667	(6,277)	(2,795)	(785)	(63)
Gain on disposal of subsidiaries	(63,995)	(64,469)	(604,638)	(14,155)	(40,086)
(Gain)/Loss on disposal of associated companies	(34,419)	22	(48,783)	(99,638)	–
Gain from sale of units in associated companies	(48,010)	–	–	–	(48,275)
Impairment/write-off of fixed and intangible assets	62,075	8,432	6,911	36,897	–
Impairment of associated companies	48,686	35,915	60,782	35,082	17,543
Fair value gain on investment properties	(265,230)	(101,020)	(84,886)	(117,330)	(173,643)
Profit on sale of investments	–	–	(2,232)	–	–
(Gain)/Loss from change in interest in associated companies	1,615	(27,114)	(63,622)	12,015	761
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary	–	(158,376)	–	–	–
Gain from reclassification of associated companies to fair value through other comprehensive income investments	(124,769)	–	–	–	(130,547)
Fair value gain on remeasurement of remaining interest in an associated company	(26,034)	–	–	–	–
Unrealised foreign exchange differences	24,990	17,434	27,622	(40,063)	58,518
Operational cash flow before changes in working capital	38,365	993,597	560,792	212,691	(245,904)

S$'000	For the year ended 31 December 2020	2019	2018	For the half-year ended 30 June 2021	2020
		(Audited)		*(Unaudited)*	
Working capital changes:					
Stocks	(349,684)	(72,104)	(408,506)	142,251	(295,872)
Contract assets	872,481	(159,551)	357,046	(180,376)	704,057
Debtors	(427,146)	(806,164)	543,245	597,283	(365,647)
Creditors	352,164	(15,610)	(694,363)	(89,493)	(13,122)
Contract liabilities	272,478	(77,990)	12,430	(866,409)	77,834
Investments	(74,375)	(274,421)	(5,448)	54,234	(74,420)
Intangibles	(1,859)	(662)	(561)	–	–
Amount due to/from associated companies and joint ventures	(49,486)	(30,093)	177	56,418	(16,680)
	632,938	(442,998)	364,812	(73,401)	(299,754)
Interest received	132,046	179,503	154,482	46,037	79,965
Interest paid	(385,248)	(298,099)	(198,637)	(121,664)	(156,842)
Net income taxes paid	(177,284)	(263,856)	(195,904)	(184,317)	(72,383)
Net cash from/(used in) operating activities	202,452	(825,450)	124,753	(333,345)	(379,014)
Investing activities					
Acquisition of a subsidiary	–	(1,143,012)	(38,052)	–	–
Acquisition and further investment in associated companies and joint ventures	(743,600)	(652,576)	(365,818)	(89,645)	(374,638)
Acquisition of fixed assets and investment properties	(487,640)	(516,794)	(254,511)	(215,951)	(237,810)
Disposal of subsidiaries	331,761	27,117	1,085,671	730,575	88,305
Proceeds from disposal of associated companies and return of capital	318,141	106,117	179,342	130,653	101,164
Proceeds from disposal of fixed assets	3,187	16,094	5,524	1,538	2,914
(Advances to)/repayment from associated companies and joint ventures	58,778	96,625	(216,636)	65,814	25,389
Dividends received from investments, associated companies and joint ventures	245,270	378,422	281,375	209,726	109,488
Net cash from/(used in) investing activities	(274,103)	(1,688,007)	676,895	832,710	(285,188)

	For the year ended 31 December			For the half-year ended 30 June	
	2020	**2019**	**2018**	**2021**	**2020**
		(Audited)		*(Unaudited)*	
S$'000					
Financing activities					
Acquisition of additional interest in subsidiaries	(450)	(223,652)	(3,337)	(15,316)	(450)
Proceeds from share issues	–	–	412	–	–
Proceeds from reissuance of treasury shares pursuant to share option scheme	–	135	5,324	–	–
Proceeds from non-controlling shareholders of subsidiaries	1,881	1,178	–	–	336
Proceeds from term loans	2,240,500	4,392,341	1,549,445	1,438,370	2,016,154
Repayment of term loans	(1,159,414)	(1,342,450)	(1,939,475)	(1,819,232)	(440,401)
Principal element of lease payments	(53,413)	(47,306)	–	(31,586)	(25,476)
Purchase of treasury shares	(19,040)	(4,543)	(90,758)	(13,048)	(5,365)
Dividend paid to shareholders of the Company	(273,078)	(417,938)	(526,152)	(127,402)	(218,462)
Dividend paid to non-controlling shareholders of subsidiaries	(24,325)	(11,623)	(20,321)	(10,362)	(22,102)
Net cash from/(used in) financing activities	712,661	2,346,142	(1,024,862)	(578,576)	1,304,234
Net increase/(decrease) in cash and cash equivalents	641,010	(167,315)	(223,214)	(79,211)	640,032
Cash and cash equivalents as at beginning of year	1,777,244	1,971,844	2,241,448	2,408,473	1,777,244
Effects of exchange rate changes on the balance of cash held in foreign currencies	(9,781)	(27,285)	(46,390)	17	4,847
Cash and cash equivalents as at end of year	2,408,473	1,777,244	1,971,844	2,329,279	2,422,123

1H 2021 compared to 1H 2020

Group net profit attributable to shareholders was $300 million as compared to net loss of $537 million for the same period in 2020. Earnings per share was 16.5 cents as compared to loss per share of 29.5 cents in the same period last year. Annualised return on equity was 5.5%.

The net profit for the half year 2021 included losses recognised in respect of the Group's exposure to KrisEnergy, provision for a hotel in Myanmar, as well as share of impairment provision from Floatel, amounting to $408 million. The Group also recognised its share of Floatel's restructuring gain of $269 million during the current period. In 1H 2020, the Group recorded $930 million impairments, largely from offshore & marine business, as well as a mark-to-market gain of $131 million from the reclassification of Keppel Infrastructure Trust from an associated company to an investment. Excluding revaluations, impairments and divestments ("**RIDs**"), and COVID-19-related government grants, the Group achieved a net profit of $280 million in 1H 2021, as compared to a net loss of $72 million in 1H 2020.

Group revenue of $3,677 million was $495 million or 16% higher than that in the same period in 2020. Revenue from Energy & Environment increased by $80 million or 4% to $2,104 million led by higher electricity sales, revenue recognition from the Tuas Nexus Integrated Waste Management Facility project in Singapore which was secured in April last year, as well as higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. These were partially offset by the lower revenue in the offshore & marine business, the completion of Keppel Marina East Desalination Plant project in June last year, as well as the absence of revenue from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. The lower revenue in the offshore & marine business was mainly due to suspension of revenue recognition on Awilco contracts and deferment of some projects. Major jobs delivered by the offshore & marine business in 1H 2021 include a LNG bunker vessel, a LNG carrier and a FLNG turret. Revenue from Urban Development increased by $398 million to $909 million mainly due to higher revenue from property trading projects in China, which were partly offset by lower revenue from property trading projects in Singapore. Revenue for Connectivity of $586 million remained stable as compared to 1H 2020. Higher contributions from the logistics and data centre businesses were partly offset by the lower service revenue in M1. Revenue from Asset Management increased by $18 million to $78 million mainly due to higher acquisition, divestment and management fees.

Group pre-tax profit was $516 million, as compared to pre-tax loss of $357 million for the same period in 2020. The Energy & Environment's pre-tax loss was $177 million as compared to pre-tax loss of $942 million in the same period in 2020. This was largely due to share of Floatel's restructuring gain and lower impairments. Excluding impairments of $372 million and share of Floatel's restructuring gain of $269 million, pre-tax loss of the segment was $74 million, as compared to pre-tax loss of $33 million (excluding impairments) in 1H 2020. Operating results for the offshore & marine business was comparable to last year despite lower revenue and lower government relief measures related to the COVID-19 pandemic. This was driven by savings from further overheads reduction. The offshore & marine business also recorded lower share of losses from associated companies, but higher net interest expense. There were also lower contributions from the power & gas, environment, and new energy businesses, as well as the absence of contribution from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. Pre-tax profit from Urban Development increased by $104 million to $451 million mainly due to higher contribution from property trading projects in China, higher contribution from associated companies, and gain from the disposal of remaining interest in the Dong Nai project in Vietnam. These were partly offset by lower fair value gains from investment properties, impairment provision for a hotel in Myanmar, as well as lower contribution from the Sino-Singapore Tianjin Eco-City. Connectivity's pre-tax profit of $38 million was $25 million higher than 1H 2020. This was mainly due to the gain from divestment of interest in Keppel Logistics (Foshan) following agreement reached with local authorities on Lanshi port closure compensation and lower net interest expense, which was partly offset by lower contribution from M1. Pre-tax profit from Asset Management decreased by $135 million to $135 million largely due to mark-to-market gain recognised in 1H 2020 from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT. Excluding the reclassification gain, pre-tax profit was $4 million lower than 1H 2020. In 1H 2020, there was the recognition of gains from the sale of units in Keppel DC REIT, and divestment of interest in Gimi MS Corporation. For the current half year, the segment recorded higher fee income, mark-to-market gains from investments, dividend income from KIT, as well as higher contributions from Keppel REIT and Alpha Data Centre Fund.

Taxation expenses increased by $40 million mainly due to higher taxable profit at Urban Development. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $300 million as compared to net loss of $537 million for the same period in 2020. Profits from Urban Development, Asset Management and Connectivity businesses were partly offset by losses at Energy & Environment.

FY 2020 compared to FY 2019

Group net loss attributable to shareholders was S$506 million as compared to net profit of S$707 million in 2019. Loss per share was 27.8 cents as compared to earnings per share of 38.9 cents for 2019. Return on equity was -4.6%. The net loss for 2020 included provisions, largely from the offshore & marine business, amounting to S$952 million. Excluding these impairments, the Group achieved a net profit of S$446 million which was 46%. or S$382 million lower than the net profit of S$828 million (excluding impairments) for 2019.

Group revenue of S$6,574 million for 2020 was S$1,006 million or 13%. lower than the preceding year. Revenue from Energy & Environment decreased by S$1,026 million or 21% to S$3,943 million led by lower revenue in the offshore & marine business due to slower progress from certain on-going projects as a result of COVID-19 related disruptions, suspension of revenue recognition on Awilco contracts, fewer new contracts secured in 2020 and deferment of some projects, which were partly offset by revenue from new projects. The lower revenue was also due to lower electricity sales, lower progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project, as well as the completion of Keppel Marina East Desalination Plant project in Q2 2020 in the infrastructure business. Major jobs delivered by the offshore & marine business in 2020 include two jackup rigs, a dual-fuel bunker tanker, a Floating Production Storage and Offloading vessel ("**FPSO**") modification and upgrading project, a LNG carrier, a dredger and a production barge. Revenue from Urban Development decreased by S$61 million to S$1,275 million mainly due to lower revenue generated from hospitality and commercial properties and lower revenue from property trading projects in Singapore and Vietnam, which were partly offset by higher revenue from property trading projects in China. Revenue for Connectivity grew by S$92 million to S$1,220 million mainly due to M1 which was consolidated from March 2019, partly offset by lower contribution from the logistics business following the divestment of some China logistics assets in November 2019. Revenue from Asset Management decreased by S$10 million to S$135 million mainly due to lower acquisition and divestment fees, partly offset by higher management fees.

Group pre-tax loss for 2020 was S$255 million, as compared to pre-tax profit of S$954 million in 2019. Excluding impairments of S$1,030 million, pre-tax profit of the Group was S$775 million, which was S$302 million or 28%. lower than S$1,077 million (excluding impairments) in 2019. Energy & Environment's pre-tax loss was S$1,251 million as compared to pre-tax loss of S$121 million in 2019. Excluding impairments of S$982 million, the pre-tax loss was S$269 million. This was largely due to weaker performance in the offshore & marine business, which had been impacted by slower progress on projects due principally to significant downtime as a result of COVID-19, share of losses from associated companies, higher net interest expense, and fair value loss on investment, which were partially offset by lower overheads and government relief measures related to the COVID-19 pandemic. These were partly offset by higher contributions from the energy infrastructure and environmental infrastructure businesses, as well as the absence of share of loss from KrisEnergy and fair value loss on KrisEnergy warrants as compared to 2019. Pre-tax profit from Urban Development increased by S$44 million to S$720 million mainly due to higher fair value gains from investment properties, higher contribution from property trading projects in China, as well as higher contribution from the Sino-Singapore Tianjin Eco-City. These were partly offset by lower contribution from associated companies. Pre-tax profit of Connectivity was S$29 million, which was S$167 million below that in 2019. This was mainly due to the absence of fair value gain recognised in 2019 from the remeasurement of previously held interest in M1 at acquisition date, as well as lower contribution from M1. These were partly offset by gain from the disposal of interest in Business Online Public Company Limited, and lower losses from the logistics business. Pre-tax profit from Asset Management increased by S$65 million to S$304 million mainly due to mark-to-market gain recognised from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT, gain from sale of units in Keppel DC REIT, gain from divestment of interest in Gimi MS Corporation, as well as dividend income from KIT and higher contribution from Keppel DC REIT. These were partly offset by mark-to-market losses from investments, lower investment income and lower contributions from Keppel REIT and Alpha Data Centre Fund, as well as absence of dilution gain arising from Keppel DC REIT's private placement exercise in 2019.

Taxation expenses increased by S$61 million or 32% mainly due to lower write-backs of tax provision as compared to 2019 and higher taxation from property trading projects in China, partly offset by the deferred tax credit recognised in 2020 in relation to the impairment provisions for contract assets. Non-controlling interests were S$57 million lower than the preceding year. Taking into account income tax expenses and non-controlling interests, net loss attributable to shareholders for 2020 was S$506 million as compared to net profit of S$707 million in the preceding year. Losses in the Energy & Environment business were partly offset by profits from the Urban Development, Asset Management and Connectivity businesses.

DESCRIPTION OF THE GROUP

The Issuer is one of Singapore's flagship multinational companies with a global footprint in more than 20 countries. The Issuer provides solutions for sustainable urbanisation, focusing on four key areas comprising energy & environment, urban development, connectivity and asset management, with sustainability at the core of its strategy. The Issuer harnesses the strengths and expertise of its business units to develop, operate and maintain real assets, which provide diverse urbanisation solutions.

The Issuer's business model, underpinned by collaboration across business units, provides an eco-system that allows it to create and capture value from all parts of the Group, from the time an asset is being created till even after its injection into a Keppel-managed trust or fund, thus enabling the Group to receive multiple income streams. The Group's asset management arm serves as a financial twin for the Group's other business segments, allowing them to tap third party funds to co-invest in the development of assets across business lines, and also provides a platform for capital recycling. This expands the Issuer's capital base to seize opportunities, and also creates pull through work for its business units. The Group also earns multiple streams of recurring income throughout an asset's lifecycle by providing various services including asset development, operations and maintenance, as well as asset management.

The Issuer was listed on 24 October 1980 on the SGX-ST. As at 30 June 2021, the Group had approximately S$31.99 billion in total assets. For 1H 2021, the Group reported a total revenue of S$3.68 billion, of which 34% was attributable to customers outside of Singapore.

As at the Latest Practicable Date, Temasek and the companies under the Temasek group owned approximately 21% of the Issuer. Temasek is wholly-owned by Singapore's Minister for Finance.

IMPACT OF COVID-19

As a company operating in more than 20 countries, the COVID-19 pandemic affected the Group's operations in nearly all its key markets, albeit to varying degrees.

Keppel O&M was particularly affected in 2020 by the COVID-19 crisis and measures to contain its spread, as well as the fall in global demand for oil. The pandemic also brought about many challenges ranging from supply chain disruptions to manpower constraints at Keppel O&M's yards. COVID-19 and the measures to contain its spread caused a sharp drop in manpower at Keppel O&M's yards in Singapore in the second and third quarters of 2020. As at end-2020, work has resumed at all yards, with safe management measures in place. As at 30 June 2021, the Group had several rigs that were under construction for certain customers, where the customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks. The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements. For more information, please refer to the risk factor titled "Natural calamities including severe weather patterns and the outbreak of infectious diseases or any other serious public health concerns or the occurrence of natural or man-made disasters in Asia and elsewhere could adversely impact the Group's business, financial condition, prospects and results of operations."

Despite the impact of COVID-19, all key business units within the Group, except for Keppel O&M, remained profitable in FY 2020. For the first half of 2021, all business units were profitable, and the Group reversed the net loss it had recorded in the first half of 2020. Notably, the Group's operating performance has improved, not just compared to last year, but even when compared with 1H 2019. Excluding RIDs across all three years and COVID-19-related government grants in 2020 and 2021, the Group achieved a net profit of S$280 million in 1H 2021, compared to a net loss of S$72 million in 1H 2020 and net profit of S$149 million in 1H 2019. Many of the Group's business units provide essential services, such as power generation, water and waste treatment, telecommunications, data centres and logistics, and continued to operate during the pandemic, including during the circuit breaker period in Singapore.

The Group's business continuity plans were activated following the COVID-19 outbreak, allowing business units to continue operating effectively despite the implementation of various measures to curb the spread of the pandemic around the world. The Group was fortunate to have embarked on its digitalisation journey a few years ago, which allowed it to transit quickly to working from home, or from almost anywhere. Work-from-home arrangements and other pandemic-related curbs increased demand for e-commerce and urban logistics, creating growth opportunities for the Group's businesses in these sectors.

Following the outbreak of COVID-19, the Group placed great emphasis on the health and well-being of staff, including migrant workers who are an important part of the workforce, customers and other stakeholders. The Group ensured that safe management measures are in place across facilities as well as projects, and that government regulations were and are strictly followed to reduce the spread of the virus.

The Group also contributed actively to Singapore and international efforts to fight COVID-19. Since the start of the pandemic, the Group has committed over S$5 million to provide support to communities affected by the pandemic in Singapore and overseas. This included a S$4.2 million package to support vulnerable communities, including lower income households in 1- and 2-room HDB flats in Singapore, who were given rebates through M1, Keppel Electric and City Gas, frontline staff, and other communities affected by COVID-19. The package also included a S$300,000 donation to the Digital for Life Fund by Infocomm Media Development Authority ("**IMDA**") to promote digital inclusion and help low-income seniors to be more connected with their communities using digital tools, as well as a donation of 150 new laptops worth more than S$160,000 to the Ministry of Social and Family Development's Community Link initiative, which provides support to families with children living in rental housing to improve their circumstances and build up resources for a brighter future. Recognising the challenging environment faced by many Small and Medium Enterprises ("**SMEs**") in Singapore, the Group also improved payment terms to SMEs to help improve their cashflow over a six-month period in 2020. The Issuer was announced as a Champion of Good for the fourth consecutive year by the National Volunteer & Philanthropy Centre in November 2020 and received the Community Spirit Platinum Award at the Community Chest Awards ceremony in December 2020. The awards recognised Keppel's contributions in support of those affected by the COVID-19 pandemic.

VISION AND MISSION

The Issuer aims to be a trusted global company building a sustainable future.

The Issuer delivers solutions for sustainable urbanisation safely, responsibly and profitably.

STRATEGIC DIRECTIONS

In May 2020, the Issuer launched Vision 2030 to drive the Group's long-term strategy and transformation from a conglomerate of diverse parts into an integrated business providing solutions for sustainable urbanisation, with sustainability at the core of its strategy.

As part of Vision 2030, global macrotrends such as the energy transition, climate change, rapid urbanisation, aging populations, digitalisation and super liquidity were identified, which the Group seeks to address through the four key business areas of energy and environment, urban development, connectivity and asset management. While these macrotrends were identified before the COVID-19 pandemic, they remain highly relevant today, and several have further accelerated by the pandemic.

With a sharpened business focus and a more asset-light strategy, the Issuer will take a disciplined approach to capital allocation, based on four criteria:

- Contribution to the Group's long-term 15% Return on Equity ("**ROE**") target;
- Scalability;
- Potential for synergy and creation of new profit pools; and
- Alignment with the Group's Vision, Mission and environmental, social and governance ("**ESG**") goals.

The Group plans to focus more on areas such as renewables, environmental solutions, nearshore floating infrastructure, connectivity solutions including green data centres, as well as integrated smart district development. It will also pro-actively activate its landbank to improve asset recycling and returns, while channelling some of the freed balance sheet to support new growth initiatives. The Group's solutions are sought after by investors such as pension and sovereign wealth funds who seek real assets with cashflows that can serve as an inflationary hedge. The Group's Asset Management arm, which is an important financial twin to the other business units, can help to fund the creation of such solutions by the Group. The Group will also focus on growing recurring income, while shifting away from lumpy project-based earnings.

Deepening the efforts in recent years to promote intra-company collaboration, the Issuer has adopted a OneKeppel approach, which sees the Group's business units working together to harness their synergies and capture new profit pools that might not be available to individual business entities. These may include large-scale urban developments or floating data centre parks, which involve different capabilities within the Group. The Issuer also plans to harness M1's digital solutions and its 5G network to enhance the Group's suite of offerings.

To fuel its growth plans, the Issuer has identified a sizeable pool of assets with a total carrying value of about S$17.5 billion[1] that can be monetised over time and channelled towards its growth initiatives. In September 2020, the Issuer announced a target to monetise S$3 to S$5 billion of these assets over a three-year period, which will release capital for re-investments and unlock value for shareholders.

At the end of September 2020, a Transformation Office was established to drive the execution of Vision 2030, focusing on six comprehensive workstreams spanning growth initiatives, asset monetisation and portfolio optimisation, cost and cash management, sustainability, technology and innovation, and people and organisation.

Since the launch of Vision 2030, the Issuer had announced several waves of initiatives, including the strategic review of its offshore & marine ("**O&M**") business. In January 2021, the Issuer announced the organic transformation of Keppel O&M to enhance its competitiveness and relevance amidst the global energy transition, which culminated more recently in the signing of non-binding Memoranda of Understanding ("**MOU**") on the proposed combination of Keppel O&M and Sembcorp Marine, and resolution of Keppel O&M's legacy rigs. The Group has also decided to divest its third-party logistics business in Southeast Asia and Australia as well as its channel management business to a third party.

The Group continued to execute its asset monetisation programme. As at July 2021, the Group had announced over S$2.3 billion of asset monetisation since the programme was unveiled in end-September 2020. About half of these transactions have been completed, and from which the Group has received about S$1.15 billion in cash. The Group expects to surpass S$3 billion in asset monetisation ahead of schedule, and aims to achieve the higher end of its S$3-5 billion target by end-2023.

At the same time, the Group will continue to grow its business in line with Vision 2030. The new initiatives the Group had embarked on in 2021 include its investment in the Bifrost Cable System, Keppel Infrastructure's collaboration with Wanbang Digital Energy Pte Ltd (StarCharge) to explore opportunities in electric vehicle ("**EV**") infrastructure, the rollout of M1's 5G standalone network, as well as exploration of new energy solutions, among others.

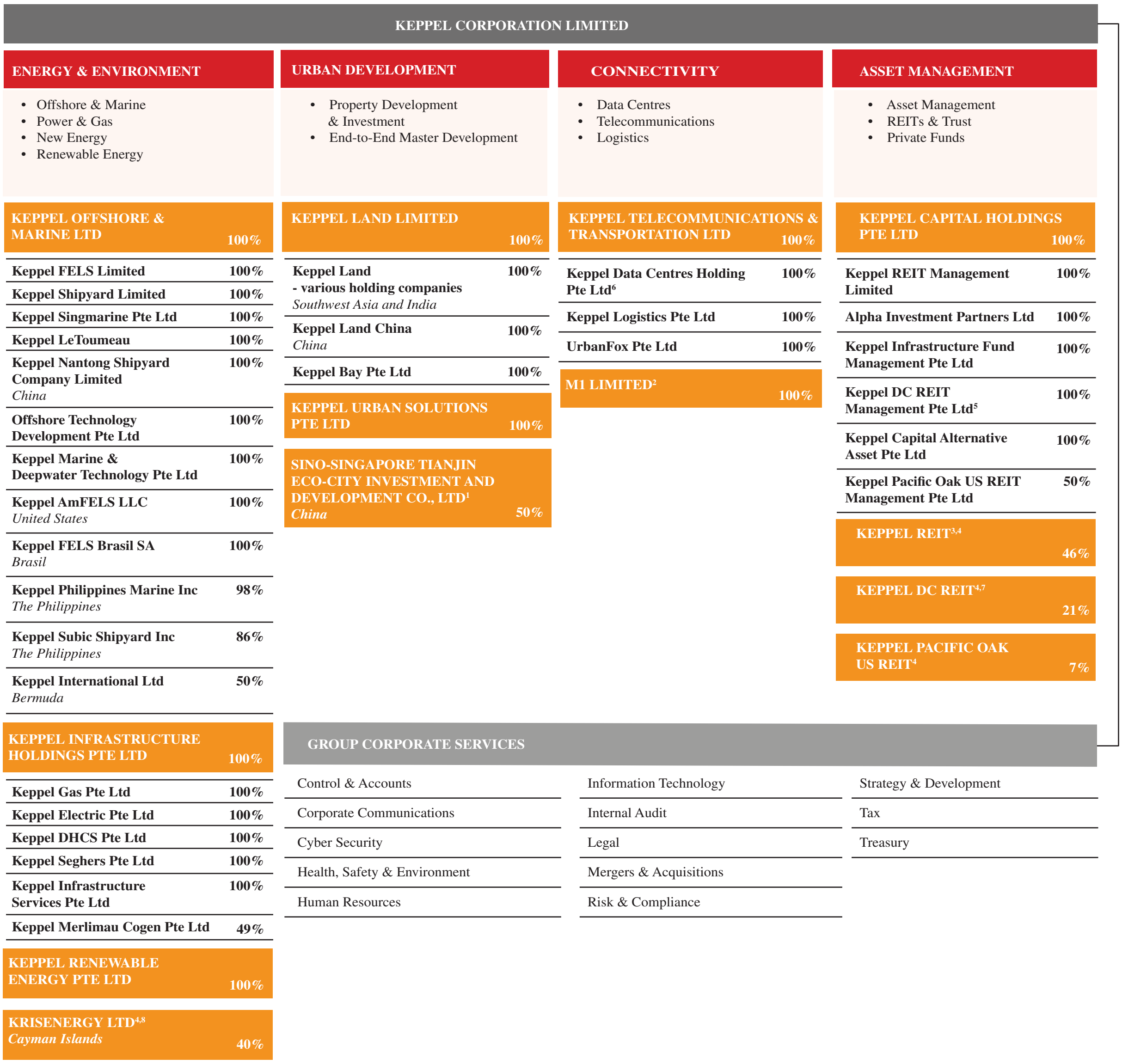
---

[1] Based on the Group's balance sheet as at 30 June 2020.

Beyond organic growth, the Group is also actively exploring opportunities through mergers and acquisitions across its Vision 2030 focus areas, with the aim to grow the Group's business and improve the quality of its earnings more quickly. In line with this growth strategy, the Issuer announced in August 2021, a scheme of arrangement through its wholly-owned subsidiary, Keppel Pegasus Pte Ltd ("**the Offeror**"), to acquire all of the issued and paid-up ordinary shares in the capital[2] of SPH, with the intention to delist and privatise SPH, following the carve out of SPH's media assets. This acquisition will accelerate Keppel's Vision 2030 plans to be an integrated business providing solutions for sustainable urbanisation, with an asset management arm to fund the Group's growth and provide a platform for capital recycling.

CORPORATE STRUCTURE

The following diagram sets forth an overview of the Issuer's corporate structure as at 30 June 2021:



---

2 Excludes treasury shares.

Securities:

1 Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.

2 Owned by Keppel Telecommunications & Transportation Ltd (19%), a wholly-owned subsidiary of Keppel Corporation, and Konnectivity (81%), a company jointly owned by Keppel Corporation and Singapore Press Holdings.

3 Owned by Keppel Land Limited (40%) and Keppel Capital Holdings Pte Ltd (6%).

4 Public listed entity.

5 Owned by Keppel Capital Holdings Pte Ltd (50%) and Keppel Telecommunications & Transportation Ltd (50%).

6 Owned by Keppel Telecommunications & Transportation Ltd (70%) and Keppel Land Limited (30%).

7 Owned by Keppel Telecommunications & Transportation Ltd (20.6%) and Keppel DC REIT Management Ltd (0.4%).

8 On 4 June 2021, KrisEnergy announced that it had filed a winding-up petition with the Grand Court of Cayman Islands. On 13 July 2021, KrisEnergy announced that the Grand Court of Cayman Islands had granted the winding-up petition.

Updated as at 30 June 2021. The complete list of subsidiaries and significant associated companies is available at https://www.kepcorp.com/annualreport2020.

BUSINESS SEGMENTS

The Issuer provides solutions for sustainable urbanisation through the four key focus areas of Energy & Environment, Urban Development, Connectivity and Asset Management.

ENERGY & ENVIRONMENT SEGMENT

The Energy & Environment segment provides solutions and services spanning O&M, Power & Gas, New Energy and Renewables as well as Environment. The segment includes Keppel O&M, Keppel Infrastructure, and Keppel Renewable Energy, as well as the Group's investment in associate KrisEnergy.

Keppel O&M is a leading provider of comprehensive solutions for the offshore energy and marine industries. Leveraging its proprietary technology, design and engineering expertise, as well as a track record in project execution, Keppel O&M can undertake a broad spectrum of complex projects, providing customers with reliable and valued solutions across the offshore energy, infrastructure and marine sectors, including gas and renewables.

Keppel Infrastructure is a developer, owner and operator of quality infrastructure assets. It possesses a strong track record in developing energy and environmental infrastructure end-to-end, including power generation assets, waste-to-energy ("**WTE**") facilities, large-scale district cooling systems, as well as NEWater and desalination plants. Keppel Infrastructure is focused on expanding its presence in areas such as power generation, waste management, district cooling, renewables and energy storage, EV charging infrastructure and other clean energy opportunities, in line with the Group's Vision 2030 roadmap, which puts sustainability at the core of the Group's strategy.

Keppel Renewable Energy is a developer and operator of renewable energy infrastructure, and its mission is to advance the decarbonisation of the energy matrix and bring renewable energy to industries and households. Keppel Renewable Energy is focused on the development of utility-scale wind and solar projects, as well as the integration of state-of-the-art technology, energy storage systems and digital platforms for the efficient management of assets.

The following table sets out certain financial information for the Energy & Environment segment:

(S$'million)	**Financial Half Year Ended 30 June 2021 (Unaudited)**	**Financial Half Year Ended 30 June 2020 (Unaudited)**	**Financial Year Ended 31 December 2020 (Audited)**	**Financial Year Ended 31 December 2019 (Audited)**	**Financial Year Ended 31 December 2018 (Audited)**
Revenue	**2,104**	**2,024**	**3,943**	**4,969**	**4,322**
Net profit/(loss) attributable to shareholders	**(179)**	**(958)**	**(1,181)**	**(101)**	**(169)**

Strategic Directions

Travel restrictions and government-imposed lockdowns to curb the spread of the COVID-19 virus had a considerable impact on global energy demand, particularly for oil, which experienced a sharp decline in demand. The global transition to cleaner sources of fuel has been further accelerated as governments and oil majors fast-tracked plans in the shift towards gas and renewables.

Amidst the hastening energy transition, the shares of gas, renewables and new energy solutions in the energy mix are expected to continue growing. With its wide range of technical expertise in the energy sector, the Group is building new capabilities and developing solutions that can support the energy transition.

Meanwhile, the focus on climate change and environmental protection has increased worldwide. The continuing mindset shift towards zero waste and a circular economy model will continue to drive government policies toward a greater focus on sustainable and integrated waste management solutions. With its advanced technology and execution track record, the Group is well-positioned to support governments and industries with its sustainable environmental solutions.

The Energy & Environment segment will focus on:

- Pursuing the proposed transactions in connection with the proposed combination of Keppel O&M and Sembcorp Marine.

- Developing opportunities in target markets with a focus on value-enhancing environmental projects for Keppel Infrastructure.

- Expanding the district cooling business in local and overseas markets, and leverage MET Holding AG to grow Keppel Infrastructure's presence in Europe.

- Developing new energy solutions through Keppel Infrastructure that can contribute to different decarbonisation pathways such as EV charging infrastructure, energy storage, distributed energy generation and the alternative energy value-chain.

- Continue exploring opportunities in the renewable energy sector in Asia Pacific through Keppel Renewable Energy.

- Deepening collaboration with the Issuer's various business units in the other segments to develop better and smarter solutions, as well as with Keppel Capital to tap third-party funds for growth.

Business Areas

Energy

Offshore & Marine

Keppel O&M is a leading provider of comprehensive solutions for the offshore energy and marine industries with a portfolio of proprietary designs for offshore platforms, ships and floating infrastructure solutions, and proven engineering, procurement and construction ("**EPC**") expertise. Keppel O&M is also a leader in the repair, conversion and upgrading of a diverse range of vessels. This includes the conversion of Floating Production Storage Offloading vessels ("**FPSO**"), Floating Storage and Offloading ("**FSO**") vessels, Floating Storage and Re-gasification Units and Floating Liquefied Natural Gas ("**FLNG**") vessels.

Despite the challenging environment, Keppel O&M had successfully secured approximately S$3 billion worth of new orders in the first six months of 2021. This included a contract worth close to S$3 billion for a newbuild P-78 FPSO from Petrobras. As at end-June 2021, Keppel O&M's net orderbook stood at S$5.7 billion, significantly higher than the S$3.3 billion at the end of 2020.

Meanwhile, Keppel O&M's sharpened focus on gas and renewables over the past few years has borne fruit. Today, the company's design and construction capabilities have expanded to meet a wide spectrum of offshore operating needs including floating production systems, various complex offshore structures, and importantly, the substations, foundations and installation and support vessels deployed in offshore wind farms.

Keppel O&M had made significant headway into the offshore renewables market, securing S$720 million worth of contracts in 2019. Specifically, in May 2019, Keppel O&M, through a consortium comprising Keppel FELS and Aibel AS, secured a contract from TenneT Offshore GmbH, a grid operator in the Netherlands and Germany, for the design, EPC, installation and commissioning of a 900MW offshore high voltage direct current converter station and an onshore converter station. This was followed by another contract from Ørsted, a Danish renewable energy company, for two offshore wind farm substations to be deployed in Ørsted's Greater Changhua offshore wind sites in Taiwan.

Notably, in October 2020, Keppel O&M secured a contract from Dominion Energy to build one of the world's largest offshore wind turbine installation vessels worth about S$600 million, a milestone which further entrenches Keppel O&M's track record in the offshore renewable energy market.

Keppel O&M also designs and builds a wide spectrum of highly specialised vessels for a global clientele, including, *inter alia*, Van Oord, Jan De Nul Group and Stolt-Nielsen Gas B.V. It has the flexibility to customise vessels for every frontier, including some of the world's harshest environments. Taking concepts into completion, Keppel O&M provides owners and operators with a one-stop hub for customised solutions ranging from complex offshore support vessels to LNG carriers and bunker vessels to FSO vessels.

Keppel O&M has a strong track record in the LNG space. Following the successful delivery and commercialisation of the Hilli Episeyo FLNG vessel in 2017, Keppel O&M is presently executing the full conversion works for the Gimi FLNG project for Golar LNG. When completed, the vessel, which is on a 20-year charter to BP, will be deployed at the Greater Tortue Ahmeyim field, offshore West Africa, further bolstering the market's confidence in Keppel O&M's FLNG vessel conversion solutions.

In January 2021, Keppel O&M delivered Singapore's first LNG bunkering vessel, FueLNG Bellina, to FueLNG. Built in Keppel O&M's Nantong shipyard, FueLNG Bellina is the second LNG bunkering vessel and fifth dual-fuel vessel delivered by Keppel O&M. In August 2021, Keppel O&M also delivered Russia's first ice-class LNG bunkering vessel, Dmitry Mendeleev, to Shturman Koshelev LLC.

These LNG projects reflect Keppel O&M's ability to leverage its newbuild and conversion expertise to customise solutions for customers across the gas value chain.

Keppel O&M will continue to build on its strengths and pursue opportunities in floating infrastructure and infrastructure-like projects, including renewables projects, gas solutions, production assets and new energy solutions.

Non-binding MOUs in connection with the proposed combination of Keppel O&M and Sembcorp Marine

On 24 June 2021, Keppel signed two non-binding MOUs; the first with Sembcorp Marine to enter into exclusive negotiations with a view to combining Keppel O&M and Sembcorp Marine to form a combined entity (the "**Combined Entity**"), and the second, with Kyanite Investment Holdings Pte Ltd ("**Kyanite**"), a wholly owned subsidiary of Temasek, to sell Keppel O&M's legacy completed and uncompleted rigs and associated receivables to a separate asset company ("**Asset Co**"), which would be majority owned by external investors which Kyanite intends to procure. These two proposed transactions will be inter-conditional and pursued concurrently.

If the proposed combination between Keppel O&M and Sembcorp Marine materialises, the Group will receive both cash of up to S$500 million, as well as shares in the Combined Entity, which will be a listed entity. The key terms of the transaction are under discussion, and the shareholding of the Combined Entity is subject to negotiation, due diligence and detailed valuation to be performed by Keppel, Sembcorp Marine and their respective advisers. The shares received in the Combined Entity was intended to be distributed to Keppel's shareholders. This would allow Keppel's shareholders to enjoy the upside from synergies created through resource optimisation, the recovery of the O&M business and the opportunities in the energy transition, through their stakes in the strengthened Combined Entity. In addition, under the first MOU, it is envisaged that Keppel and the Combined Entity will enter into a strategic partnership, pursuant to which Keppel will hold 50% of a 50-50 joint venture that will be established between Keppel and the Combined Entity ("**Strategic Partnership JV**"). Through the Strategic Partnership JV, Keppel will continue to have access to Keppel O&M's capabilities, intellectual property and technology, on terms to be agreed, for Keppel's projects. This would include areas such as new energy, offshore renewables and nearshore developments. The scope of the Strategic Partnership JV will be subject to final agreement between the parties concerned. In addition, subject to regulatory review, the Combined Entity is expected to be the preferred EPC partner for Keppel's projects where the Combined Entity has the relevant expertise.

Under the second MOU, Keppel O&M's legacy rigs and associated receivables will be sold to a separate Asset Co that will be formed. The Group will retain not more than a 20% stake in Asset Co as an investment, while external investors, which Kyanite intends to procure, will hold the balance of at least 80%. The Group will receive the consideration for the legacy rigs and associated receivables substantially in the form of credit notes. Asset Co shall be independently managed from the Combined Entity and the General Partner of this Asset Co will maintain, complete and monetise the rigs over time. Asset Co will enter into a service agreement with the Combined Entity for the completion of certain uncompleted rigs and the provision of other services. The external investors will provide capital which can be used for finishing these uncompleted rigs, which would no longer be funded by the Group. The Group's economic exposure in Asset Co will be reduced over time, as the rigs or Asset Co are sold or securitised, when conditions in the rig chartering market improve.

The proposed transactions are subject to, among others, satisfactory due diligence, negotiation and execution of definitive agreements, relevant regulatory approvals and shareholders' approval of the respective parties. There is no guarantee that a final agreement will be reached or that any transaction will materialise. For more information, please refer to the risk factor "*Changes in the organisational structure of the Energy & Environment division may affect the Group's business, financial condition, prospects and results of operations.*"

Power & Gas

Keppel Infrastructure provides competitive energy solutions and services across the natural gas value chain through its subsidiaries. Riding on synergy and portfolio optimisation, Keppel Infrastructure's integrated gas, power and utilities business is able to maintain a strong competitive edge in the industry.

Keppel Infrastructure provides natural gas into Singapore's network and, through the co-generation power plant, Keppel Merlimau Cogen, and Keppel Electric, provides power and electricity to Singapore. Keppel Electric is one of Singapore's leading electricity retailers, with a commercial and industrial retail market share of 13% as at November 2020. It is also Singapore's largest Open Electricity Market ("**OEM**") provider, with a market share of 23% as at October 2020.

Through Pipenet Pte. Ltd., the Power & Gas segment also provides a pipeline corridor and centralised utilities service on Jurong Island in Singapore.

New Energy

In Singapore, Keppel DHCS was awarded a contract in 2020 worth S$300 million by JTC Corporation to build, own, and operate a new 14,000 refrigeration tonnes ("**RT**") district cooling system ("**DCS**") plant sited in the upcoming Bulim Phase 1 of the Jurong Innovation District for 30 years, starting in 2022. In Thailand, as part of a consortium together with Thai renewable energy company BCPG Public Company Limited and Thai engineering consultancy TEAM Consulting Engineering and Management Public Company Limited, Keppel DHCS was awarded a contract by the Property Management of Chulalongkorn University for a 18,000 RT DCS worth more than THB 7.5 billion over 20 years, similarly starting in 2022.

In April 2021, Keppel Infrastructure and StarCharge entered into a JV agreement to explore investing in, developing, owning and operating EV charging infrastructure in Singapore. The JV will also pursue other EV-related opportunities in Singapore and selected markets in the Asia Pacific region.

In July 2021, Keppel Infrastructure, together with its partner, was selected by Singapore LNG for a Front End Engineering Design study to co-develop a Natural Gas Liquids Extraction Project on Jurong Island, Singapore. The project is part of the Singapore Green Plan 2030 to transform Jurong Island into a sustainable energy and chemicals park, and would allow downstream off-takers to adopt cleaner feedstock for their processes.

Renewable Energy

Keppel Renewable Energy undertakes the development and operation of renewable energy infrastructure.

In 2020, Keppel Renewable Energy entered into an agreement to acquire a 45% stake in Harlin Solar to develop a large-scale, greenfield solar farm in Queensland, Australia. Expected to be completed in 2023, the solar farm project would have a capacity of at least 500MW and can generate enough energy to power over 142,000 average Australian homes. When operationally ready, the solar farm will be connected to the national energy market ("**NEM**") for public consumption and will also provide renewable energy through the NEM to businesses seeking sustainable energy solutions, including Keppel-related companies in Australia.

Leveraging the Group's capabilities, Keppel Renewable Energy is well-positioned to provide end-to-end solutions from project funding to asset development and operation, as well as capital recycling. With technical and commercial expertise ranging from site assessment, resource assessment and initial design through to EPC contracting, Keppel Renewable Energy is able to de-risk projects and bring them to fruition. It can also collaborate with like-minded partners across the value chain on co-development opportunities and also with the Group's asset management platforms to help fund the projects.

Investment in Associates

KrisEnergy: KrisEnergy Ltd ("**KrisEnergy**") is an independent upstream company focused on the exploration, development and production of oil and gas in Southeast Asia.

On 14 August 2019, KrisEnergy made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50). It has also requested a suspension of trading of its securities on SGX-ST. In August 2020, KrisEnergy announced its final restructuring proposal, which was to be implemented via four inter-conditional processes which require the consent of the requisite majority of each respective group of creditors and shareholders.

A scheme of arrangement setting out details of the restructuring terms was approved by the creditors of the said scheme on 14 January 2021. On 11 February 2021, the zero coupon Noteholders approved the amendment of the terms of zero-coupon notes. The restructuring was pending final approval from the shareholders of KrisEnergy.

However, KrisEnergy announced on 20 April 2021 and 28 April 2021 that, following further assessments, including that of its independent third party consultant Netherland, Sewell & Associates, Inc.: (a) due to the significant underperformance of Cambodia Block A ("**CBA**"), the consensual restructuring was no longer viable; and (b) even if the restructuring exercise was completed, there remained material uncertainty over KrisEnergy's ability to continue as a going concern. On 4 June 2021, KrisEnergy further announced that it had filed a winding-up petition with the Grand Court of Cayman Islands. As at 30 June 2021, the Group had recognised S$318 million in impairments arising from its exposures related to KrisEnergy. On 13 July 2021, KrisEnergy announced that the Grand Court of Cayman Islands had granted the winding-up petition.

The Group has a comprehensive first ranking security package over the assets of the KrisEnergy group through its revolving credit facility ("**RCF**") and CBA loan facility. In view of KrisEnergy's filing of a winding-up petition, the Group is implementing detailed recovery plans developed in consultation with its financial adviser, Borrelli Walsh, and legal adviser to preserve KrisEnergy's assets and to maximise recoveries for the Group. Amongst other things, the Group has appointed Borrelli Walsh as receiver over the assets of a number of members of the KrisEnergy group under the security package.

Floatel: Floatel International Ltd ("**Floatel**"), in which Keppel O&M holds a 49.92% stake through a wholly-owned subsidiary, FELS Offshore Pte Ltd ("**FELS Offshore**"), reported in February 2020 that its liquidity was under pressure and cast significant doubt on Floatel's ability to continue as a going concern.

On 5 December 2020, Floatel entered into a lock-up agreement (the "**Lock-Up Agreement**") with FELS Offshore, an ad hoc group of holders of Floatel's 9% senior secured 1st Lien Bonds ("**1L Bonds**"), other consenting 1L Bondholders and certain 2L Bondholders, which commits the aforementioned stakeholders to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group. Under this Lock-Up Agreement, FELS Offshore has committed to use reasonable endeavours to procure the provision and funding of a new US$100 million Revolving Credit Facility ("**Floatel RCF**") for Floatel, and another member of the Group may provide credit support for the Floatel RCF in the form of risk participation.

On 12 February 2021, Floatel's restructuring plan had received the necessary approvals from the various stakeholders. On 24 March 2021, Floatel successfully completed its debt restructuring where Floatel retained its existing fleet of five operating vessels, substantially reduced its debt by approximately US$610 million and secured a new super senior Floatel RCF from a financial institution. Keppel O&M entered into a participation agreement with this financier that would require Keppel O&M to make whole for any loss the financier suffers under this Floatel RCF.

Following the restructuring, Keppel O&M retained its common share of 49.92% in Floatel but forgave the loan receivable from Floatel amounting to approximately US$244 million. The Group continues to use an equity account treatment for Floatel's results and during the half year ended 30 June 2021, the Group equity accounted for Floatel's profits amounting to approximately S$177 million. This comprised approximately S$269 million from debt restructuring gain less S$54 million loss from vessel impairment and S$38 million year to date losses from operations. The improved capital structure post debt restructuring has provided a runway for Floatel to recover and emerge financially stronger. An independent advisor engaged by the Issuer's management assessed that Floatel's equity value post debt restructuring in April 2021 was above the Group's carrying value of its investment in Floatel.

Since completion of the restructuring, Floatel had also successfully won multiple charter contracts and extension option for its vessels. Accordingly, no further impairment loss was recognised on the Group's investment in Floatel in the half year ended 30 June 2021.

Environment

Keppel Infrastructure leverages its technology know-how to address a wide spectrum of environmental issues in solid waste and wastewater. Through Keppel Seghers, Keppel Infrastructure is a leading provider of comprehensive environmental solutions, and provides consultancy, design and engineering, technology development, construction, operation and maintenance of plants and facilities, as well as investments in large-scale environmental projects.

The focus by governments in many countries, including China and India, on green developments and innovation presents opportunities for Keppel Seghers to capture new WTE projects, as well as to expand in certain geographies beyond the provision of WTE packages. Economies experiencing strong growth and urbanisation, such as Vietnam and Thailand, also present promising markets for environmental infrastructure. With a track record in technology and execution, Keppel Infrastructure is well-placed to provide holistic solutions for the effective treatment of water and waste.

Singapore

The Keppel Marina East Desalination Plant, a dual-mode desalination plant that can treat both seawater and rainwater from the Marina Reservoir, commenced commercial operations in June 2020. Keppel Infrastructure will maintain and operate the facility for 25 years, after which it will be returned to the Singapore Government.

In April 2020, a Keppel-led consortium secured a S$1.5 billion contract to develop a WTE facility and a Materials Recovery Facility ("**MRF**") for Singapore's new Tuas Nexus Integrated Waste Management Facility ("**IWMF**")[3]. The consortium comprising Keppel Seghers, the environmental engineering arm of Keppel Infrastructure, China Harbour (Singapore) Engineering Company Pte Ltd and ST Engineering Marine Ltd, the Marine arm of Singapore Technologies Engineering Ltd, will design and build a 2,900 tonnes per day ("**tpd**") WTE facility and a 250 tpd MRF as part of the IWMF Phase 1 development. To be co-located with PUB's Tuas Water Reclamation Plant at the Tuas View Basin site, the IWMF WTE facility and the MRF will be amongst the largest of such facilities in Singapore when they are completed in 2024.

[3] The IWMF is a state-of-the-art flagship facility developed to help Singapore achieve greater environmental sustainability. Besides the WTE and MRF, the IWMF will also comprise a food waste treatment and sludge incineration facility.

Hong Kong

Keppel Seghers Hong Kong and Zhen Hua Engineering Co., Ltd are developing Hong Kong's first IWMF. Upon completion in 2024, Keppel Infrastructure will undertake the operations and management of the IWMF for 15 years, after which it will be returned to the Hong Kong Government. Through this project, Keppel Infrastructure will contribute to Hong Kong's sustainable urbanisation and reinforce its leadership position as a provider of world-class WTE technology packages and operator of assets.

India

In January 2020, Keppel Seghers secured several contracts to supply WTE technology and services worth over €12 million from Abellon Clean Energy Limited based out of Gujarat in India. These WTE projects would be first-of-its-kind in Gujarat. When completed, the facility can effectively reduce the volume of waste that goes to landfills by over 90%.

URBAN DEVELOPMENT SEGMENT

The Urban Development segment's business activities span property trading and investment as well as end-to-end master development. The segment includes Keppel Land Limited ("**Keppel Land**") and Keppel Urban Solutions Pte. Ltd. ("**Keppel Urban Solutions**"), as well as the Group's investment in its associated company, the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd ("**SSTEC**").

For the first six months of 2021, the Urban Development segment, with a net profit of S$279 million, was the largest contributor to the Group.

Keppel Land delivers innovative and multi-faceted urban space solutions for people and communities. Its portfolio includes award-winning residential developments, investment-grade commercial properties and integrated townships. It is geographically diversified in Asia, with China, Singapore and Vietnam as its key markets, while it continues to scale up in other markets such as India and Indonesia.

Keppel Urban Solutions is an end-to-end master developer of urban developments, which leverages the Group's experience and strong track record of over two decades in the planning and development of large-scale projects in the Asia Pacific. Keppel Urban Solutions harnesses the Group's diverse capabilities in energy, property, infrastructure and connectivity to create highly liveable, smart and sustainable communities.

The following table sets out certain financial information for the Urban Development segment:

(S$'million)	**Financial Half Year Ended 30 June 2021 (Unaudited)**	**Financial Half Year Ended 30 June 2020 (Unaudited)**	**Financial Year Ended 31 December 2020 (Audited)**	**Financial Year Ended 31 December 2019 (Audited)**	**Financial Year Ended 31 December 2018 (Audited)**
Revenue	**909**	**511**	**1,275**	**1,336**	**1,340**
Net profit attributable to shareholders	**279**	**215**	**438**	**483**	**950**

Strategic Directions

Rapid urbanisation and a fast-growing middle class continue to drive demand for high-quality urban living solutions in many Asian cities. In addition, rapidly ageing populations would also increase demand for customised urban living solutions. Meanwhile, new trends in co-living and co-working are being fuelled by accelerated digitalisation, changing demographics as well as the shift towards work-from-home and other flexible working arrangements accentuated by the COVID-19 pandemic.

The Issuer will continue to position itself to seize opportunities arising from this changing landscape by leveraging its sizeable property portfolio and the diverse strengths of the Group to develop integrated, smart urban solutions as well as launch new real estate concepts. Keppel Land will further enhance its solutions offerings through continual investments in technology and to hone new capabilities for co-living, co-working and senior living, among others, as it evolves into an innovative real estate solutions provider with a focus on accelerating capital recycling, lightening its balance sheet and growing recurring income.

Leveraging the Group's strengths, Keppel Land, Keppel Urban Solutions and SSTEC will continue to collaborate with one another as well as with other business units to develop compelling urban solutions that contribute to sustainable urbanisation.

The Urban Development segment will focus on:

- Accelerating asset monetisation at Keppel Land, unlocking capital that can be reinvested for growth and higher returns across the Group.

- Investing in and developing new expertise in the areas of property technology and new real estate solutions.

- Investing strategically and selectively in new property projects across Asia, with a focus on growing recurring income.

- Deepening collaboration with the Issuer's various business units in the other segments to develop better and smarter solutions, as well as with Keppel Capital to tap third-party funds for growth.

Business Activities

Property Development

As leading developer and provider of urban space solutions in Asia, Keppel Land has won many prestigious international and national awards. At the 2020 Global Real Estate Sustainability Benchmark ("**GRESB**") assessment, Keppel Land ranked 3rd globally in the Diversified – Office/Residential/Core category, underpinned by strong ESG performance, and 2nd in the Global/Diversified – Office/Residential category in GRESB's Resilience module. It also retained its Green Star status, which recognises entities with commendable scores across the benchmark's ESG components.

In 1H 2021, Keppel Land sold about 2,650 homes, more than double compared to that of the same period last year, with improved performance across all its key markets. As at July 2021, Keppel Land announced the monetisation of assets amounting to S$420 million mainly in China.

As at 30 June 2021, Keppel Land had a landbank of about 46,000 residential units in Asia. It also had a total commercial portfolio spanning about 1.6 million sq m of GFA, of which about 50% is under development. Beyond developing properties, Keppel Land also selectively acquires certain completed assets and adds value to them through asset enhancement initiatives.

Keppel Land constantly reviews the assets in its property portfolio to actively recycle capital for higher returns. In addition to selling homes, Keppel Land will also continue to review its sizeable residential landbank for opportunities to unlock capital through the en-bloc sale of developments.

To generate the best risk-adjusted returns, Keppel Land will continue to explore opportunities to unlock capital, and remains on the lookout for investment opportunities that dovetail with Keppel's Vision 2030 goals.

Looking ahead, Keppel Land will continue to deepen collaboration with other Keppel business units, focus on assets that provide more recurrent and sustainable income streams, as well as leverage third-party funds through Keppel Capital to expand its capital base for growth. In addition, it will invest in and develop property technology and new real estate solutions.

Singapore

Keppel Land maintains a quality portfolio in Singapore. Keppel Land's landmark commercial developments include Ocean Financial Centre, One Raffles Quay and Marina Bay Financial Centre in Singapore's financial and business districts as well as iconic waterfront residential developments such as Corals at Keppel Bay, Reflections at Keppel Bay, Marina Bay Suites and Marina Bay Residences. The latest project launched is the 429-unit The Reef at King's Dock, which Keppel Land is jointly developing with Mapletree Investments. Meanwhile, the 613-unit Garden Residences in Serangoon North, which is jointly developed with Wing Tai Land, was fully sold as at end-June 2021. Keppel Land is also redeveloping Nassim Woods into 19 Nassim, a luxurious condominium of about 100 homes. Meanwhile, plans for Keppel Bay Plot 6, a residential site located on Keppel Island, are currently under review.

Keppel Towers and Keppel Towers 2, which have been closed since March 2020 for redevelopment, are planned to be redeveloped into a fully commercial development. The retail mall, i12 Katong, was closed in 2020 for major asset enhancement works. The mall is expected to re-open in the second half of 2021.

In December 2020, the Building and Construction Authority certified Keppel Bay Tower, developed and operated by Keppel Land, as a Green Mark Platinum (Zero Energy) building. It is the first commercial building in Singapore to achieve this accolade.

Overseas

As rapid urbanisation and a burgeoning middle-class population continue to drive demand for quality homes in Asia, Keppel Land will continue to deepen its presence in its key markets of China and Vietnam, and scale up in other markets such as India and Indonesia. As an early entrant into these fast-growing markets, Keppel Land is well-positioned to value-add to businesses and consumers as a provider of high-quality homes and offices.

China: In recent years, Keppel Land has continued to deepen its presence in the Jing-Jin-Ji (Beijing-Tianjin-Hebei) region, the Yangtze River Delta, the Greater Bay Area with Guangzhou and Shenzhen as focus cities, and in the growing Chengdu metropolis.

In December 2020, Keppel Land China Limited ("**Keppel Land China**") formed a JV with its partners to own and develop an 8.4-ha residential site in Jiading District, Shanghai, China. The JV is in line with Keppel Land China's strategy to deepen its presence in Shanghai, one of its focus cities in China. The site can yield more than 1,600 residential units.

The portfolio of residential properties in China currently include, amongst others, the projects such as Waterfront Residences, Park Avenue Heights and Seasons Residences in Wuxi, Waterfront Residences II in Tianjin, Upview in Shanghai and Noblesse IX in Nanjing.

In line with Keppel Land China's strategy to develop a sterling portfolio of commercial properties in China, The Kube, a commercial property in Shanghai's Pudong District, was officially opened in November 2020. Located in the core area of Zhangjiang Hi-Tech Park, The Kube is designed to meet the demand of high-tech enterprises in the fast-developing business park.

Keppel Land China is also developing Seasons City, a commercial property located in the Tianjin Eco-City. Phase 1 of Seasons City, which comprises a five-storey retail complex and a 10-storey office tower, is targeted for opening in 2021.

In line with Keppel Land's evolution into an innovative real estate solutions provider, Keppel Land China entered into a joint venture with the Topchain Group ("**Topchain**") in August 2021, to jointly manage investment properties, mainly offices and business parks, with potential for asset enhancement initiatives in China.

Keppel and Topchain, through their subsidiaries, will respectively subscribe for 49% and 51% equity interests in the joint venture company ("**JV Co**"). The JV Co is expected to generate stable and recurring income from managing the office and business park assets. It will also allow Keppel Land China to better seize growth opportunities in China's sizeable urban renewal market, as well as offer platforms for the application of Keppel Land's smart building solutions in the country.

Vietnam: Keppel Land's portfolio of residential properties includes Palm City, Empire City, Riviera Point, Celesta and Saigon Sports City ("**SSC**") in Ho Chi Minh City ("**HCMC**").

Keppel Land and Keppel Urban Solutions are jointly developing SSC, which will be developed into a smart, integrated township in the prime District 2 of HCMC, Vietnam.

In December 2020, Keppel Land, in collaboration with Keppel Capital, launched the US$600 million Keppel Vietnam Fund, a Vietnam-focused real estate fund, which achieved a first closing of US$400 million. The Fund seeks to invest alongside Keppel Land in real estate projects, including residential and commercial properties, as well as mixed-use projects and townships in Vietnam, with a focus on HCMC and Hanoi.

Indonesia: Keppel Land's portfolio of properties includes West Vista at Puri, The Riviera at Puri and Wisteria in Japan.

India: Keppel Land's portfolio includes the 2,082-unit Provident Park Square and a prime commercial development site with a GFA of 116,800 sq m in Bangalore as well as Urbania Township in Mumbai.

Keppel Land has invested US$25 million in Smartworks Coworking Space Pvt. Ltd ("**Smartworks**"), a leading pan-India flexible space solutions provider with a presence in nine major Indian cities. The investment allows Keppel Land to enter one of the world's fastest-growing flexible office markets, opening doors for further growth through this collaboration.

Myanmar: Keppel Land's portfolio comprises Sedona Hotel Yangon and a 40% stake in Junction City Tower in Yangon. Given the ongoing events in Myanmar, Keppel Land has taken the necessary precautions on the ground and is monitoring the situation closely.

New Real Estate Solutions

With disruptions challenging the traditional real estate business, Keppel Land continues to create new operating platforms and adjacent services to complement its core real estate business.

To meet the emerging trends and differentiate itself, Keppel will focus on building better and smarter capabilities in the areas of property technology and new real estate solutions to offer a full suite of urban living solutions that are underpinned by technology. Keppel will further enhance its solutions offerings through continual investments in technology and to hone new capabilities for co-living, co-working and senior living, among others.

Keppel Land is growing its co-working platforms through KLOUD in Singapore, Myanmar and Vietnam as well as through its investment in Smartworks in India. Keppel Land is also experimenting with co-living concepts overseas via Waterfront Residences in Wuxi, China and West Vista in Jakarta, Indonesia. In 2020, Keppel Land acquired a stake in Cove Living Pte Ltd, one of Southeast Asia's fastest growing co-living companies. It is also collaborating with Keppel Capital's 50% owned US-based senior living operator, Watermark Retirement Communities to acquire new knowledge and insights into the sector.

On the retail front, Keppel Land is developing innovative retail formats in its malls in Singapore, China and Vietnam to complement new consumer behaviours. The retail mall i12 Katong in Singapore is undergoing major asset enhancement works which, when completed, will offer specially curated zones, and intuitive and personalised services across a wide range of retail offerings to complement customers' lifestyles.

Urban Solutions

Keppel Urban Solutions was established in 2017 to further the Group's objective of providing solutions for sustainable urbanisation. As an end-to-end master developer of urban developments, Keppel Urban Solutions' offerings include master-planning and design, the development and operation of efficient horizontal infrastructure such as smart utilities and district-level heating and cooling, connectivity and urban logistics, as well as innovative place management programming to create active and engaging communities.

Keppel Urban Solutions' capabilities in smart urban solutions are being applied to its pilot project, SSC, which it is jointly developing with Keppel Land in HCMC, Vietnam. As an integrated sports-centric township, SSC, which broke ground in November 2019, will offer innovative and sustainable urban solutions to create a high-quality live, work and play environment.

In China, Keppel Urban Solutions is working with Keppel Land China to transform the 166-ha precinct in the northern district of the Tianjin Eco-City into a model for smart and environmentally-responsible urban living.

Keppel Urban Solutions is currently developing its proprietary Keppel Smart City Operating System, which will serve as a digital platform for the development and operation of large-scale townships.

Sino-Singapore Tianjin Eco-City

The Tianjin Eco-City is a 30 sq km Government-to-Government project envisaged to be a model for sustainable development which can be replicated across other cities in China. The Group has a 45% effective stake in SSTEC, the master developer of the Tianjin Eco-City.

As at 31 December 2020, approximately 120,000 people live and work in the Tianjin Eco-City, which has over 10,000 registered companies, 20 schools with more than 15,000 students, as well as neighbourhood centres, libraries, health services centres and a hospital among its amenities.

The Issuer's various business units continue to contribute towards the growth of the Tianjin Eco-City by providing solutions for urban living, clean environment, connectivity and asset management. In addition to quality residential and commercial developments by Keppel Land, Keppel T&T is operating the Tianjin Eco-City Integrated Logistics Distribution Centre which features 13,000 sq m of modern warehouse space, while Keppel Infrastructure has formed JVs with its Chinese partners to provide environmental solutions, water treatment and energy infrastructure for the Tianjin Eco-City. Keppel Capital China Pte. Ltd., a wholly-owned subsidiary of Keppel Capital, also established a fund management entity in the Tianjin Eco-City to focus on the RMB fund management business. In March 2021, SSTEC sold a commercial and residential land plot in the Eco-City for about RMB1.5 billion.

CONNECTIVITY SEGMENT

The Connectivity segment comprises Keppel T&T and M1, whose business activities span data centres and logistics, as well as telecommunications.

Keppel T&T was privatised in 2019 and is a wholly-owned subsidiary of the Issuer. With operations in Asia Pacific and Europe, Keppel T&T meets the demands of the new digital economy through offering integrated services and solutions in the areas of data centres and urban logistics. Keppel T&T owns, acquires, develops and manages high-availability data centre facilities, as well as offers one-stop, integrated urban logistics solutions to help clients manage their entire supply chain.

M1 is Singapore's first digital network operator, providing a suite of communications services, including mobile, fixed line and fibre offerings, to over two million customers. M1 was privatised in 2019 and is jointly held by the Issuer and SPH, with the Issuer holding an 83.86% effective stake in M1 as at the date of this Offering Circular.

The following table sets out certain financial information for the Connectivity segment:

(S$'million)	**Financial Half Year Ended 30 June 2021 (Unaudited)**	**Financial Half Year Ended 30 June 2020 (Unaudited)**	**Financial Year Ended 31 December 2020 (Audited)**	**Financial Year Ended 31 December 2019 (Audited)**	**Financial Year Ended 31 December 2018 (Audited)**
Revenue	**586**	**587**	**1,220**	**1,128**	**182**
Net profit attributable to shareholders	**27**	**–**	**13**	**136**	**–**

Strategic Directions

The pace of digital transformation has been accelerated by the COVID-19 pandemic, with the adoption of new ways of working further accentuating the importance of digital connectivity. In addition, the continued rise of the Internet of Things, big data and cloud-based services is also driving increased demand for data centres. Data centres will also be key to enabling 5G, whose benefits extend beyond faster download speed for consumers to enabling the low latency and network slicing that have vast applications for industries and businesses.

The Issuer is exploring innovative and sustainable data centre designs and technologies, such as floating data centre parks, which are more energy efficient than land-based solutions. Through M1, the Group has also been actively collaborating with industry leaders as well as government agencies to conduct trials of 5G use cases that will help to advance Singapore's smart nation ambition, as well as enhance the Group's suite of solutions for sustainable urbanisation.

The Connectivity segment will focus on:

- Continuing to expand its portfolio of quality data centre assets and provide higher value services to customers.

- Driving M1's transformation as a digital and bespoke communications solution provider and rolling out the 5G network standalone in Singapore.

- Deepening collaboration with the Issuer's various business units in the other segments to develop better and smarter solutions, as well as with Keppel Capital to tap third-party funds for growth.

Business Areas

Data Centres

Data centre co-location is growing in the Asia-Pacific, with the surge in data consumption, rising trend for data centre outsourcing and a continued focus on regional hosting by global content providers. It is also growing in Europe, where the creation of new data centre hubs is spurred by the continued entrance of subsea cables into regions other than the core hubs.

Keppel T&T, through its subsidiary Keppel Data Centres (a 70-30 joint venture between Keppel T&T and Keppel Land), provides dedicated co-location suites, data centre solutions and business contingency services to customers across Asia Pacific and Europe. With a proven track record, Keppel T&T is able to help companies ensure smooth business and information technology operations by providing highly resilient and energy-efficient data centres that are reliable and cost-efficient.

Keppel T&T has also demonstrated strong end-to-end capabilities in the acquisition, design, and development of data centre facilities. In December 2014, the Group listed Keppel DC REIT on the Main Board of the SGX-ST with an initial portfolio of eight data centre properties. The listing raised S$512.9 million in total, making it the largest initial public offering of a REIT on the SGX-ST in 2014.

The Group's first data centre private fund, Alpha Data Centre Fund ("**Alpha DC Fund**"), was launched by Keppel Capital in 2016, in collaboration with Keppel Data Centres, to capture opportunities from the growing demand for data centres across Asia Pacific and Europe. Alpha DC Fund successfully closed in 2017 at US$1 billion, double the initial target size. As at December 2020, Alpha DC Fund's portfolio spanned over 1.38 million sq ft of GFA with investments in key economic hubs, such as Singapore, Malaysia, Indonesia, Germany, Australia, and China.

Building on the success of Alpha DC Fund, Keppel Capital launched Keppel Data Centre Fund II ("**KDC Fund II**") in December 2020. Collaborating with Alpha DC Fund and KDC Fund II allows Keppel Data Centres to scale up and seize more opportunities in the development and management of data centre assets without depending solely on its own balance sheet. As part of the Group's eco-system, Keppel Data Centres can also leverage Keppel DC REIT as a platform for capital recycling.

In line with Keppel's Vision 2030, which puts sustainability at the heart of the Group's strategy, Keppel Data Centres is working to decarbonise its operations and has signed several MOUs to study LNG/hydrogen infrastructure to power and cool data centres. As it continues pursuing new development and acquisition opportunities for data centres in Asia Pacific and Europe, Keppel Data Centres will also collaborate with other business units in the Group to pursue new and innovative solutions. These include floating data centre parks and high-rise green data centres, which may also incorporate cold energy harvesting facilities.

Singapore

Keppel Data Centres manages and operates high-availability data centres in Singapore. As a carrier-neutral data centre operator, Keppel Data Centres provides dedicated co-location suites, data centre solutions as well as round-the-clock technical support to its customers. Its technical expertise has enabled Keppel Data Centres to build data centres that are not only best-in-class in reliability and connectivity but are also green and efficient. In 2020, Keppel T&T secured government approval to develop a new data centre at Genting Lane, in partnership with SPH.

Overseas

The Netherlands: Keppel Data Centres has invested in Almere Data Centre 2, a purpose-built shell and core data centre facility strategically located on freehold land adjacent to Almere Data Centre 1 in Almere, the Netherlands – a fully fitted and fully occupied data centre in Keppel DC REIT's portfolio. The

Netherlands has a state-of-the-art digital telecoms network and is one of the largest internet hubs in Europe and Keppel Data Centres benefits from the Netherlands' large ecosystem of networks, support services, cloud computing, and major industries.

Germany: In 2016, Keppel Data Centres jointly acquired Keppel DC Frankfurt 1 ("**KDC FRA 1**"), a two-storey facility located in the Am Martinzehnten Industrial Park in Frankfurt, Germany with Alpha DC Fund. The Issuer has, on 8 July 2021, announced that KDC FRA 1 will be divested to a wholly-owned subsidiary of Iron Mountain Inc, for a cash consideration of €76 million. Completion is expected to take place in the second half of 2021.

Hong Kong: Keppel Data Centres, in collaboration with PCCW Global, operates the PCCW Global-Keppel International Carrier Exchange in the international communications hub of Hong Kong to provide faster interconnects for business.

Indonesia: In a JV with the Salim Group, Keppel Data Centres and Alpha DC Fund is developing and will operate a data centre in Bogor, about 35 km from Jakarta, Indonesia. The IndoKeppel Data Centre 1 ("**IKDC 1**"), with a 3-ha land plot, will be the first phase of a larger data centre campus development that will cater to a growing demand for quality data centre space in Indonesia. IKDC 1 will be a Tier 3 data centre with a GFA of approximately 105,300 sq ft.

Malaysia: Keppel Data Centres and Alpha DC Fund are developing the Group's first greenfield data centre in Johor, which is earmarked to be a data and research hub for the state.

China: In 2020, Alpha DC Fund entered the fast-growing data centre market in China. Alpha DC Fund is developing a greenfield data centre in Tonghu Smart City in Huizhou, Guangdong Province. The Fund will leverage the rich technical capabilities and experience of Keppel Data Centres and undertake the construction of the core and shell of the data centre. In 2021, Keppel Data Centre Fund II acquired its first data centre project, located in Shanghai. Both data centres in China will add to the Group's recurring income stream when they are service-ready in 2022.

Telecommunications

In June 2020, M1, a subsidiary of the Issuer, secured a 5G standalone license jointly with StarHub, enabling M1 to provide 5G service at an affordable cost to customers. The 5G rollout is expected to create more use-cases for 5G applications for businesses and communities. In July 2021, M1 announced the commencement of its 5G standalone network trial.

M1 has embarked on several 5G trials and collaborations with technology companies and government agencies. In partnership with the IMDA, the Maritime and Port Authority of Singapore and Airbus, M1 is conducting real-world environment coastal 5G network trials at the Singapore Maritime Drone Estate, to ensure unmanned aerial vehicles can operate safely and efficiently during all phases of flight, including operations in the designated drone-fly zones. This continues Singapore's efforts to build an open and inclusive 5G innovative eco-system around the use cases of port operations, and incident management and response.

M1 also announced a partnership with IBM, IMDA and Samsung to conduct Singapore's first 5G Industry 4.0 trial to demonstrate the transformative impact of 5G for enterprises across various sectors. M1 is also collaborating with DBS to jointly develop digital banking solutions and provide bundled services to large corporates and small-to-medium enterprises. More recently, M1 and Samsung also launched the Voice over 5G New Radio service on M1's 5G standalone network. This is a first in the world and will provide higher quality calls and better 5G experiences for M1's customers.

As part of its business transformation, M1 unveiled a new brand identity and also launched Bespoke mobile plans that provide subscribers with more flexibility in the selection of products and services as well as payment schedules. Following a comprehensive revamp of its technology stack, M1 launched its new digital connectivity platform in February 2021. M1's transformation and adoption of a new platform are showing early signs of improving postpaid customer average revenue per user, while driving higher digital adoption.

In April 2021, M1 announced the proposed monetisation of its current network assets, with a book value of S$580 million, to a special purpose vehicle which Keppel DC REIT will invest in. The proposed transaction is in line with Keppel's asset-light business model under Vision 2030, and will free up capital that can be used to invest in new capabilities and also fund other growth initiatives.

Subsea Cable Systems

On 29 March 2021, Keppel T&T, Facebook and PT. Telekomunikasi Indonesia International entered into a joint build agreement to jointly own and develop the world's first subsea cable system that directly connects Singapore to the west coast of North America via Indonesia through the Java Sea and Celebes Sea (the "**Bifrost Cable System**"). Expected to be completed in 2024 and spanning over 15,000 km, the Bifrost Cable System will connect Singapore, Indonesia, the Philippines, Guam and the west coast of North America. When fully commissioned, the Bifrost Cable System will also be the largest capacity high-speed transmission cable across the Pacific Ocean. Keppel T&T's share of the total project costs as a joint build partner will be approximately US$350 million.

In May 2021, Keppel T&T and Converge ICT Solutions ("**Converge**"), a leading Philippine internet service provider, entered into definitive agreements for the participation of Converge in the Bifrost Cable System project. The agreements provide for the grant of an Indefeasible Right of Use ("**IRU**") to Converge for one fibre pair on the main trunk of Bifrost Cable System. In addition, Keppel T&T and Converge will jointly develop a branch on the cable system that will land in Davao, Philippines, with Converge also being granted an IRU on the entire Davao branch. The additional Davao branch will increase internet speeds and network diversity for businesses and consumers in the Philippines.

Logistics

E-commerce has been growing rapidly in recent years, and was given a further boost by the COVID-19 pandemic. Keppel T&T's logistics business has benefitted from the increased demand for e-commerce and urban logistics in 2020, with last mile deliveries, gross merchandise value, and channel management orders growing significantly. Notwithstanding the growing business, Keppel T&T has decided to sharpen its focus and divest its third-party logistics business in Southeast Asia and Australia as well as its channel management business to a third party, who may be able to provide a better eco-system to scale up the business. Rothschild & Co was appointed as Keppel T&T's financial adviser and has been engaging potential buyers. As at end-June 2021, Keppel T&T has received bids for the logistics business, which it is currently evaluating. Keppel T&T is keeping its options open and may decide to either divest its logistics business completely or continue holding a minority stake.

ASSET MANAGEMENT SEGMENT

The Asset Management segment comprises Keppel Capital as well as the Group's holdings in the listed REITs and business trust, and private funds.

The following table sets out certain financial information for the Asset Management segment:

(S$'million)	**Financial Half Year Ended 30 June 2021 (Unaudited)**	**Financial Half Year Ended 30 June 2020 (Unaudited)**	**Financial Year Ended 31 December 2020 (Audited)**	**Financial Year Ended 31 December 2019 (Audited)**	**Financial Year Ended 31 December 2018 (Audited)**
Revenue	**78**	**60**	**135**	**145**	**119**
Net profit attributable to shareholders	**117**	**258**	**280**	**214**	**192**

Keppel Capital is the asset management arm of the Group and was formed in 2016 when the Issuer completed the consolidation of its interests in the Group's then four asset management businesses under Keppel Capital. The asset managers currently under Keppel Capital include Keppel REIT Management Limited, Keppel Infrastructure Fund Management Pte. Ltd., Keppel DC REIT Management Pte. Ltd., Keppel Pacific Oak US REIT Management Pte. Ltd., Alpha and Keppel Capital Alternative Asset Pte. Ltd. ("**KCAA**").

Leveraging the Group's core competencies, Keppel Capital will continue to create innovative investment solutions and connect investors with high-quality real assets in fast-growing sectors fuelled by urbanisation trends.

Strategic Direction

The goal of the Asset Management segment, led by Keppel Capital is to be the trusted and preferred partner to investors seeking quality cashflow-generating real assets, such as those developed and operated by the Group. In line with Vision 2030, which charts the Group's growth as one integrated business providing solutions for sustainable urbanisation, Keppel Capital will work closely with business units across the Group to co-create real assets that the Group can develop, own and operate.

Moving forward, Keppel Capital will continue to harness the Group's synergies to co-create quality solutions and deliver higher returns to shareholders and investors. Keppel Capital will continue towards its goal of being the trusted choice for investors looking to invest in prime real assets that the Group develops and operates.

The Asset Management segment will focus on:

- Growing its business by harnessing the Group's synergies to co-create cashflow generating real assets for investors of its private funds and unitholders of its REITs and business trust.

- Collaborating with the Group's various business units to tap third-party funds for growth and achieve higher returns for the Group.

- Engendering pull-through work for various business units in the creation of quality real assets.

- Deepening collaboration with the Group's various business units in the other segments to develop better and smarter solutions, and seize growth opportunities.

Business Areas

Asset Management

Keppel Capital is the asset management arm of the Issuer. Keppel Capital has a diversified portfolio including real estate, infrastructure, data centres, senior living and education assets in key global markets. As at end-2020, Keppel Capital's assets under management ("**AUM**") stood at about S$37 billion[4] on a fully leveraged and invested basis.

Keppel Capital actively pursues both organic and inorganic growth opportunities for its integrated asset management platform. It aims to create value and deliver sustainable returns for institutional and retail investors through a range of products including REITs, business trusts, private funds investing in real estate in Asia, separate accounts and pooled investment vehicles.

The asset managers under Keppel Capital include Keppel REIT Management Limited, Keppel Infrastructure Fund Management Pte. Ltd., Keppel DC REIT Management Pte. Ltd., Keppel Pacific Oak US REIT Management Pte. Ltd., Alpha Investment Partners ("**Alpha**") and KCAA. Keppel Capital is also a strategic investor in Prime US REIT, which has assets in key primary office markets across the US.

In 1H 2021, Keppel Capital's asset management fees[5] grew 35% to S$111 million, compared to the S$82 million for 1H 2020. This was due mainly to more acquisitions and divestments completed in 1H 2021, as well as Keppel Capital's larger assets under management and new funds launched in 2020 and 2021.

As at July 2021, Keppel Capital has raised total equity of over S$2 billion from global institutional investors across various funds and separate account mandates, reflecting continued strong interest from investors in cashflow generating real assets, including logistics and core infrastructure. Keppel Capital has also completed over S$2 billion in acquisitions and divestments in the same period.

Private Funds

Keppel Capital has two private fund management arms – Alpha and KCAA.

Alpha has been adding value for investors by constantly seeking innovative solutions throughout its investment process. Alpha has an institutional investor base comprising renowned pension funds, financial institutions, fund of funds, insurance companies, endowments and family offices spanning Europe, North America, Asia and the Middle East. Its private funds are invested in different asset classes, including real estate and data centres, and across the risk spectrum in the core, core-plus, value-add and opportunistic space. Each fund has a specific strategy to leverage prevailing opportunities and seeks a blend of income and capital returns according to its risk profile. Alpha also manages the Alpha Real Estate Securities Fund, an open-ended fund that invests in listed REITs and real estate securities predominantly in Asia.

Meanwhile, KCAA's focus is to establish, offer and manage private funds investing in new alternative asset classes in line with the Group's focus on sustainable urbanisation, including senior living, education and infrastructure, among others.

In 2020, Keppel Capital launched a series of new private fund initiatives across data centres, education assets, infrastructure, logistics, mezzanine debt and real estate, raising total equity of approximately S$4.5 billion from sovereign wealth funds and global institutional investors. 2020 also saw Keppel Capital complete the acquisition of interests in Watermark Retirement Communities in the United States, thereby expanding its presence into the senior living sector.

---

[4] Gross asset value of investments and uninvested capital commitments on leveraged basis to project fully-invested AUM.

[5] Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in associate with which the Issuer has strategic alliance.

In February 2021, Keppel Capital, together with a global institutional investor, launched a China logistics property fund to invest in developing high-quality logistics assets in key logistics hubs in China. The fund has an initial total equity commitment of around RMB1,400 million.

In July 2021, Keppel Capital secured an aggregate of US$600 million of Separate Managed Accounts ("**SMA**") from international financial institutions. The SMAs are focused on global infrastructure projects with long-term utility-like contracted cash flows. These follow shortly after Keppel Capital successfully secured two separate account mandates earlier in the year, one with a global institutional investor to invest in developing high quality logistics assets in China, and another from a cooperative Dutch pension fund service provider PGGM N.V. to focus on core-plus opportunities in commercial real estate.

REITs and Business Trust

The asset managers under Keppel Capital currently manage three Singapore-listed REITs (Keppel REIT, Keppel DC REIT and Keppel Pacific Oak US REIT) and one business trust (Keppel Infrastructure Trust ("**KIT**")), which are invested in the office, retail, data centre and infrastructure sectors in Asia Pacific, Europe, and the US. In addition, Keppel Capital is a strategic investor in Prime US REIT, which has assets in key primary office markets across the US.

Keppel REIT Management Limited

Keppel REIT Management Limited is the manager of Keppel REIT, one of Asia's leading REITs with a portfolio of Grade A commercial assets in key business districts pan-Asia. Listed in April 2006, Keppel REIT invests in and owns a portfolio of quality income-producing commercial real estate and real estate-related assets pan-Asia.

In the year 2020, Keppel REIT acquired Pinnacle Office Park in Sydney's Macquarie Park, a key Australian metropolitan office. It also announced the acquisition of Keppel Bay Tower in Singapore from Keppel Land, which was completed in May 2021.

Keppel Infrastructure Fund Management Pte. Ltd.

Keppel Infrastructure Fund Management Pte. Ltd. is the trustee-manager of KIT, one of the largest infrastructure-focused business trusts in Singapore. Riding on urbanisation trends, KIT offers long-term capital growth potential through investments in a large and well-diversified portfolio of core infrastructure assets located in jurisdictions with well-developed legal frameworks that support infrastructure investment. These include solutions for energy infrastructure, energy efficiency, waste management, water reclamation and other developments.

In January 2021, KIT and Metro Pacific Investments Corporation completed the acquisition of a 100% interest of Philippine Tank Storage International (Holdings) Inc. which owns Philippine Coastal Storage & Pipeline Corporation, the largest petroleum products import storage facility in the Philippines.

Keppel DC REIT Management Pte. Ltd.

Keppel DC REIT Management Pte. Ltd. is the manager of Keppel DC REIT, the first pure-play data centre REIT listed in Asia on the SGX-ST. Keppel DC REIT's investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate-related assets, with an initial focus on Asia Pacific and Europe. With a portfolio of data centres strategically located across key data centre hubs in Asia Pacific and Europe, Keppel DC REIT is positioned to capture the industry's growth potential amidst the global digitisation wave.

In 2020, Keppel DC REIT strengthened its European presence with the acquisitions of the remaining 999-year leasehold land interest at Keppel DC Dublin 1 in Ireland, Kelsterbach Data Centre in Germany and Amsterdam Data Centre in the Netherlands.

Keppel Pacific Oak US REIT Management Pte. Ltd.

Keppel Pacific Oak US REIT Management Pte. Ltd. is the manager of Keppel Pacific Oak US REIT, a distinctive office REIT with freehold office buildings and business campuses located across key growth markets driven by innovation and technology in the US.

Prime US REIT

Listed on 19 July 2019 on the Main Board of the SGX-ST, Prime US REIT is focused on investing in stabilised income-producing office and real estate-related assets in the United States. Prime US REIT is managed by KBS US Prime Property Management Pte. Ltd, in which Keppel Capital has a 30% stake through a wholly-owned subsidiary. In 2020, Prime US REIT completed its maiden acquisition of Park Tower in Sacramento, California.

RECENT DEVELOPMENT

On 2 August 2021, the Issuer announced the proposed acquisition by its direct, wholly-owned subsidiary, the Offeror, of all the issued and paid-up ordinary shares in the capital of SPH (the "**SPH Shares**") (excluding the treasury shares) by way of a scheme of arrangement (the "**Scheme**") under Section 210 of the Companies Act and in compliance with the Singapore Code on Take-overs and Mergers (such acquisition, the "**Proposed SPH Transaction**").

In connection with the Proposed SPH Transaction, the Offeror and SPH have on 2 August 2021 entered into an implementation agreement (the "**Implementation Agreement**") setting out the terms and conditions on which the Parties will implement the Scheme. The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of certain conditions (the "**Scheme Conditions**") set out in the Implementation Agreement.

Pursuant to the Implementation Agreement, and subject to the Scheme becoming effective in accordance with its terms, all the SPH Shares held by the shareholders of SPH as at the record date (the "**Eligible Shareholders**" and each, an "**Eligible Shareholder**") will be transferred to the Offeror fully paid up.

In accordance with the terms of the Scheme, subject to the satisfaction and/or waiver (as the case may be) of all the Scheme Conditions, all the Eligible Shareholders shall be entitled to receive, for each SPH Share:

(a) from the Offeror:

  (i) a sum of S$0.668 in cash (the "**Cash Consideration**" and the aggregate of such Cash Consideration received by the Eligible Shareholders, the "**Total Cash Consideration**"); and

  (ii) 0.596 units in Keppel REIT which the Offeror will transfer or procure to be transferred to shareholders of SPH ("**K-REIT Units**" and the aggregate of such K-REIT Units received by the Eligible Shareholders, the "**Consideration Units**"); and

(b) from SPH, 0.782 issued units in SPH REIT ("**SPH REIT Units**") by way of a distribution *in specie* ("**DIS**").

The Proposed SPH Transaction presents an opportunity for the Issuer to acquire a portfolio of businesses strategically aligned to three of the Issuer's four focus areas under Vision 2030 namely Asset Management, Urban Development and Connectivity. As part of the Issuer's Vision 2030, the Issuer has committed to focus its portfolio to be an integrated business, providing end-to-end solutions for sustainable urbanisation, with an asset management arm to fund the Group's growth and provide a platform for capital recycling. The Proposed SPH Transaction is expected to accelerate the Issuer's Vision 2030 growth strategy.

On a pro forma basis, the transaction is expected to immediately enhance the Issuer's returns as well as the quality of the Group's earnings profile, with pro forma earnings per share ("**EPS**") accretion of 6% for 1H 2021[6]. The transaction is also expected to accelerate the Group's transition towards an asset-light business model, and contribute to growing recurring income, which is expected to improve by 18%[7] on a pro forma basis, with the contribution of recurring income to the Group's profit after tax and non-controlling interests ("**PATMI**") increasing from 51% to 56%[7]. Even though a short-term increase in gearing post-transaction is expected, the Group's gearing would remain below 1.0x, and is expected to reduce over time through the Issuer's active asset monetisation programme.

Through this transaction, the Issuer will also scale up in its existing business and acquire new growth engines, particularly via its asset-light and scalable Asset Management business. Keppel Capital's AUM would potentially grow by 27% from S$37 billion to S$47 billion through the addition of SPH REIT's AUM, purpose-built student accommodation ("**PBSA**"), senior living and other assets. This is expected to further enhance the asset management platform under Keppel Capital, improving the diversity of its asset classes, as well as increasing recurring fee-based and investment income. In addition, the proposed transaction would allow the Issuer to acquire a strategic stake in SPH REIT and full ownership of its REIT manager, which will provide a retail-focused vehicle to augment Keppel Capital's stable of offerings and provide a natural platform for the recycling of the Issuer's retail assets. Post transaction, the Issuer will hold approximately 20% stakes in both Keppel REIT and SPH REIT and will be fully committed to support the growth of both REITs.

The proposed acquisition of SPH would also allow the Issuer to consolidate its existing ownership of M1 and the Genting Lane data centre asset, which are currently jointly owned. The Issuer is uniquely positioned to enhance and unlock the value of SPH's assets and operations by harnessing the synergies of the larger Keppel ecosystem, including leveraging Keppel Capital as a platform for capital recycling and tapping third-party funds for growth.

Through the proposed acquisition of SPH, the Group would also gain entry into the PBSA sector, and expansion in the senior living sector, which complement Keppel Land's plans to move beyond a developer model to providing urban development solutions. SPH's PBSA business will provide the Issuer with an immediate and sizeable foothold in the attractive UK market, which is underpinned by rising domestic and international demand for higher education. The integration of SPH's senior living business also adds to and diversifies the Issuer's senior living business in the US under the Watermark brand, providing access to new markets in Singapore and Japan.

---

[6] (1) Excludes the gain arising from the change in interest in Keppel REIT held by the Group. If the gain had been included, the net profit would have increased to approximately S$391 million, and EPS would have increased to approximately 21.5 cents. (2) This statement on growth in EPS is not intended as a profit forecast and should not be construed as such. This statement should not be interpreted to mean that its value in any future financial period will necessarily be greater than those for the relevant preceding financial period. (3) In computing the financial impact of the Proposed SPH Transaction on pro forma earnings per share, financial statements with different half year ends were used (being 30 June 2021 for the Group and 28 February 2021 for SPH and its subsidiaries (collectively, the "SPH Group")). (4) Based on (a) the Group's unaudited results for the half year ended 30 June 2021 (the "KCL 1H2021 Results"), (b) the SPH Group's unaudited consolidated financial statements for the half year ended 28 February 2021 (the "SPH 1H2021 Results"), (c) SPH REIT's unaudited consolidated financial statements for the half year ended 28 February 2021 (the "SPH REIT 1H2021 Results"), (d) information obtained during the course of due diligence, and taking into account (i) the financial effects of the restructuring of the media business of SPH (the "Media Business Restructuring") (but excluding restructuring adjustments such as the effect of the assumption of certain liabilities, costs and expenses on profit after tax and non-controlling interests ("PATMI") arising from the Media Business Restructuring) and (ii) the DIS on SPH based on the SPH 1H2021 Results.

[7] (1) Recurring income excludes gain arising from the change in interest in Keppel REIT held by the Group and finance costs to be incurred due to cash consideration used to fund the transaction. (2) Based on (a) the KCL 1H2021 Results (as defined herein), (b) the SPH 1H2021 Results (as defined herein), (c) the SPH REIT 1H2021 Results (as defined herein), (d) information obtained during the course of due diligence, and taking into account (i) the financial effects of the Media Business Restructuring (but excluding restructuring adjustments such as the effect of the assumption of certain liabilities, costs and expenses on PATMI arising from the Media Business Restructuring) and (ii) the DIS on SPH based on the SPH 1H2021 Results. (3) This statement on growth in recurring income contribution is not intended as a profit forecast and should not be construed as such. This statement should not be interpreted to mean that its value in any future financial period will necessarily be greater than those for the relevant preceding financial period. (4) In computing the financial impact of the Proposed SPH Transaction on pro forma recurring income contribution, financial statements with different half year ends were used (being 30 June 2021 for the Group and 28 February 2021 for the SPH Group).

SUSTAINABILITY

In line with Vision 2030, the Issuer is making sustainability core to its business, and seeks to capture opportunities created by macrotrends such as climate change, energy transition, and urbanisation. Beyond conducting its operations and business activities in a sustainable and environmentally responsible manner, the Issuer will help businesses and communities become more sustainable through the solutions that the Group provides, including through WTE and water solutions, district cooling plants and green buildings and townships. In addition, the Issuer is pushing boundaries to explore and develop new solutions that can contribute to combatting climate change while creating new revenue streams for the Group, such as floating data centre parks and the use of hydrogen infrastructure for power generation and cooling.

The Issuer is committed to improving resource efficiency and reducing its environmental impact by improving its environmental performance throughout its value chain. It has set high-impact sustainability goals and publicly committed to long-term targets to reduce its carbon intensity, waste generation and water use.

The Group also takes sustainability into consideration in its major investment decisions. For example, the Issuer has adopted an internal shadow carbon pricing policy to mitigate climate-related risks in the mid- to long-term, prepare for tougher climate legislation and higher carbon prices, and also avoid stranded assets.

In addition, the Issuer has also set a target to increase its portfolio of renewable energy assets. The Group is also harnessing renewable energy where possible to reduce its environmental footprint. For example, Keppel Bay Tower, where the Issuer is headquartered, was certified by the Building and Construction Authority as Singapore's first Green Mark Platinum (Zero Energy) commercial building. Since the end of 2018, Keppel's corporate HQ has been powered by renewable energy.

The Issuer has also been given the highest triple-A rating in the Morgan Stanley Capital International's ESG rating since February 2020, which further reflects its commitment to sustainability. It is also an index component of the FTSE4Good Index maintained by the Financial Times Stock Exchange Group, the iEdge SG ESG Leaders Index and iEdge SG ESG Transparency Index by the SGX-ST, and the Euronext Vigeo World 120 by Euronext, the primary exchange in the Eurozone.

Health and Safety

Safety is one of the Issuer's core values, and a key element of the Group's identity. The Issuer constantly strives to raise awareness, maintain vigilance and foster a strong HSE centric culture across the Group. The Issuer's approach to safety management is guided by the Issuer's HSE Policy, Safety Principles and the Keppel Zero Fatality Strategy. Introduced in 2016, the strategy outlines actionable items to reduce workplace fatalities to zero through five strategic thrusts: building a high-performance safety culture, adopting a proactive approach to safety management, leveraging technology to mitigate safety risks, harmonising global safety practices and competency, and streamlining learning from incidents.

Key initiatives implemented to make headway in enforcing the Zero Fatality Strategy include aligning standards for High Impact Risk Activities across the Group's global operations, enhancing competency of employees performing safety-critical tasks, strengthening operational controls, deploying standard root cause analysis across the Group, as well as developing more proactive and leading risk indicators/matrices to monitor HSE performance in each business unit. In order to drive further improvements in HSE, the Group embarked on a global transformation programme to digitalise and streamline key HSE systems and processes in 2020. The Group also completed the migration of its Health and Safety management systems to the new ISO 45001:2018 standard for key business units.

As a testament to the Group's efforts in safety, the Group was conferred 18 awards at the Singapore Workplace Safety and Health Awards in 2021.

LITIGATION, CLAIMS AND OTHER PROCEEDINGS

Global Resolution with Authorities in the US, Brazil and Singapore

In 2017, a wholly-owned subsidiary of the Issuer, Keppel O&M reached a global resolution with the criminal authorities in the United States, Brazil and Singapore in relation to corrupt payments made in relation to Keppel O&M's various projects with Petroleo Brasileiro SA and Sete Brasil Participacoes SA in Brazil, which were made with knowledge or approval of former Keppel O&M executives. Fines in an aggregate amount of US$422,216,980, or equivalent to approximately S$570 million, paid or payable had been allocated between the three jurisdictions.

As part of the global resolution, Keppel O&M accepted a Conditional Warning from the Corrupt Practices Investigation Bureau ("**CPIB**") in Singapore, and entered into a Deferred Prosecution Agreement (the "**DPA**") with the U.S. Department of Justice ("**DOJ**"), while Keppel FELS Brasil S.A., a wholly-owned subsidiary of Keppel O&M, entered into a Leniency Agreement with the Public Prosecutor's Office in Brazil, the Ministerio Publico Federal ("**MPF**") which became effective following the approval of the Fifth Chamber for Coordination and Review of the MPF in April 2018. In addition, Keppel Offshore & Marine USA, Inc ("**KOM USA**"), also a wholly-owned subsidiary of Keppel O&M, pleaded guilty to one count of conspiracy to violate the U.S. Foreign Corrupt Practices Act and entered into a Plea Agreement with the DOJ.

Keppel O&M has successfully complied with its obligations under the DPA and the DPA has accordingly concluded. Keppel O&M has also been in compliance with its obligations under the Conditional Warning issued by the CPIB and the Leniency Agreement entered into with the MPF. As part of the applicable fines payable under the global resolution, a sum of US$52,777,122.50 (less any penalties that Keppel O&M may pay to specified Brazilian authorities) was payable to CPIB within three years from the date of the Conditional Warning and has been included in accrued expenses since FY 2017. The discussions with the specified Brazilian authorities remain ongoing, and CPIB has agreed to extend this three-year period for a further 12 months until 22 December 2021. It has been brought to the Issuer's attention that the Office of the Comptroller General of Brazil ("**CGU**") has published a notice in the Official Gazette (the "**Notice**") to the effect that CGU has initiated an administrative enforcement procedure (the "**AEP**") against Keppel O&M, Prismatic Services Ltd., Keppel Fels Ltd., Keppel FELS Brasil S.A., and BrasFELS S.A., in relation to alleged irregularities under the Brazilian Anti-Corruption Statute, and appointed two CGU officials to form a panel to preside over the proceedings. The Issuer has been advised that, following the issuance of the Notice, the CGU would carry out further internal investigations, and the panel has to thereafter decide whether any summons is to be served on the defendants, and if so, the defendants will then have 30 days thereafter to file a defence. Neither the Notice nor any summons has been served on any of the foregoing entities to-date.

The Notice does not provide any factual particulars and the Issuer is therefore currently unable to assess the matter or its impact, if any. The Issuer understands from CGU that the AEP will not affect the ongoing negotiations with the Brazil authorities, and that the AEP has been suspended pending these ongoing discussions.

Civil Action brought by EIG Management Company, LLC ("EIG")

On 13 February 2018, the Issuer announced that Keppel O&M had been served with a summons in a civil action initiated by eight funds managed by EIG pursuant to the Racketeer Influenced and Corrupt Organizations Act ("**RICO**") in the United States District Court, Southern District of New York (the "**EIG Lawsuit**"). EIG sought damages for its loss of investment of US$221 million in Sete, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

This new lawsuit came after an earlier civil action commenced by eight of EIG's managed funds in the United States District Court, District of Columbia against, among others, the Issuer and Keppel O&M. The case was dismissed by the Court on 30 March 2017.

In March 2018, Keppel O&M submitted a letter pursuant to the Court's rules seeking permission to file a motion to dismiss the Complaint. In April 2018, in response to Keppel O&M's letter, EIG served with an amended complaint which includes an additional cause of action against Keppel O&M for allegedly, among other things, a state law claim for aiding and abetting the fraud committed by Petroleo Brasileiro SA and Sete Brasil Participacoes SA against EIG (the "**First Amended Complaint**").

In July 2018, Keppel O&M filed a motion to dismiss the First Amended Complaint. EIG filed their brief in opposition to the motion in August 2018, and Keppel O&M filed its reply brief in August 2018.

In May 2020, the Court issued an order granting in part and denying in part Keppel O&M's motion to dismiss. The Court dismissed EIG's civil RICO conspiracy claim but found that the First Amended Complaint adequately pleaded an aiding and abetting fraud claim under New York state law and denied Keppel O&M's motion to dismiss that claim.

Consequently, EIG currently seek damages of US$221,000,000 (without the earlier treble damage claim of US$663 million under RICO in respect of which Keppel O&M has been successful in dismissing the claim), plus punitive damages, interest, attorneys' fees, costs and disbursements, based on their remaining claim for aiding and abetting fraud.

Termination of Two Mid-Water Semisubmersible Drilling Rig Contracts

A subsidiary of Keppel O&M (the "**KOM subsidiary**") terminated two contracts with subsidiaries of a customer for the construction of two mid-water semisubmersible drilling rig for harsh environment use:

(i) In June 2020, the buyer under the first of these contracts (the "**First Contract**") alleged a breach of contract by the KOM subsidiary and purportedly terminated the First Contract and sought recovery of the payments already made to the KOM subsidiary with interest. The allegations by the buyer were refuted and the purported termination of the contract was rejected by the KOM subsidiary. The buyer subsequently failed to pay an instalment due under the First Contract. Non-payment of any instalment by the customer is a default in accordance with the First Contract, entitling the KOM subsidiary to terminate the First Contract, retain all payments received to date (approximately US$54 million), and seek compensation for the work done to date and claim ownership of the rig. The KOM subsidiary had therefore issued a notice of termination of the First Contract to the buyer and commenced arbitration to enforce its rights under the First Contract against the buyer.

(ii) In December 2020, the KOM subsidiary issued a notice of termination of the second of these contracts (the "**Second Contract**") and commenced arbitration to enforce its rights under the Second Contract against the buyer, which rights include the right to retain the amounts already paid by the buyer to date of approximately US$43 million and to seek reimbursement of the KOM subsidiary's costs of the project to the date of termination. Subsequent to the issuance of this notice of termination, the KOM subsidiary has received a notice from the buyer purporting to terminate the Second Contract, alleging breaches under the Second Contract. As it had already terminated the Second Contract, the KOM subsidiary's position is that the notice of termination can have no effect. In any event, the KOM subsidiary refutes the abovementioned allegations by the buyer in the notice.

Request for Arbitration in relation to two EPC Contracts

Two of Keppel O&M's wholly-owned subsidiaries (the "**KOM (FPSO) subsidiaries**") have received a request for arbitration from the customer (the "**Claimant**") to two engineering, procurement and construction contracts relating to Floating Production Storage and Offloading units (the "**EPC Contracts**"). The Claimant has withheld a total of approximately US$11.3 million due to the KOM (FPSO) subsidiaries and has claimed a further amount of approximately US$31.2 million on the basis that the Claimant is allegedly entitled to a price reduction under the EPC contracts (the "**Claim**"). The KOM (FPSO) subsidiaries, in consultation with legal advisors, deny the Claimant's alleged right to such price reductions and vehemently challenge the Claimant's right to withhold payments due to the KOM (FPSO) subsidiaries and its supposed right to claim such price reductions. The KOM (FPSO) subsidiaries intend to vigorously defend the claim and in addition, seek remedies, including counterclaims for the sums unduly withheld by the Claimant. Based on currently available information, including opinion from the legal advisors, no provision was made in respect of the Claim as at 30 June 2021.

For more information, please refer to the risk factor titled "*The Group may be involved in legal and other proceedings from time to time.*"

DIRECTORS AND MANAGEMENT

The Board of Directors of the Issuer (the "**Board**") is responsible for, amongst others, overseeing the Issuer's business, setting strategic objectives and deciding on significant matters. The day-to-day operations are entrusted to the Chief Executive Officer (the "**CEO**") of the Issuer and a team of executive officers who are responsible for the different functions of the Issuer.

Board of Directors

As at the date of this Offering Circular, the Board comprises the following directors:

Mr Danny Teoh

Chairman and Independent Director

Mr Danny Teoh is the Chairman of the Issuer, appointed with effect from 23 April 2021. In addition to being an independent and non-executive Director, he is also a member of the Nominating, Remuneration and Board Safety Committees.

Mr Teoh spent 27 years in KPMG LLP, Singapore and over the years, held various senior positions including member of KPMG International Board and Council, Head of the Audit and Risk Advisory Services and Head of Financial Services. He was the Managing Partner of KPMG LLP, Singapore since 2005 and he retired from KPMG in September 2010.

Mr Teoh is a Member of the Institute of Chartered Accountants in England & Wales.

Mr Loh Chin Hua

CEO and Executive Director

Mr Loh Chin Hua is the CEO and Executive Director of the Issuer, appointed with effect from 1 January 2014, after having served two years as its Chief Financial Officer. He is also Chairman of several companies within the Group.

Mr Loh joined the Group in 2002 and founded Alpha Investment Partners Limited, where he served as Managing Director. Prior to this, he was the Managing Director at Prudential Investment Inc leading its Asian real estate fund management business.

He began his career with the Government of Singapore Investment Corporation, where he held key appointments in its Singapore, San Francisco and London offices. Beyond the Group, Mr Loh is a Board Member of the Singapore Economic Development Board, a member of the Board of Trustees of the National University of Singapore and a Board Member of EDB Investments Pte Ltd.

A Colombo Plan Scholar with a Bachelor in Property Administration from the Auckland University and a Presidential Key Executive MBA from the Pepperdine University, Mr Loh is also a CFA® charterholder.

Mr Till Vestring

Non-Executive and Independent Director

Mr Till Vestring is a non-executive and independent director of the Issuer, appointed with effect from 16 February 2015. He is also Chairman of the Remuneration Committee and a member of the Nominating Committee.

Mr Vestring serves as Advisory Partner of Bain & Company Southeast Asia. His career at Bain & Company has included postings in Munich, Sydney, Hong Kong, Tokyo and Singapore and he has served as head of Bain's Automotive & Industrial Practice in Asia, Managing Partner for Southeast Asia, as well as on Bain's global Partner Nomination & Compensation Committee. Mr Vestring has more than 25 years of management consulting experience in Asia, advising leading companies on portfolio strategy, growth, mergers and acquisitions, organisation and performance improvement.

He also sits on the boards of Inchcape plc and Leap Philanthrophy Ltd.

Mr Vestring holds a Master of Economics from University of Bonn, Germany and Master of Business Administration, Haas School of Business, University of California, Berkeley.

Ms Veronica Eng

Non-Executive and Independent Director

Ms Veronica Eng is a non-executive and independent director of the Issuer, appointed with effect from 1 July 2015. She is also Chairman of the Board Risk Committee and a member of the Audit Committee.

Ms Eng was a Founding Partner of Permira Holdings Limited ("**Permira**"). Over her 30-year career with Permira, Ms Eng held a number of key positions in the firm and had extensive experience in a wide range of roles in relation to its funds' investments across sectors and geographies. She served on the board of Permira and its Executive Committee, chaired the Investment Committee and was the Fund Minder to various Permira funds. In addition, she also had oversight of Permira's firm-wide risk management as well as its operations in Asia.

Her other directorship includes Eastspring Investments Group Pte. Ltd. She is also a Professor (Practice) at the National University of Singapore, Business School.

Ms Eng holds a Bachelor of Business Administration (First Class Honours) from the University of Singapore.

Professor Jean-François Manzoni

Non-Executive and Independent Director

Professor Manzoni is a non-executive and independent director of the Issuer, appointed with effect from 1 October 2018. He is also Chairman of the Nominating Committee and a member of the Remuneration Committee.

Professor Manzoni's research, teaching, and consulting activities are focused on leadership, the development of high-performance organisations and corporate governance. He is currently the President (Dean) and Nestlé Professor at the International Institute for Management Development ("**IMD**") in Switzerland, where he is based. He had served as Professor of Leadership and Organisational Development at IMD and directed, among other programmes, IMD's Breakthrough Program for Senior Executives.

Prior to re-joining IMD in 2016, he had served at INSEAD's Singapore campus where he co-directed the International Directors Program. He was also on the faculty of INSEAD (Fontainebleau), where he founded and directed the PwC Research Initiative on High Performance Organisations. Professor Manzoni is the recipient of several awards for excellence in research and teaching, and has been involved in consulting, top management team support and leadership development with several international organisations, spanning more than 30 countries over the years.

Professor Manzoni is a member of several International Advisory Panels, including Digital Switzerland, Singapore's Public Service Division and the Russian Presidential Academy of National Economy and Public Administration. He is a Fellow of the Singapore Institute of Directors, and served on the Board of Singapore's Civil Service College from 2015 to 2017.

Professor Manzoni holds a Doctorate in Business Administration from Harvard Business School, Boston, a Master of Business Administration from McGill University, Montreal and a Bachelor, Business Administration from l'Ecole des Hautes Etudes Commerciales de Montréal.

Teo Siong Seng

Non-Executive and Non-Independent Director

Mr Teo Siong Seng is a non-executive and non-independent director of the Issuer. He was appointed as a non-executive and independent director to the Board with effect from 1 November 2019, and redesignated to a non-executive and non-independent director with effect from 3 February 2021. He is also Chairman of the Board Safety Committee.

Mr Teo is the Executive Chairman of Pacific International Lines Pte Ltd ("**PIL**"), one of the largest shipowners and operators in Southeast Asia with a focus on Asia-Africa and the Middle East. He is also the Chairman and CEO of PIL's listed subsidiary in Hong Kong, Singamas Container Holdings Ltd.

Mr Teo was the Immediate Past Chairman of the Singapore Business Federation, Honorary President of the Singapore Chinese Chamber of Commerce & Industry, a Director of Business China, and Honorary Consul of The United Republic of Tanzania in Singapore. He is an independent non-executive Director of Wilmar International Limited, COSCO Shipping Holdings and COSCO Shipping Energy Transportation. Mr Teo was also a Nominated Member of Parliament of Singapore from 2009 to 2014.

Mr Teo holds a Degree (First Class Honours) in Naval Architecture and Ocean Engineering from the University of Glasgow, United Kingdom.

Tham Sai Choy

Non-Executive and Independent Director

Mr Tham Sai Choy is a non-executive and independent director of the Issuer, appointed with effect from 1 November 2019. He is also Chairman of the Audit Committee and a member of the Board Risk Committee.

Mr Tham was Managing Partner of KPMG Singapore and then Chairman of KPMG Asia Pacific before he retired in 2017. He was a member of KPMG's global board, and had served on its executive committee and risk committee, and chaired its compensation and nominations committee. As a member of the executive committee, Mr Tham was responsible for KPMG's global strategies and planning, including developing the firm's capabilities in cybersecurity, data analytics and digital transformation. Mr Tham also worked with many of Singapore's listed companies in their audits and other consultancy work over his 36 years of practice.

Mr Tham is currently the Chairman of EM Services Pte Ltd and serves on the boards of Nanyang Polytechnic, the Singapore International Arbitration Centre, DBS Group Holdings Limited, and Mount Alvernia Hospital.

Mr Tham holds a Bachelor of Arts (Honours) Degree in Economics from the University of Leeds, United Kingdom. He is a Fellow of the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in England and Wales.

Penny Goh

Non-Executive and Independent Director

Mrs Penny Goh is a non-executive and independent director of the Issuer, appointed with effect from 2 January 2020. She is also a member of the Audit and Board Risk Committees.

Mrs Goh was formerly the Co-Chairman and Senior Partner at Allen & Gledhill LLP, a leading law firm in Singapore, where she has for many years headed the firm's corporate real estate practice. She advises listed corporations, private equity property funds, sovereign wealth funds and real estate investment trusts and she has extensive experience in a broad range of corporate real estate transactions for commercial, industrial and logistics projects in Singapore and Asia Pacific, involving investment, joint development and profit participation structures. She is now Senior Adviser of Allen & Gledhill LLP.

Mrs Goh also serves as an Honorary Legal Advisor to the Real Estate Developers' Association of Singapore. In addition, she is a member of the Advisory Board for Real Estate Programme, Singapore Management University and a member of the Advisory Committee for the School of Design and Environment, National University of Singapore.

Mrs Goh is also the non-executive and non-independent Chairman of Keppel REIT Management Limited, the manager of Keppel REIT, and a director on the boards of HSBC Bank (Singapore) and Singapore Totalisator Board.

Mrs Goh holds a Bachelor of Law (Honours) degree from the National University of Singapore and is a member of the Singapore Bar.

Mr Shirish Apte

Non-Executive and Independent Director

Mr Shirish Apte is a non-executive and independent director of the Issuer, appointed with effect from 1 July 2021. He is also a member of the Audit Committee and the Board Risk Committee.

Mr Apte is currently the non-executive Chairman of Pierfront Capital Fund Management Pte. Ltd. and Fullerton India Credit Company Limited, and a director on Keppel Infrastructure Holdings Pte. Ltd, and the Commonwealth Bank of Australia.

Prior to his retirement in 2014, Mr Apte had built up 32 years of financial services experience, holding various senior roles within Citigroup, including Chairman of Asia Pacific Banking, Regional CEO of Asia Pacific, Regional CEO of Europe, Middle East & Africa, and Country Head of Citibank Poland. His responsibilities included corporate banking, investment banking and risk management.

Mr Apte holds a Bachelor of Commerce from Calcutta University, an MBA from London Business School, and qualified as a Chartered Accountant from the Institute of Chartered Accountants, England & Wales.

SENIOR MANAGEMENT

In addition to Mr Loh Chin Hua (CEO and Executive Director of the Issuer), the following are the key executive officers of the Group:

Name	Designation
Chan Hon Chew	CFO of Keppel Corporation Limited
Christina Tan Hua Mui	CEO of Keppel Capital Holdings Pte. Ltd.
Chris Ong Leng Yeow	CEO of Keppel Offshore & Marine Ltd
Louis Lim	CEO of Keppel Land Limited
Cindy Lim	CEO of Keppel Infrastructure Holdings Pte. Ltd.
Thomas Pang Thieng Hwi	CEO of Keppel Telecommunications & Transportation Ltd
Manjot Singh Mann	CEO of M1 Limited
Tan Swee Yiow	Senior Managing Director of Urban Development of Keppel Corporation Limited
Bridget Lee	COO of Keppel Capital Holdings Pte. Ltd. and CEO of Keppel Capital Alternative Asset Pte. Ltd.
Paul Tham Wei Hsing[1]	CEO of Keppel REIT Management Limited, Manager of Keppel REIT
Jopy Chiang	CEO of Keppel Infrastructure Fund Management Pte. Ltd., the Trustee-Manager of Keppel Infrastructure Trust
Chua Hsien Yang	Director, Group Mergers & Acquisitions of Keppel Corporation Limited
Anthea Lee	CEO of Keppel DC REIT Management Pte. Ltd., Manager of Keppel DC REIT
David Eric Snyder	CEO/Chief Investment Officer of Keppel Pacific Oak US REIT Management Pte. Ltd., Manager of Keppel Pacific Oak US REIT
Alvin Mah	CEO of Alpha Investment Partners Limited
Devarshi Das	CEO (Infrastructure) of Keppel Capital Alternative Asset Pte. Ltd.

Committees of the Board

The following are the committees of the Board:

Audit Committee

The Audit Committee's primary role is to assist the Board with ensuring the integrity of financial reporting and the adequacy and effectiveness of the system of internal controls and risk management.

[1] Keppel REIT announced Paul Tham Wei Hsing's resignation as CEO on 27 August 2021.

Remuneration Committee

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The Remuneration Committee assists the Board in ensuring that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value.

Nominating Committee

The Nominating Committee is responsible for making recommendations to the Board on board appointments, overseeing the Board and senior management's succession and leadership development plans and conducting annual review of board diversity, board size, board independence and directors' commitment.

Board Risk Committee

The Board Risk Committee considers the nature and extent of the significant risks which the Issuer may take in achieving its strategic objectives and value creation; and reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders' interests, the Group's assets and ensure corporate sustainability.

Board Safety Committee

The Board Safety Committee ensures that there is a set of Group HSE policies and standards to guide HSE operation and performance across the Group. It further monitors HSE performance of Group companies, analyses trends and accident root causes and recommends or proposes Group-wide initiatives for improvement where appropriate to ensure a robust HSE management system is maintained.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Securities which will appear on the reverse of each of the definitive certificates evidencing the Securities:

The issue of the S$400,000,000 aggregate principal amount of 2.90 per cent. subordinated perpetual securities (the "**Securities**", which term shall include, unless the context requires otherwise, any further securities issued in accordance with Condition 14 and consolidated and forming a single series therewith) of Keppel Corporation Limited (the "**Issuer**") was authorised by the Board of Directors of the Issuer on 6 September 2021. The Securities are constituted by the trust deed (as amended and/or supplemented from time to time, the "**Trust Deed**") dated on or about 16 September 2021 (the "**Issue Date**") between the Issuer and The Bank of New York Mellon, Singapore Branch (the "**Trustee**", which expression shall include its successors and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Securities. These terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Securities. The Securities are issued with the benefit of a deed of covenant (as amended and/or supplemented from time to time, the "**Deed of Covenant**") dated on or about the Issue Date executed by the Issuer relating thereto. The Securityholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed and the Deed of Covenant, and are deemed to have notice of those provisions applicable to them of the agency agreement dated on or about the Issue Date (as amended and/or supplemented from time to time, the "**Agency Agreement**") relating to the Securities between the Issuer, the Trustee, The Bank of New York Mellon, Singapore Branch as registrar (the "**Registrar**", which expression shall include any successor as registrar under the Agency Agreement), as the principal paying agent (the "**Principal Agent**", which expression shall include any successor as principal paying agent under the Agency Agreement), as calculation agent (the "**Calculation Agent**", which expression shall include any successor as calculation agent under the Agency Agreement) and as transfer agent (the "**Transfer Agent**", which expression shall include any successor as transfer agent or any additional transfer agent under the Agency Agreement), and the other agents appointed under it (together with the Registrar, the Transfer Agent, the Calculation Agent and the Principal Agent, the "**Agents**"). References to the "**Principal Agent**", the "**Registrar**", the "**Transfer Agent**", the "**Calculation Agent**" and the "**Agents**" below are references to the principal agent, the registrar, the transfer agent, the calculation agent and the agents for the time being for the Securities.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection by Securityholders at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office for the time being of the Trustee (being at the Issue Date at One Temasek Avenue, #02-01, Millenia Tower, Singapore 039192) and at the specified office for the time being of the Principal Agent, in each case following prior written request and on proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Agent.

Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. In these Conditions, "**Securityholder**" and (in relation to a Security) "**holder**" mean the person in whose name a Security is registered.

1 FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Securities are in registered form in the denomination of S$250,000 and integral multiples thereof (an "**Authorised Denomination**"). A certificate (each a "**Certificate**") will be issued to each Securityholder in respect of its registered holding of Securities. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Securityholders (the "**Register**") which the Issuer will procure to be kept by the Registrar.

*Securities which are listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**") 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.*

*The Securities shall initially be represented by a Global Certificate in the aggregate principal amount of the Securities deposited with The Central Depository (Pte) Limited ("**CDP**"). Interests in the Global Certificate shall be exchangeable for definitive Securities only in the limited circumstances set out in the Global Certificate. The Securities are not issuable in bearer form.*

1.2 Title

Title to the Securities will pass only by transfer and registration in the Register as described in Condition 3. The holder of any Security will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing (other than a duly executed transfer thereof) on it, or the theft or loss of the Certificate issued in respect of it) and no person will be liable for so treating the Securityholder.

For so long as any of the Securities is represented by the Global Certificate and the Global Certificate is registered in the name of CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such 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 Issuer, the Trustee, the Principal Agent, the Calculation Agent, the Transfer Agent, the Registrar and the other Agents as the holder of such principal amount of such Securities standing to the credit of its securities account for all purposes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts which accrue or are otherwise payable by the Issuer through CDP in respect of such Securities, for which purpose the person whose name is shown on the Register shall be treated by the Issuer, the Trustee, the Principal Agent, the Calculation Agent, the Transfer Agent, the Registrar and the other Agents as the holder of such principal amount of such Securities in accordance with and subject to the terms of the Global Certificate (and the expressions "Securityholder", "holder of Securities" and "holder" and related expressions shall be construed accordingly). Securities which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.

2 STATUS

2.1 Status of the Securities

The Securities constitute direct, unsecured and subordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and with any Parity Securities of the Issuer. The rights and claims of the Securityholders in respect of the Securities are subordinated as provided in this Condition 2.

2.2 Ranking of claims

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the Issuer, the rights and claims of the Securityholders in respect of the Securities to payment of principal of and Distribution on the Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with any Parity Securities of the Issuer and in priority to any Junior Securities of the Issuer.

2.3 Set-off

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

3 TRANSFERS OF SECURITIES; ISSUE OF CERTIFICATES

3.1 Register

The Issuer will cause the register to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Securities and the particulars of the Securities held by them and of all transfers and redemptions of the Securities (the "**Register**"). Each Securityholder shall be entitled to receive only one Certificate in respect of its entire holding of Securities.

3.2 Transfers

Securities may, subject to Conditions 3.5 and 3.6 and the terms of the Agency Agreement, be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Security, with the form of transfer on the back duly completed and signed by the holder or such holder's attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents, together with such evidence as the Registrar or such Transfer Agent may require to prove the title of the transfer and the authority of the individuals who have executed the form of transfer. In the case of a transfer of part only of a holding of Securities (being that of one or more 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. In the case of a transfer of Securities to a person who is already a holder of Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Security will be valid unless and until entered on the Register. A Security may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

Transfers of interests in the Securities evidenced by the Global Certificate will be effected in accordance with the rules and procedures for the time being of CDP. No transfer of title to a Security will be valid unless and until entered on the Register.

3.3 **Delivery of new Certificates**

Each new Certificate to be issued upon transfer of Securities will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Securities (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer.

Where only part of a holding of Securities (being that of one or more Securities) in respect of which a Certificate is issued is to be transferred, redeemed or repurchased, a new Certificate in respect of the Securities not so transferred, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or, as the case may be, any Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Securities not so transferred, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3, "**business day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer) or the relevant Transfer Agent, with whom a Certificate is deposited in connection with a transfer, is located.

Except in the limited circumstances described in the section of the Offering Circular entitled "Summary of Provisions Relating to the Securities while in Global Form – Exchange of Securities Represented by the Global Certificate", owners of interests in the Securities will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Securities are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.

Where some but not all of the Securities in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Securities not so transferred will, within seven business days of receipt by the Registrar or, as the case may be, the Transfer Agent of the original Certificate, be mailed by uninsured mail at the cost of the Issuer, and at the risk of the holder of the Securities not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

3.4 **Formalities free of charge**

Subject to Conditions 3.5 and 3.6, registration of a transfer of Securities and issuance of new Certificates will be effected without charge to the Securityholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but:

(a) upon payment of any tax, duties or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require);

(b) the Registrar or the relevant Transfer Agent being satisfied with the documents of title and/or identity of the person making the application; and

(c) compliance with the Regulations (as defined in Condition 3.6).

3.5 **Restricted Transfer Periods**

No Securityholder may require the transfer of a Security to be registered during:

(a) the period of 15 days ending on (and including) the due date for any payment of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on that Security; or

(b) during the period of seven days ending on (and including) any Distribution Record Date (as defined in Condition 6.1).

Each such period is a "**Restricted Transfer Period**".

3.6 **Regulations**

All transfers of Securities and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Securities scheduled to the Agency Agreement (the "**Regulations**"). The regulations may be changed by:

(a) the Issuer, with the prior written approval of the Registrar and the Trustee; or

(b) the Registrar, with the prior written approval of the Trustee.

A copy of the current regulations will be made available for inspection by the Registrar to any Securityholder following prior written request and proof of holding and identity to the satisfaction of the Registrar.

4 DISTRIBUTION

4.1 **Accrual of Distribution**

(a) Subject to Condition 4.3, the Securities confer a right to receive distribution (each a "**Distribution**") from (and including) the Issue Date at the applicable Distribution Rate in accordance with this Condition 4. Subject to Condition 4.3, Distribution shall be payable on the Securities semi-annually in arrear on 16 March and 16 September in each year (each a "**Distribution Payment Date**"), with the first Distribution Payment Date falling on 16 March 2022.

Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any Distribution where such Security is redeemed from the due date for redemption unless, upon surrender of the Certificate representing such Security, payment of principal is improperly withheld or refused. In such event, Distribution shall continue to accrue at such rate (both before and after judgment) up to but excluding whichever is the earlier of:

(i) the date on which all sums due in respect of such Security up to that day are received by or on behalf of the relevant holder; and

(ii) the date falling seven days after the Trustee or the Principal Agent has notified Securityholders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Securityholders under these Conditions).

(b) Distribution in respect of any Security shall be calculated per Authorised Denomination of the Securities. If Distribution is required to be calculated for a period of less than one year, the relevant day-count fraction used will be the number of days in the relevant period, from (and including) the date from which Distributions begin to accrue to (but excluding) the date on which it falls due, divided by 365.

For so long as any of the Securities are represented by the Global Certificate and the Global Certificate is held by CDP, the Distributions (including Arrears of Distribution and Additional Distribution Amount) payable on such Securities will be determined based on the aggregate holdings of Securities of each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Securities.

4.2 **Rate of Distribution**

The rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be:

(a) in respect of the period from (and including) the Issue Date to (but excluding) 16 September 2026 (the "**First Reset Date**"), 2.90 per cent. per annum (the "**Initial Distribution Rate**"); and

(b) in respect of the periods from (and including) the First Reset Date and each date falling every five years after the First Reset Date (each a "**Reset Date**") falling thereafter to (but excluding) the immediately following Reset Date, at the Relevant Reset Distribution Rate.

4.3 **Distribution Deferral**

(a) *Optional Deferral*: The Issuer may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") to the Securityholders (in accordance with Condition 9) not more than 15 nor less than five Business Days prior to a scheduled Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred (a "**Deferral Election Event**").

(b) *No obligation to pay*: The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 4.3 and any failure to pay Distribution shall not constitute a default of the Issuer in respect of the Securities.

(c) *Requirements as to Notice*: Each Optional Deferral Notice shall be accompanied by a certificate in the form scheduled to the Agency Agreement signed by an Authorised Signatory (as defined in the Trust Deed) confirming that no Compulsory Distribution Payment Event has occurred. The Trustee and the Principal Agent shall be entitled, without being liable to the Securityholders or any other person, to conclusively rely on each such certificate as sufficient evidence of the occurrence of a Deferral Election Event (and that no Compulsory Distribution Payment Event has occurred), in which event it shall be conclusive and binding on the Securityholders.

(d) *Cumulative Deferral:* Any Distribution deferred pursuant to this Condition 4.3 shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The 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 4.3 except that Condition 4.3(e) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

Each amount of Arrears of Distribution shall accrue Distribution from and including the Distribution Payment Date on which payment of such amount of Arrears of Distribution is first deferred and will accrue Distribution as if it constituted the principal of the Securities at the Distribution Rate and the amount of such Distribution (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 Distribution Rate 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.

If the Calculation Agent is unable to calculate any Additional Distribution Amount pursuant to this Condition 4.3, it may refrain from doing so until it receives instructions to its satisfaction from the Issuer as to the methodology, failing which the Issuer shall procure an independent adviser or other agent of the Issuer to determine the Additional Distribution Amount.

(e) *Restrictions in the case of Deferral*: If on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of this Condition 4.3, the Issuer shall not:

(i) declare or pay any discretionary dividends, distributions or make any other discretionary payment on, and will procure that no discretionary dividend, distribution or other discretionary payment is made on any of its Junior Securities or its Parity Securities (except, in relation to Parity Securities, on a *pro rata* basis); or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities (except, in relation to Parity Securities, on a *pro rata* basis), *provided that* such restriction shall not apply to an exchange of any Parity Securities in whole for Junior Securities,

other than:

(a) in connection with any Share Scheme Shares/Options; or

(b) as a result of the exchange or conversion of Parity Securities for Junior Securities,

unless and until:

(a) the Issuer has satisfied in full all outstanding Arrears of Distribution; or

(b) it is permitted to do so by an Extraordinary Resolution of the Securityholders.

(f) *Satisfaction of Arrears of Distribution by payment*: Distributions are cumulative. The Issuer:

(i) may satisfy any Arrears of Distribution (in whole or in part) at any time by giving notice of such election to the Securityholders (in accordance with Condition 9) and to the Trustee and the Principal Agent in writing not more than 15 nor less than five Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event must satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earlier of (1) the date of redemption of the Securities in accordance with Condition 4, (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4.3(e) or a Compulsory Distribution Payment Event, and (3) the date such amount becomes due under Condition 8.

(g) Any partial payment of outstanding Arrears of Distribution by the Issuer shall be shared by the Securityholders of all outstanding Securities on a pro rata basis.

(h) Notwithstanding any other provision in these Conditions, the deferral of any Distribution payment in accordance with this Condition 4.3 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8) on the part of the Issuer.

4.4 **Benchmark Discontinuation**

(a) *Independent Adviser*: If a Benchmark Event occurs in relation to an Original Reference Rate when any Distribution Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.4(b)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4.4). In making such determination, the Independent Adviser appointed pursuant to this Condition 4.4 shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Principal Agent or the Securityholders for any determination made by it, pursuant to this Condition 4.4.

If (a) the Issuer is unable to appoint an Independent Adviser; or (b) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.4(a) prior to the date which is 10 Business Days prior to the relevant Distribution Determination Date, the Distribution Rate applicable to the next succeeding Distribution Accrual Period shall be equal to the Distribution Rate last determined in relation to the Securities in respect of the immediately preceding Distribution Accrual Period. If there has not been a first Distribution Payment Date, the Distribution Rate shall be determined using the Original Reference Rate last displayed on the relevant Screen Page prior to the relevant Distribution Determination Date. Where a different Step-up Margin is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Step-up Margin relating to the relevant Distribution Accrual Period shall be substituted in place of the Step-up Margin (if any) relating to that last preceding Distribution Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Accrual Period only and any subsequent Distribution Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.4(a).

(b) *Benchmark Replacement*: If the Independent Adviser determines that:

(i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Distribution Rate (or the relevant component part thereof) for all future payments of Distribution on the Securities (subject to the operation of this Condition 4.4); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Distribution Rate (or the relevant component part thereof) for all future payments of Distribution on the Securities (subject to the operation of this Condition 4.4).

(c) *Adjustment Spread*: The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(d) *Benchmark Amendments*: If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.4 and the Independent Adviser determines (a) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.4(e), without any requirement for the consent or approval of Securityholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Agents of a certificate signed by an Authorised Signatory pursuant to Condition 4.4(e), the Trustee and the Agents shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed and/or by the execution of an agreement supplemental to or amending the Agency Agreement), and neither the Trustee nor any of the Agents shall be liable to the Issuer, the Securityholders or any other person for any consequences thereof, provided that neither the Trustee nor any of the Agents shall be obliged so to concur if in the opinion of the Trustee and/or the Agents doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee and the Agents in these Conditions or the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4.4(d), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

(e) *Notices, etc.*: Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.4 will be notified promptly by the Issuer to the Trustee, the Agents and, in accordance with Condition 9, the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Securityholders of the same, the Issuer shall deliver to the Trustee and the Agents a certificate signed by an Authorised Signatory:

(i) confirming (I) that a Benchmark Event has occurred, (II) the Successor Rate or, as the case may be, the Alternative Rate, (III) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4.4; and

(ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee and the Agents shall be entitled to rely on such certificate (without liability to any Securityholder or any other person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or any Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents and the Securityholders.

Notwithstanding any other provision of this Condition 4.4, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4.4, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(f) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under Conditions 4.4(a), 4.4(b), 4.4(c) and 4.4(d), the Original Reference Rate will continue to apply unless and until a Benchmark Event has occurred.

(g) *Definitions*: As used in this Condition 4.4:

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Securityholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate;

(iii) (if the Independent Adviser determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(iv) if no such industry standard is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) determines to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.4(b) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for the same distribution period and in the same currency as the Securities;

"**Benchmark Amendments**" has the meaning given to it in Condition 4.4(d);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will within the following six months cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used within the following six months either generally, or in respect of the Securities; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will within the following six months be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for the Principal Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Securityholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above of this definition, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above of this definition, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above of this definition, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement. The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Principal Agent. For the avoidance of doubt, none of the Trustee, the Calculation Agent or the Principal Agent shall have any responsibility for making such determination;

"**Distribution Accrual Period**" means the period beginning on (and including) the Issue 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;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.4(a);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Distribution Rate (or any component part thereof) on the Securities;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of :

  (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates;

  (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable);

  (C) a group of the aforementioned central banks or other supervisory authorities; or

  (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

4.5 **Trustee and Agents Not Obliged to Monitor**

The Trustee and the Agents shall not be under any duty to (and will not be responsible for any loss arising from any failure by any of them to) monitor whether the Issuer may defer Distributions in accordance with Condition 4.3, whether the Issuer has complied with the provisions of Condition 4.3(e) and, unless it has received express notice in writing from the Issuer in accordance with the Trust Deed to the contrary, may assume without investigation that the Issuer has complied with the provisions of Conditions 4.3(e) and 4.3(f). The Trustee may conclusively rely upon any certificate in English signed by an Authorised Signatory of the Issuer certifying compliance with such Conditions without further investigation and shall have no liability for so doing. The Trustee and Agents (except the Calculation Agent) shall not be under any duty to monitor or make any calculation or determination (or any verification thereof any calculation or determination) in connection with the amount of any Distributions, Arrears of Distribution and/or Additional Distribution Amounts and will not be responsible or liable to Securityholders or any other person for any loss arising from any failure by any of them to do so.

4.6 **Calculation**

The Calculation Agent shall, as soon as practicable on each Calculation Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Relevant Reset Distribution Rate or Additional Distribution Amount payable in respect of each Security. The Calculation Agent will cause the Relevant Reset Distribution Rate determined by it to be notified to the Principal Agent, the Trustee, the Registrar, the Transfer Agent and the Issuer as soon as possible after determination but in no event later than five Business Days thereafter. The Issuer shall subsequently give notice thereof to the Securityholders in accordance with Condition 9. All notifications, opinions, determinations, certificates, calculations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Agent and the Securityholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

5 **REDEMPTION, PURCHASE AND CANCELLATION**

5.1 **No Fixed Redemption Date**

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 and without prejudice to Condition 8) only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

5.2 **Early Redemption for Taxation Reasons**

The Issuer may redeem all and not some only of the Securities, at its option, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Securityholders in accordance with Condition 9 (which notice shall be irrevocable) and to the Trustee and the Principal Agent in writing, on the date specified in the Tax Redemption Notice for redemption (the "**Tax Redemption Date**") at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if:

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

(A) the Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

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

(ii) the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

(A) it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncements promulgated thereunder of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment becomes effective on or after 7 September 2021, and

(B) such obligation cannot be avoided by the Issuer taking commercially reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Securities then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 5.2, the Issuer shall deliver to the Trustee:

(a) a certificate signed by an Authorised Signatory stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(b) in the case of a Tax Redemption Notice pursuant to Condition 5.2(i), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5.2(i) or, in the case of a Tax Redemption Notice pursuant to Condition 5.2(ii), an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obligated to pay such additional amounts as a result of such change or amendment or any such change in the general application or official interpretation,

and the Trustee shall be entitled to accept and rely on such certificate, ruling or opinion (as the case may be) as sufficient evidence of the satisfaction of the condition precedent set out above in this Condition 5.2 in which event the same shall be conclusive and binding on the Securityholders.

On the Tax Redemption Date, the Issuer shall redeem the Securities at their principal amount together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

5.3 **Early Redemption for Accounting Reasons**

(a) The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 9 (which notice shall be irrevocable) and to the Trustee and the Principal Agent in writing at 100 per cent of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if an Equity Disqualification Event has occurred.

An "**Equity Disqualification Event**" is deemed to have occurred if, as a result of any changes or amendments to International Financial Reporting Standards as issued by the International Accounting Standards Board and Singapore Financial Reporting Standards (International) (collectively referred to as "**SFRS(I)s**") or any other accounting standards that may replace SFRS(I)s for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Securities must not or must no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

(b) Prior to the publication of any notice of redemption pursuant to this Condition 5.3, the Issuer shall deliver or procure that there is delivered to the Trustee:

(i) a certificate, signed by an Authorised Signatory stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) an opinion of the 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,

and the Trustee may accept such certificate or opinion without further investigation or enquiry and without liability to any Securityholder or any other person,

provided, however that no notice of redemption may be given under this Condition 5.3 earlier than 90 days prior to the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect in relation to the Issuer.

(c) Upon the expiry of any such notice as is referred to in this Condition 5.3, the Issuer shall be bound to redeem the Securities in accordance with this Condition 5.3 *provided that* such date for redemption shall be no earlier than the last day before the date on which the Securities must not or must no longer be so recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

(d) Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether an Equity Disqualification Event or any event which could lead to an Equity Disqualification Event has occurred or may occur and none of them shall be liable to Securityholders, the Issuer or any other person for any loss arising from their not doing so.

5.4 **Early Redemption due to a Tax Deductibility Event**

(a) The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 9 (which notice shall be irrevocable) and to the Trustee and the Principal Agent in writing at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if:

(i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that, as a result of:

(A) any amendment to, or change in, the laws (or any rules, regulations, rulings or other administrative pronouncements promulgated or practice related thereto or thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is made public, enacted, promulgated, issued or becomes effective on or after 7 September 2021; or

(B) any amendment to, or change in, an application or official interpretation of any such laws, rules, regulations, rulings or other administrative pronouncements promulgated or practice related thereto or 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 made public, enacted, promulgated, issued or becomes effective on or after 7 September 2021; or

(C) any applicable official interpretation or pronouncement which is issued or announced on or after 7 September 2021 that provides for a position with respect to such laws, rules, regulations or practice related thereto that differs from the previous generally accepted position, the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer would no longer, or within 90 days of the date of the opinion referred to below in this Condition 5.4 would not, be deductible by the Issuer for Singapore income tax purposes; or

(ii) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not or will no longer be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

(b) Prior to the publication of any notice of redemption pursuant to this Condition 5.4, the Issuer shall deliver to the Trustee:

(i) a certificate signed by an Authorised Signatory, stating that the Issuer is entitled to effect such redemption of the Securities pursuant to this Condition 5.4 and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(ii) in the case where the Issuer proposes to give a notice of redemption pursuant to Condition 5.4(a)(i), an opinion of independent legal or tax advisers of recognised standing to the effect that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect or, in the case of a notice of redemption pursuant to Condition 5.4(a)(ii), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5.4(a)(ii),

and the Trustee shall be entitled to accept and rely on such certificate, ruling or opinion (as the case may be) as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 5.4, in which event the same shall be conclusive and binding on the Securityholders.

5.5 **Early Redemption at the option of the Issuer**

The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Call Date upon giving not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 9 (which notice shall be irrevocable) and to the Trustee and the Principal Agent in writing at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

Upon the expiry of any such notice as is referred to in this Condition 5.5, the Issuer shall be bound to redeem the Securities on the relevant Call Date or date fixed for redemption in accordance with this Condition 5.5.

The notice given by the Issuer pursuant to this Condition 5.5 (the "**Call Option Notice**") shall specify the date for redemption and once delivered, shall be irrevocable. Any Call Option Notice shall specify the Call Option Redemption Date, which shall be a Business Day.

5.6 **Early Redemption in the case of Minimum Outstanding Amount**

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Principal Agent in writing and to the Securityholders in accordance with Condition 9, the Issuer shall redeem all, and not some only, of the Securities on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, prior to the date the relevant Optional Redemption Notice is given, redemptions have been effected in respect of 90 per cent. or more in principal amount of the Securities originally issued (which shall for this purpose include any further Securities issued pursuant to Condition 14).

5.7 **Early Redemption in the case of a Relevant Event**

Following the occurrence of a Relevant Event (as defined below), the Issuer may redeem all, and not some only, of the Securities at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders (which notice shall be irrevocable), at 100 per cent. of their principal amount, together with Distribution accrued (but unpaid) to but excluding the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount).

Within 14 days after it becomes aware of the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and the Principal Agent in writing and to the Securityholders in accordance with Condition 9.

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and none of them shall be liable to Securityholders or any other person for any loss arising from their not doing so.

For the purposes of this Condition 5.7:

a "**Delisting**" occurs when the Shares cease to be listed or admitted to trading on the SGX-ST (or if applicable, the Alternative Stock Exchange);

a "**Prolonged Suspension**" occurs if there is a suspension in trading of the Shares on the SGX-ST (or if applicable, the Alternative Stock Exchange) and such suspension continues for a period of 10 consecutive Trading Days; and

"**Relevant Event**" means the occurrence of any Delisting or Prolonged Suspension arising from or as a result of an application to the relevant stock exchange having been initiated or made by the Issuer.

5.8 **Purchase of Securities**

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Securities at any price in the open market or otherwise. The Securities so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Conditions 8 or 12.1.

5.9 **Cancellation**

All Securities which are redeemed by the Issuer or any of its Subsidiaries will forthwith be cancelled. All Securities which are purchased by the Issuer or any of its Subsidiaries may be surrendered for cancellation or may, at the option of the Issuer or such Subsidiary, be held or resold. Certificates in respect of all Securities cancelled will be forwarded to or to the order of the Registrar and such Securities may not be reissued or resold.

5.10 **Redemption Notices**

All notices to Securityholders given by or on behalf of the Issuer pursuant to this Condition 5 will be irrevocable and will be given in accordance with Condition 9 specifying:

(a) the date for redemption;

(b) the manner in which redemption will be effected;

(c) the aggregate principal amount of the Securities outstanding as at the latest practicable date prior to the publication of the notice; and

(d) such other information as the Trustee may require.

If more than one notice of redemption is given, the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions and none of them shall be liable to the Securityholders, the Issuer or any other person for not doing so.

6 PAYMENTS

6.1 **Method of Payments**

(a) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Securities represented by such Certificates) in the manner provided in Condition 6.1(b) below.

(b) Distributions (including any Arrears of Distribution and any Additional Distribution Amount) on each Security shall be paid by the Issuer, to the person shown on the Register:

(i) where in global form, at the close of business on the fifth Business Day before the due date for payment thereof; or

(ii) where in definitive form, at the close of business on the fifteenth calendar day before the due date for payment thereof (the "**Distribution Record Date**").

Payments of Distributions (including Arrears of Distribution and any Additional Distribution Amount) shall be made by transfer to a registered account maintained by the payee with a bank.

(c) For the purposes of this Condition, a Securityholder's "**registered account**" means the Singapore dollar account maintained by or on behalf of it with a bank that processes payments in Singapore dollars, details of which appear on the register of Securityholders at the close of business on the Distribution Record Date.

6.2 **Partial Payments**

If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Securityholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) being paid is less than the amount then due, the Registrar will annotate the Register with the amount of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) so paid.

6.3 **Payments subject to Applicable Laws**

All payments are subject in all cases to:

(a) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7; and

(b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Securityholders in respect of any such payments.

6.4 **Payment on Business Days**

(a) Payment instructions will be initiated (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) on the Business Day preceding the due date for payment. In the case of a payment of principal and premium (if any) or a payment of Distribution due otherwise than on a Distribution Payment Date, payment will be made on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

(b) Securityholders will not be entitled to distribution or other payment for any delay after the due date in receiving the amount due if:

(i) the due date is not a Business Day; or

(ii) the Securityholder is late in surrendering its Certificate (if required to do so).

In these Conditions, "**Business Day**" means in relation to any place a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 **Agents**

The name of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Principal Agent, the Calculation Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right, subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld), to vary or terminate the appointment of any Agent at any time (subject to the terms of the Agency Agreement) and to appoint additional or other Agents provided that:

(a) there is always a Registrar;

(b) there is always a Principal Agent; and

(c) such other agents as may be required by any stock exchange on which the Securities may be listed.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Securityholders promptly by the Issuer in accordance with Condition 9.

7 TAXATION

7.1 Payment without Withholding

All payments made by or on behalf of the Issuer in respect of the Securities shall be made free from any restriction or condition and be made 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 on behalf of Singapore or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required by law.

In such event, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in the receipt by the Securityholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Tax Amounts shall be payable in respect of any Security:

(a) **Other connection**: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of his having some connection with Singapore, other than the mere holding of the Security or by the receipt of amounts in respect of the Security;

(b) **Presentation more than 30 days after the relevant date**: (in the case of a payment of principal) if the Certificate in respect of such Security is surrendered more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or

(c) **Lawful avoidance**: to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or other administrative pronouncements of a relevant tax authority or by making or procuring that any third party makes a declaration of non-residence or residence or other similar claim for exemption to any tax authority.

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Securities for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

7.2 Interpretation

In these Conditions, "**Relevant Date**" means whichever is the later of:

(a) the date on which such payment first becomes due; and

(b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Securityholders and payment made.

7.3 Additional Amounts

References in these Conditions to principal, premium and Distribution (including any Arrears of Distribution and Additional Distribution Amount) shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 7 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8 ENFORCEMENT EVENTS

8.1 Non-payment when due

Notwithstanding any of the provisions below in this Condition 8, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to, or is required to, defer that Distribution in accordance with Condition 4.3.

8.2 Proceedings for Winding-Up

If:

(a) a final order is made or an effective resolution is passed for the Winding-Up of the Issuer; or

(b) the Issuer shall not make payment in respect of the Securities, for a period of 15 business days or more after the date on which such payment is due,

the Issuer shall be deemed to be in default under the Trust Deed and the Securities and the Trustee may, subject to the provisions of Condition 8.3, institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

8.3 Enforcement Events

Without prejudice to Condition 8.2 but subject to the provisions of Condition 8.4, the Trustee may (but is not obliged to) at its discretion and without notice to the Issuer take such steps and/or actions and/or institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Securities (other than any payment obligation of the Issuer under or arising from the Securities or the Trust Deed, including, without limitation, payment of any principal or premium or satisfaction of any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the taking or such steps or actions and/or 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.

8.4 Entitlement of the Trustee

The Trustee shall not, and shall not be obliged to, take any of the actions referred to in Condition 8.2 or Condition 8.3 above against the Issuer to enforce the terms of the Trust Deed or the Securities unless:

(a) it shall have been so directed by an Extraordinary Resolution of the Securityholders or requested in writing by the Securityholders of at least 25 per cent. in principal amount of the Securities then outstanding; and

(b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

8.5 Right of Securityholders

No Securityholders shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up of the Issuer or claim in the liquidation of the Issuer or 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 to do so within a reasonable period and such failure shall be continuing, in which case the Securityholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 8.

8.6 Extent of Securityholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Securityholders, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or under the Trust Deed.

9 NOTICES

9.1 Notices to the Securityholders

(a) Notices to Securityholders will be valid if published on SGXNET or in a leading newspaper having general circulation in Singapore (which is expected to be the Business Times). If at any time publication in such newspaper is not practicable, notices will be valid if published in such other manner as the Issuer shall determine. Notices will, if published more than once or on different dates, be deemed to have been given on the first date on which publication is made.

(b) Notwithstanding the other provisions of this Condition 9:

(i) in any case where the identity and addresses of all the Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses (with a copy sent to the Trustee) and will be deemed to have been given when received at such addresses; or

(ii) in any case where the electronic mail addresses of the Securityholders are provided to the Issuer by CDP, notices to such holders may also be given individually by electronic mail to such addresses (with a copy sent to the Trustee) and will be deemed to have been given when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication.

9.2 Notices from the Securityholders

Notices to be given by any Securityholder shall be in writing and given by lodging the same, together with the relative Certificate, with the Registrar, or, if the Certificates are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedure.

Whilst the Securities are represented by the Global Certificate and the Global Certificate is held by CDP, such notice may be given by any Securityholder to the Paying Agents through CDP in such manner as the Paying Agents and CDP may approve for this purpose.

10 PRESCRIPTION

Claims for payment in respect of the Securities shall be prescribed and shall become void unless presented for payment within 10 years (in the case of principal) and five years (in the case of Distribution (including any Arrears of Distribution and any Additional Distribution Amount)) from the Relevant Date, as defined in Condition 7.

11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Securityholders upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer may require or, as the case may be, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF SECURITYHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

12.1 Meetings of Securityholders

The Trust Deed contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if it receives a written request from Securityholders holding not less than 25 per cent in aggregate principal amount of the Securities for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Securities for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Securityholders whatever the principal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:

(a) to modify any Call Date or Reset Date;

(b) to modify the circumstances in which the Issuer or Securityholders are entitled to redeem the Securities;

(c) to reduce or cancel the principal amount, any premium payable, any Distribution payable (including any Arrears of Distribution or Additional Distribution Amount) in respect of the Securities or changing the method of calculation of Distribution;

(d) to change the currency of denomination or payment of the Securities;

(e) to modify the provisions concerning the quorum required at any meeting of the Securityholders or the majority required to pass an Extraordinary Resolution,

in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Securities for the time being outstanding; and *provided that* any application of a Successor Rate or Alternative Rate, an Adjustment Spread or any rate determined in accordance with Condition 4.4, as the case may be, and any related Benchmark Amendments shall not constitute a matter which is required to be approved by Extraordinary Resolution. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Securities for the time being outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders. A resolution passed in writing will be binding on all Securityholders whether or not they participated in such written resolution.

12.2 **Modification, Waiver, Authorisation and Determination**

The Trustee may (but shall not be obliged to) agree, without the consent of the Securityholders, to:

(i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Securities or these Conditions (together the "**Documentation**") which in the Trustee's opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or is made to comply with mandatory provisions of law; and

(ii) (ii) any other modification to the Documentation (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 Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Securityholders.

In addition, the Trustee shall be obliged (subject as provided in Condition 4.4(e)) to concur with the Issuer in effecting any Benchmark Amendments in the circumstances set out in Condition 4.4 without the consent of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer to the Securityholders promptly in accordance with Condition 9.

12.3 **Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 12.3 the Trustee shall have regard to the interests of the Securityholders as a class and shall not have regard to the consequences of such exercise for individual Securityholders and the Trustee shall not be entitled to require on behalf of any Securityholder, nor shall any Securityholder be entitled to claim from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Securityholders.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 12.1 or a modification, waiver or authorisation in accordance with Condition 12.2, the Issuer will procure that the Securityholders be notified in accordance with Condition 9.

13 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including from taking any steps and/or actions and/or instituting any proceedings unless indemnified and/or secured and/or pre-funded of its satisfaction and entitling the Trustee to be paid or reimbursed for its fees, costs, expenses, indemnity payments and other amounts and for any liabilities incurred by it in priority to the claims of Securityholders. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Securities of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Securityholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Securityholders. The Trustee shall be entitled to rely on any instructions, direction, request or resolution of Securityholders given by holders of the requisite principal amount of Securities outstanding or passed at a meeting of Securityholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Securityholders by way of an Extraordinary Resolution, and to be indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which in its opinion it may be or become liable and all costs, charges, damages expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be responsible for any loss or liability incurred by any Securityholder or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions or certifications are received. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

The Trustee may rely without liability to Securityholders or any other person on any report, confirmation or certificate or any opinion or advice of any accountants, lawyers, financial advisers, financial institution or any other expert (including without limitation any Independent Adviser), whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Trustee and the Securityholders.

Each Securityholder shall be solely responsible for making, and continuing to make, its own independent appraisal of, and investigation into, the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and no Securityholder shall rely on the Trustee in respect thereof.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Securityholders create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects save for the issue date and the first payment of Distribution in respect thereof) and so that the same shall be consolidated and form a single series with the outstanding Securities constituted by the Trust Deed or any deed supplemental to the Trust Deed. Any further securities to be consolidated and form a single series with the outstanding Securities shall be constituted by a deed supplemental to the Trust Deed, in a form satisfactory to the Trustee, and the provision to the Trustee of such supplemental documents and such further legal opinions as the Trustee may in its discretion require, as further set out in the Trust Deed.

15 RIGHTS OF THIRD PARTIES

No person shall have any right to enforce any term or condition of these Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

16 GOVERNING LAW AND JURISDICTION

16.1 Governing Law

The Trust Deed, the Agency Agreement and the Securities are governed by, and shall be construed in accordance with, Singapore law.

16.2 **Jurisdiction of Singapore Courts**

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Securities and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Securities ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Securityholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

17 ADDITIONAL DEFINITIONS

Terms defined in the Trust Deed and not otherwise defined in these Conditions shall have the same meaning when used herein.

Unless the context otherwise requires, the following terms will have the following meanings in these Conditions:

"**Alternative Stock Exchange**" means at any time, in the case of the Shares, if they are not at that time listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

"**Calculation Date**" means, for the purpose of calculating the Relevant Reset Distribution Rate, the commencement date of the relevant Reset Distribution Period;

"**Call Date**" means the First Call Date and each Distribution Payment Date which falls subsequent to the First Call Date;

"**Compulsory Distribution Payment Event**" means that, during the six months ending on the day before the relevant Distribution Payment Date, either or both of the following have occurred:

(a) a discretionary dividend, distribution or other discretionary payment has been paid or declared by the Issuer on or in respect of its Junior Securities or its Parity Securities (except, in relation to Parity Securities, on a *pro rata* basis); or

(b) the Issuer has at its discretion repurchased, redeemed, cancelled or otherwise acquired any of its Junior Securities or Parity Securities (except, in relation to Parity Securities, on a *pro rata* basis),

except, in either case:

(a) in connection with any Share Scheme Shares/Options; or

(b) as a result of the exchange or conversion of its Parity Securities for its Junior Securities;

"**Distribution Determination Date**" means the day which is two Business Days before the relevant Reset Date;

"**First Call Date**" means 16 September 2024;

"**Initial Spread**" means 2.097 per cent.;

"**Junior Security**" means, in relation to the Issuer, its ordinary shares and any other instruments or securities issued, entered into or guaranteed by the Issuer which ranks, or is expressed to rank, by its terms or by operation of law, junior to the obligations of the Issuer under the Securities;

"**Optional Deferral Notice**" means the notice given by the Issuer, at its sole discretion, to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date;

"**Parity Security**" means, in relation to the Issuer, any instrument or security issued, entered into or guaranteed by the Issuer:

(a) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities; and

(b) for the purposes of Condition 4.3(a) and Condition 4.3(e) only, the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer;

"**Reference Rate**" means:

(a) the 5-year SORA-OIS benchmark rate available on the "OTC SGD OIS" page on Bloomberg under "BGN" appearing under the column headed "Ask" (or such other replacement page thereof or if there is no replacement page, the screen page which is the generally accepted page used by market participants at that time as determined by an independent financial institution (which is appointed by the Issuer and notified in writing to the Calculation Agent)) published at the close of business on the day that is two Business Days preceding the Calculation Date; or

(b) if a Benchmark Event has occurred in relation to the "5-year SORA OIS", such rate as determined in accordance with Condition 4.4;

"**Relevant Reset Distribution Rate**" means the Reference Rate with respect to the relevant Reset Date plus the Initial Spread plus the Step-Up Margin per annum;

"**Relevant Stock Exchange**" means at any time, in respect of the Shares, the SGX-ST or the Alternative Stock Exchange;

"**Reset Date**" means the First Reset Date and each date falling every five calendar years after the First Reset Date;

"**Reset Distribution Period**" means the period beginning on and including the First Reset Date and ending on but excluding the following Reset Date and each successive period beginning on and including a Reset Date and ending on but excluding the next succeeding Reset Date;

"**Shares**" means ordinary shares of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

"**Share Scheme Shares/Options**" means Shares or other securities (including rights or options) issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees (including directors) of the Issuer or any of its Subsidiaries pursuant to any employee share scheme or plan or similar arrangements with or for the benefit of employees, officers, directors or consultants (and which employee share scheme or plan or arrangement is in compliance with the listing rules of the Relevant Stock Exchange).

"**Singapore dollar(s)**" and "**S$**" mean the lawful currency of Singapore;

"**Step-Up Margin**" means 1.00 per cent. per annum;

"**Trading Day**" means a day on which the Relevant Stock Exchange is open for business (other than a day on which the Relevant Stock Exchange is scheduled to or does close prior to its regular weekday closing time); and

"**Winding-Up**" means a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Securities while they are in global form, some of which modify the effect of the terms and conditions of the Securities set out in this Offering Circular. The following is a summary of some of those provisions:

Exchange of Securities Represented by the Global Certificate

Owners of beneficial interests in the Securities in respect of which the Global Certificate is issued will be entitled to have title to the Securities registered in their names and to receive individual definitive registered Certificates if CDP or, as the case may be, an Alternative Clearing System on behalf of which the Securities evidenced by the Global Certificate may be held is closed for business for a continuous period of 14 days or more (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

On or after the Exchange Date, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Certificates in registered form, printed in accordance with any applicable legal and stock exchange requirements and in, or substantially in, the form set out in the Trust Deed. Such definitive Certificates will be registered in the name of the accountholders with the Registrar, and the Registrar shall alter the entries in the Register in respect of the Securities accordingly.

"**Exchange Date**" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which the banks are open for business in the city in which the specified office of the Registrar is located.

The Conditions are modified as follows in so far as they apply to the Securities represented by the Global Certificate as issued.

The statements set out in the legend above are an integral part of the Security or Securities in respect of which the Global Certificate is issued and by acceptance hereof each holder or beneficial owner of the Securities evidenced by the Global Certificate or any owner of an interest in such Securities agrees to be subject to and bound by the terms of such legend.

Transfer of Securities Represented by the Global Certificate

So long as the Securities are represented by the Global Certificate and the Global Certificate is held by CDP, transfers of beneficial interests in the Global Certificate will be effected only through records maintained by CDP.

Transfers of the holding of Securities represented by the Global Certificate pursuant to Condition 3.2 may only be made:

(i) in whole but not in part, if the Securities represented by the Global Certificate are held on behalf of any other clearing system designated by the Issuer and approved in writing by the Trustee, the Principal Agent and the Registrar (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so;

(ii) if the Securities represented by the Global Certificate are held by or on behalf of CDP and (a) an Enforcement Event has occurred and is continuing, (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention permanently to cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Perpetual Securities and to continue performing its duties set out in the CDP Application Form dated on or about the Issue Date made between the Issuer and CDP and no alternative clearing system is available; or

(iii) in whole or in part, with the consent of the Issuer, provided that, in the case of a transfer pursuant to (i) above, the holder of the Securities represented by the Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Securities represented by the Global Certificate is only transferable in whole, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, CDP and/or an Alternative Clearing System.

Meetings

The holder of the Global Certificate shall be treated as having one vote in respect of each S$250,000 principal amount of Securities in respect of which the Global Certificate is issued. The Trustee may allow to attend and speak (but not to vote), at any meeting of Securityholders, any accountholder (or the representative of any such person) of a clearing system with an interest in the Securities in respect of which the Global Certificate is issued on confirmation of entitlement and proof of his identity.

Redemption at the Option of the Issuer

The options of the Issuer provided for in Condition 5.2 ("*Early Redemption for Taxation Reasons*"), Condition 5.3 ("*Early Redemption for Accounting Reasons*"), Condition 5.4 ("*Early Redemption due to a Tax Deductibility Event*"), Condition 5.5 ("*Early Redemption at the Option of the Issue*r"), Condition 5.6 ("*Early Redemption in the case of Minimum Outstanding Amounts*") and Condition 5.7 ("*Early Redemption in the case of a Relevant Event*") shall be exercised by the Issuer giving notice to the Securityholders within the time limits set out in, and containing the information required by, those Conditions.

Trustee's Powers

In considering the interests of Securityholders, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Securities and (b) consider such interests on the basis that such accountholders were the holders of the Securities in respect of which the Global Certificate is issued.

Redemption or Purchase and Cancellation

Cancellation of any Security represented by the Global Certificate following its redemption or purchase will be effected by a reduction in the principal amount of the Securities in the register of Securityholders.

Payments

Payments of principal, premium, Distributions, Arrears of Distribution and/or Additional Distribution Amounts in respect of Securities represented by the Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the Securities, surrender of the Global Certificate to or to the order of the Principal Agent or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose. The Issuer will, for value received, promise to pay Distribution in respect of such Securities from and including the Issue Date in arrear at the rates, on the dates for payment and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Securities represented by the Global Certificate.

Notices

So long as the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of CDP or, as the case may be, any Alternative Clearing System, notices to holders of the Securities shall be given by delivery of the relevant notice to each relevant clearing system (if it so agrees) for communication by it to entitled accountholders in substitution for notification as required by the Conditions, except that the Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given to the Securityholders on the day on which such notice is delivered to CDP or, as the case may be, the Alternative Clearing System.

TAXATION

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, administrative guidelines and circulars 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 Offering Circular 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 below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, 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. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. The statements below are based on the assumption that the Issuer is resident in Singapore for Singapore income tax purposes. It is emphasised that none of the Issuer, the Joint Bookrunners and Lead Managers, the Trustee or the Agents or any of their respective affiliates, advisers, agents, representatives, employees, officers, associates or directors or any person who controls any of them or any other persons involved in the issuance of the Securities 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 made on the assumption that the IRAS regards the Securities as "debt securities" for the purposes of the ITA and that Distributions made in respect of the 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 conditions for the qualifying debt securities scheme are satisfied. If the Securities are not regarded as "debt securities" for the purposes of the ITA, or Distributions made under the Securities are not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions or exemptions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Securities.

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 currently 17 per cent. The applicable withholding tax rate for non-resident individuals is currently 22 per cent. 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.

However, 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.

Characterisation of the Securities

The ITA currently does not contain specific provisions on the Singapore income tax treatment of hybrid instruments (i.e. financial instruments that exhibit both debt-like and equity-like features). However, the IRAS has issued a circular entitled "Income Tax Treatment of Hybrid Instruments" (the "**Hybrid Instruments Circular**") which provides guidance on the factors taken into consideration when determining whether a hybrid instrument is to be treated as a debt or equity instrument for Singapore income tax purposes and the corresponding income tax treatment.

Based on the Hybrid Instruments Circular, the first step in determining the characterisation of a hybrid instrument is to determine its legal form, which involves an examination of the legal rights and obligations created by the instrument. A hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer.

If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors would be examined, which include (but are not limited to):

(a) the nature of interest acquired;

(b) investor's right to participate in the issuer's business;

(c) voting rights conferred by the instrument;

(d) obligation to repay the principal amount of the instrument;

(e) payout;

(f) investor's right to enforce payment;

(g) classification by other regulatory authority; and

(h) ranking for repayment in the event of liquidation or dissolution.

As further provided in the Hybrid Instruments Circular:

(a) if a hybrid instrument is characterised as a debt instrument for Singapore income tax purposes, distributions from the issuer to the investor are regarded as interest; and

(b) if a hybrid instrument issued by a company is characterised as an equity instrument for Singapore income tax purposes, distributions from the issuer to the investors are regarded as dividends.

Where Securities are Regarded as Debt Instruments for Singapore Income Tax Purposes

In the event that the Securities are characterised as debt instruments for Singapore income tax purposes, payments of Distributions (including any Arrears of Distribution and any Additional Distribution Amounts) should be regarded as interest payments. In such event, as the issue of the Securities is jointly lead-managed by DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited, each of which is a Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, and the Securities are issued as debt securities before 31 December 2023, the Securities should be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Securities as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Securities is derived by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS shall not apply if the non-resident person acquires the Securities using the funds and profits of such 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 "**Qualifying Income**") from the Securities paid by the Issuer and derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Securities are not obtained from such person's operations through a permanent establishment in Singapore, are exempt from Singapore income tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Securities as the MAS may require), Qualifying Income from the Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to the Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Securities as the MAS may require,

payments of Qualifying Income derived from the Securities are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(a) if during the primary launch of the Securities, the Securities are issued to fewer than four persons and 50 per cent. or more of the issue of the Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Securities would not qualify as QDS; and

(b) even though the Securities are QDS, if, at any time during the tenure of the Securities, 50 per cent. or more of the Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Securities held by:

(i) any related party of the Issuer; or

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

shall not be eligible for the tax exemption or 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.

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

- "prepayment fee", in relation to debt securities and QDS, 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;

- "redemption premium", in relation to debt securities and QDS, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

- "break cost", in relation to debt securities and QDS, 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.

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

Where interest (including Distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest (including Distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Where Securities are Regarded as Equity Instruments for Singapore Income Tax Purposes

In the event that the Securities are characterised as equity instruments for Singapore income tax purposes and the Distributions are to be treated as dividends in the hands of the Securityholders, the payment of dividends should not be subject to Singapore withholding tax and should be exempt from Singapore income tax in the hands of the Securityholders on the basis that the Issuer is a company tax resident in Singapore. However, any Additional Distribution Amounts (if applicable) in respect of the Securities, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, may be subject to withholding tax on the basis that such amounts may be regarded as interest in nature. See the section "*Interest and Other Payments*" on the applicable withholding tax rates.

Advance Tax Ruling Application

An advance tax ruling will be requested from the IRAS to confirm, amongst other things, whether the IRAS would regard the Securities as "debt securities" for the purposes of the ITA and the Distributions (including Arrears of Distribution and any Additional Distribution Amounts) made under the Securities as interest payable on indebtedness such that the Securityholders may enjoy the tax concessions and exemptions available for QDS under the QDS scheme, as set out in the section "*Interest and Other Payments*".

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by the IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

If the Securities are not regarded as "debt securities" for the purposes of the ITA, the Distributions (including Arrears of Distribution and any Additional Distribution Amounts) made under the Securities are not regarded as interest payable on indebtedness and/or holders thereof are not eligible for the tax concessions or exemptions under the QDS scheme, the tax treatment to holders may differ.

No assurance, warranty or guarantee is given on the tax treatment to the Securityholders in respect of the Distributions payable to them (including Arrears of Distribution and any Additional Distribution Amounts). Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Securities.

Upon receipt of the advance tax ruling requested from the IRAS, the Issuer will provide the relevant details of such advance tax ruling via an announcement shortly after the receipt of the advance tax ruling.

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 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.

Securityholders who apply or are required to apply FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) for Singapore income tax purposes may 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, FRS 109 or SFRS(I) 9 (as the case may be). See the section below on "*Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes*".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Securityholders who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

Estate Duty

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

U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to 1 January 2019 and Securities issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Securities (as described under the Terms and Conditions) that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities.

SUBSCRIPTION AND SALE

This section summarises the Subscription Agreement entered into by the Issuer and the Joint Bookrunners and Lead Managers. It also sets out restrictions on the Offering in various jurisdictions.

SUBSCRIPTION AGREEMENT

The Joint Bookrunners and Lead Managers have entered into a subscription agreement dated 7 September 2021 with the Issuer (the "**Subscription Agreement**"). Upon the terms and subject to the conditions contained therein, the Joint Bookrunners and Lead Managers have agreed to subscribe or procure subscribers for the aggregate principal amount of the Securities at the Issue Price.

Fees and expenses

The Issuer has agreed to pay certain underwriting fees to the Joint Bookrunners and Lead Managers and to reimburse the Joint Bookrunners and Lead Managers for certain of their respective expenses incurred in connection with the management of the Offering and the issue of the Securities.

Representations, warranties and undertakings

The Issuer makes various representations and warranties including but not limited to representations and warranties in relation to this Offering Circular, compliance with the SGX-ST Listing Rules and the constitutional documents of the Issuer. The Issuer also warrants that it has the power and authority to issue the Securities and to enter into and comply with the terms of the Subscription Agreement, the Trust Deed and the Agency Agreement.

Termination events

The Subscription Agreement provides that the Issuer will indemnify the Joint Bookrunners and Lead Managers against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of the Joint Bookrunners and Lead Managers are subject to certain conditions precedent, and entitles the Joint Bookrunners and Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Bookrunners and Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Bookrunners and Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with the offering of the Securities, the Joint Bookrunners and Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Securities for their own account and such orders, allocations or trading of the Securities may be material. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering of the Securities. Accordingly, references herein to the offering of the Securities should be read as including any offering of the Securities to the Joint Bookrunners and Lead Managers and/or their respective affiliates, or affiliates of the Issuer as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Securities may be impacted.

Furthermore, it is possible that a significant proportion of the Securities may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Securities may be constrained. The Issuer and the Joint Bookrunners and Lead Managers are under no obligation to disclose the extent of the distribution of the Securities amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Bookrunners and Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Securities and could adversely affect the trading price and liquidity of the Securities. The Joint Bookrunners and Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Securities or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Securities or other financial instruments of the Issuer.

SELLING RESTRICTIONS

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

None of the Issuer or the Joint Bookrunners and Lead Managers makes any representation that any action will be taken in any jurisdiction by any of the Joint Bookrunners and Lead Managers or the Issuer that would permit a public offering of the Securities, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each of the Joint Bookrunners and Lead Managers has undertaken that it will not, directly or indirectly, offer, sell or deliver Securities or has in its possession or distributes this Offering Circular or any such other material in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance in all material respects with any applicable laws and regulations and all offers of the Securities by it will be made on the same times, in all cases at its own expense. Without prejudice to the generality of the above, each of the Joint Bookrunners and Lead Managers agreed that it will obtain all consents, approvals and/or permissions which, to the best of its knowledge and belief, are required for the offer, purchase, delivery or sale of it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers purchases, delivery or sales.

United States

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

Each of the Joint Bookrunners and Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, 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. Terms used in this paragraph have the meanings given to them by Regulation S.

The Securities are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

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

Prohibition of Sales to EEA Retail Investors

Each of the Joint Bookrunners and Lead Managers has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the EEA. For the purposes of this paragraph, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to United Kingdom Retail Investors

Each of the Joint Bookrunners and Lead Managers has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the UK. For the purposes of this paragraph, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

Each of the Joint Bookrunners and Lead Managers has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Singapore

Each of the Joint Bookrunners and Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Bookrunners and Lead Managers 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 Offering Circular or any other documents or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA;

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; 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 or securities-based derivatives contracts (each term as defined in Section 2(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:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(6) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Hong Kong

Each of the Joint Bookrunners and Lead Managers has represented, warranted and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; 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 (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the 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 the 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 SFO and any rules made under the SFO.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Joint Bookrunners and Lead Managers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

GENERAL INFORMATION

1. The Issuer's corporate head office and principal place of business is located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

2. The Principal Agent for the Securities is The Bank of New York Mellon, Singapore Branch and the Registrar and the Transfer Agent for the Securities are The Bank of New York Mellon, Singapore Branch. As of the date of this Offering Circular, their respective specified offices are located at One Temasek Avenue, #02-01, Millenia Tower, Singapore 039192.

3. The Calculation Agent for the Securities is The Bank of New York Mellon, Singapore Branch at its specified office which, as of the date of this Offering Circular, is located at One Temasek Avenue, #02-01, Millenia Tower, Singapore 039192.

4. The issue of the Securities and the terms of the Offering were approved by resolutions of the Board of Directors of the Issuer passed on 6 September 2021.

5. For so long as any of the Securities is outstanding, copies of the Trust Deed and the Agency Agreement will be available for inspection by Securityholders at the principal office for the time being of the Trustee (being, at the date of this Offering Circular, at One Temasek Avenue, #02-01, Millenia Tower, Singapore 039192) and at the specified office of the Principal Agent at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.) following, in each case, prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Agent.

6. The Legal Entity Identifier of the Issuer is 254900SQ7IPDOY6IDW33.

7. The audited annual consolidated financial statements of the Group for the financial years ended and as at 31 December 2019 and 31 December 2020 have been audited by PricewaterhouseCoopers LLP, as the independent auditors to the Issuer, as stated in their reports appearing therein.

8. An application will be made to the SGX-ST for permission to deal in and quotation for the Securities on the Official List of the SGX-ST. Such permission will be granted when the 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 in this Offering Circular. There is no assurance that the application to the SGX-ST for the listing of the Securities will be approved. Admission of the Securities to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Issuer's subsidiaries, the Issuer's associated companies (if any) or the Securities.

INDEX TO FINANCIAL STATEMENTS

The information in this section has been reproduced from (a) the annual report of the Issuer and its subsidiaries for the financial years ended 31 December 2019 and 2020 and (b) the unaudited condensed consolidated interim financial statements for the half year ended 30 June 2021 available on the SGX-ST and have not been specifically prepared for inclusion in this Offering Circular.

Audited annual financial statements for the year ended 31 December 2019

Directors' Statement F-3

Independent Auditor's Report F-10

Balance Sheets F-23

Consolidated profit and loss account for the year ended 31 December 2019 . . . . F-24

Consolidated statement of comprehensive income for the year ended 31 December 2019 . . . . . F-25

Statements of changes in equity for the year ended 31 December 2019 . . . . F-26

Consolidated statement of cash flows for the year ended 31 December 2019 . . . . F-29

Notes to the financial statements F-33

Significant subsidiaries, associated companies and joint ventures F-119

Audited annual financial statements for the year ended 31 December 2020

Directors' Statement F-134

Independent Auditor's Report F-141

Balance Sheets F-156

Consolidated profit and loss account for the year ended 31 December 2020 . . . . F-157

Consolidated statement of comprehensive income for the year ended 31 December 2020 . . . . . F-158

Statements of changes in equity for the year ended 31 December 2020 . . . . F-159

Consolidated statement of cash flows for the year ended 31 December 2020 . . . . F-162

Notes to the financial statements F-166

Significant subsidiaries, associated companies and joint ventures F-255

SGX-ST announcement dated 27 July 2021 on the Group's unaudited results for the half year ended 30 June 2021 . . . . F-265

KEPPEL CORPORATION LIMITED
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

CONTENTS

	Page
DIRECTORS' STATEMENT	1 - 7
INDEPENDENT AUDITOR'S REPORT	8 - 20
BALANCE SHEETS	21
CONSOLIDATED PROFIT AND LOSS ACCOUNT	22
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	23
STATEMENTS OF CHANGES IN EQUITY	24 - 26
CONSOLIDATED STATEMENT OF CASH FLOWS	27 - 30
NOTES TO THE FINANCIAL STATEMENTS	31 - 116
SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES	117 - 129

DIRECTORS' STATEMENT
For the financial year ended 31 December 2019

The Directors present their statement together with the audited consolidated financial statements of the Group, and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

In the opinion of the directors, the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company as set out on pages 21 to 26, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and the financial performance, changes in equity and the cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

The Directors of the Company in office at the date of this statement are:

Lee Boon Yang (Chairman)
Loh Chin Hua (Chief Executive Officer)
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Till Bernhard Vestring
Veronica Eng
Jean-François Manzoni
Teo Siong Seng (appointed on 1 November 2019)
Tham Sai Choy (appointed on 1 November 2019)
Penny Goh (appointed on 2 January 2020)

2. AUDIT COMMITTEE

The Audit Committee of the Board of Directors comprises six independent non-executive Directors. Members of the Committee are:

Danny Teoh (Chairman)
Alvin Yeo Khirn Hai
Tan Ek Kia
Veronica Eng
Tham Sai Choy (appointed on 1 February 2020)
Penny Goh (appointed on 1 February 2020)

The Audit Committee carried out its function in accordance with the Singapore Companies Act, including the following:

- Reviewed financial statements and announcements relating to financial performance, and significant financial reporting issues and judgments contained in them;
- Reviewed the adequacy and effectiveness of financial, operational, compliance and information technology controls, as well as risk management in relation to financial reporting and other financial-related risks;
- Reviewed the Board's comment on the adequacy and effectiveness of the Group's internal control systems, and state whether it concurs with the Board's comments; and if there are material weaknesses identified in the Group's internal controls, to consider and recommend the necessary steps to be taken to address them;
- Reviewed the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's internal control systems;
- Reviewed audit scopes, plans and reports of the Company's external and internal auditors and considered effectiveness of actions taken by management on the recommendations and observations;

- Reviewed the adequacy, effectiveness, independence and objectivity of the external auditors and internal auditors annually;
- Reviewed the scope and results of the external audit function and internal audit function;
- Reviewed the nature and extent of non-audit services performed by external auditors;
- Met with external auditors and internal auditors, without the presence of management, at least annually;
- Ensured that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company, at least annually;
- Reviewed the whistle-blower policy and the Company's procedures for detecting and preventing fraud and other arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- Reviewed interested person transactions;
- Investigated any matters within the Audit Committee's terms of reference, whenever it deemed necessary;
- Reported to the Board on material matters, findings and recommendations;
- Reviewed the Audit Committee's terms of reference annually and recommended proposed changes to the Board for approval; and
- Ensured the Head of Internal Audit and external auditors have direct and unrestricted access to the Chairman of the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP for re-appointment as independent auditors and approved the remuneration and terms of engagement at the forthcoming Annual General Meeting of the Company.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the KCL Restricted Share Plan, KCL Performance Share Plan and Remuneration Shares to Directors of the Company.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	Holdings At		
	1.1.2019 or date of appointment, if later	31.12.2019	21.1.2020
Keppel Corporation Limited			
(No. of ordinary shares)			
Lee Boon Yang	290,000	322,000	322,000
Loh Chin Hua	895,341	1,310,592	1,310,592
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Alvin Yeo Khirn Hai	44,225	51,225	51,225
Alvin Yeo Khirn Hai (deemed interest)	42,000	42,000	42,000
Tan Ek Kia	42,825	51,825	51,825
Danny Teoh	73,825	83,825	83,825
Till Bernhard Vestring	74,000	81,000	81,000
Veronica Eng	19,000	28,000	28,000
Jean-François Manzoni	-	1,000	1,000
Tham Sai Choy	155,570	155,570	155,570
Penny Goh	-	-	30,000

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

	Holdings At		
	1.1.2019	31.12.2019	21.1.2020
Keppel Corporation Limited			
(Unvested restricted shares to be delivered after 2016)			
Loh Chin Hua	60,000	-	-
(Unvested restricted shares to be delivered after 2017)			
Loh Chin Hua	181,568	90,784	90,784
(Unvested restricted shares to be delivered after 2018)			
Loh Chin Hua	-	174,936	174,936
(Contingent award of performance shares issued in 2016 to be delivered after 2018)[1]			
Loh Chin Hua	300,000	-	-
(Contingent award of performance shares issued in 2017 to be delivered after 2019)[1]			
Loh Chin Hua	330,000	330,000	330,000
(Contingent award of performance shares issued in 2018 to be delivered after 2020)[1]			
Loh Chin Hua	320,000	320,000	320,000
(Contingent award of performance shares issued in 2019 to be delivered after 2021)[1]			
Loh Chin Hua	-	365,000	365,000
(Contingent award of performance shares – Transformation Incentive Plan issued in 2016 to be delivered after 2021)[1]			
Loh Chin Hua	750,000	750,000	750,000

[1] Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

5. SHARE OPTIONS OF THE COMPANY

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

No options to take up Ordinary Shares ("Shares") were granted during the financial year. There were 44,000 Shares issued by virtue of exercise of options and options to take up 935,285 Shares were cancelled during the financial year. At the end of the financial year, there were 910,900 Shares under option as follows:

	Number of Share Options					
Date of grant	Balance at 1.1.2019	Exercised	Cancelled	Balance at 31.12.2019	Exercise price	Date of expiry
05.02.09	68,600	(44,000)	(24,600)	-	$3.07	04.02.19
06.08.09	688,385	-	(688,385)	-	$6.86	05.08.19
09.02.10	1,133,200	-	(222,300)	910,900	$6.89	08.02.20
	1,890,185	(44,000)	(935,285)	910,900		

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

6. SHARE PLANS OF THE COMPANY

The KCL Performance Share Plan ("KCL PSP") and KCL Restricted Share Plan ("KCL RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

Details of share plans awarded under the KCL PSP, KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP"), KCL RSP and KCL RSP-Deferred Shares are disclosed in Note 3 to the financial statements and as follows:

Contingent awards:

	Number of shares					
Date of Grant	Balance at 1.1.2019	Contingent awards granted	Adjustment upon release	Released	Cancelled	Balance at 31.12.2019
KCL PSP						
29.4.2016	645,000	-	(264,400)	(380,600)	-	-
28.4.2017	1,070,000	-	-	-	-	1,070,000
30.4.2018	1,180,000	-	-	-	-	1,180,000
30.4.2019	-	1,635,000	-	-	-	1,635,000
	2,895,000	1,635,000	(264,400)	(380,600)	-	3,885,000
KCL PSP-TIP						
29.4.2016	3,935,967	-	-	-	(350,000)	3,585,967
28.4.2017	2,030,000	-	-	-	(30,000)	2,000,000
	5,965,967	-	-	-	(380,000)	5,585,967

6. **SHARE PLANS OF THE COMPANY** (continued)

Awards:

Date of Grant	Balance at 1.1.2019	Awards granted	Adjustment upon release	Released	Cancelled	Balance at 31.12.2019
	Number of shares					
KCL RSP-Deferred shares						
15.2.2019	-	3,908,536	-	(3,908,536)	-	-
18.4.2019	-	325,635	-	(325,635)	-	-
	-	4,234,171	-	(4,234,171)	-	-

Awards released but not vested:

Date of Grant	Balance at 1.1.2019	Released	Vested	Cancelled	Other adjustments	Balance at 31.12.2019
	Number of shares					
KCL PSP						
29.4.2016	-	380,600	(380,600)	-	-	-
	-	380,600	(380,600)	-	-	-
KCL RSP						
31.3.2014	4,200	-	-	(600)	-	3,600
31.3.2015	11,000	-	-	(3,700)	-	7,300
29.4.2016	1,614,918	-	(1,565,032)	(34,545)	-	15,341
	1,630,118	-	(1,565,032)	(38,845)	-	26,241
KCL RSP-Deferred shares						
23.2.2018	2,586,237	-	(1,276,901)	(94,045)	(492)	1,214,799
15.2.2019	-	3,908,536	(1,312,115)	(106,166)	(2,165)	2,488,090
18.4.2019	-	325,635	(112,660)	(3,300)	-	209,675
	2,586,237	4,234,171	(2,701,676)	(203,511)	(2,657)	3,912,564

6. SHARE PLANS OF THE COMPANY (continued)

No Director of the Company received any contingent award of Shares granted under the KCL RSP and KCL PSP, except for the following:

Contingent awards:

	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP					
Executive Director					
Loh Chin Hua	-	644,757	-	(644,757)	-
KCL PSP					
Executive Director					
Loh Chin Hua	365,000	1,885,814	(624,014)	(246,800)	1,015,000
KCL PSP-TIP					
Executive Director					
Loh Chin Hua	-	750,000	-	-	750,000

Awards:

	Awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP-Deferred shares					
Executive Director					
Loh Chin Hua	262,403	534,755	-	(534,755)	-

6. SHARE PLANS OF THE COMPANY (continued)

Awards released but not vested:

	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
KCL RSP			
Executive Director			
Loh Chin Hua	644,757	(644,757)	-
KCL RSP-Deferred shares			
Executive Director			
Loh Chin Hua	534,755	(269,035)	265,720
KCL PSP			
Executive Director			
Loh Chin Hua	246,800	(246,800)	-

No Director or employee received 5% or more of the total number of contingent award of Shares granted during the financial year and aggregated to date, except for the following:

	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
Executive Director		
Loh Chin Hua	10.7%	6.5%

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP, KCL RSP-Deferred shares, the KCL PSP and the KCL PSP-TIP.

7. INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board

LEE BOON YANG
Chairman

LOH CHIN HUA
Chief Executive Officer

Singapore, 27 February 2020

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Keppel Corporation Limited
For the financial year ended 31 December 2019

Report on the audit of the financial statements

Our Opinion
In our opinion, the accompanying consolidated financial statements of Keppel Corporation Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019, the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

What we have audited
The financial statements of the Group and of the Company comprise:

- the balance sheets of the Group and of the Company as at 31 December 2019;
- the consolidated profit and loss account of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of changes in equity of the Group and of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion
We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence
We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Keppel Corporation Limited
For the financial year ended 31 December 2019

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Recoverability of contract assets and stocks (work-in-progress) in relation to the Offshore and Marine ("O&M") business unit *(Refer to Notes 2.27(iii), 14 and 15 to the financial statements)*	
As at 31 December 2019, the Group has: (i) Stocks (work-in-progress) ("WIP") amounting to \$599 million (after a provision of \$50 million made in prior year); and (ii) contract assets relating to certain rigbuilding contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, amounting to \$1,432 million (after a provision for expected credit loss of \$21 million made in prior year). We focused on this area because significant judgment and assumptions are required in: (i) estimating the net realisable values ("NRV") of the WIP balance; and (ii) estimating the expected credit loss of the contract asset balance. In determining whether the NRV of the WIP exceeds its carrying amount, management has considered arrangements to market the WIP and estimated its NRV based on the DCF model. NRV of the WIP was estimated to be above the carrying value at the balance sheet date. For contract assets relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, in the event that the customers are unable to fulfil their contractual obligations, the Group can exercise its right to retain payments received to date and take legal possession of the rigs under construction. Management has assessed if the values of the rigs would exceed the carrying values of the contract assets. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using DCF calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include dayrates and discount rates. Arising from management's assessment, no additional expected credit loss provision was required against contract assets in 2019.	We reviewed management's assessment of the NRV of the WIP and the recovery of the contract assets balance. We assessed the most significant inputs to the Discounted Cash Flow ("DCF") calculations and engaged our valuation specialists to review the discount rates applied. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's judgment around the NRV of the WIP and the recovery of contract assets to be appropriate. In respect of the independent professional firm, we found that it possessed the requisite competency and experience to assist management in the assessment of the valuation. We also found the disclosures in the financial statements in respect of the critical judgment and sources of estimation uncertainty to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment of investments in associated companies *(Refer to Note 10 to the financial statements)* As at 31 December 2019, the Group has investments in associated companies with a carrying value amounting to $6,351 million. Significant associated companies where impairment indicators exist included KrisEnergy Limited and Floatel International Limited.	
Investment in KrisEnergy and related exposures The Group has a 40% equity interest in KrisEnergy Limited ("KrisEnergy"), an associated company listed on the Singapore Exchange. KrisEnergy is an independent upstream company focused on the production and development of oil and gas in the basins of Southeast Asia. As at 31 December 2019, the carrying amount of the Group's investment in KrisEnergy amounted to $74 million (after a full impairment write down of $37 million in the current year on equity shares), comprising zero-coupon notes. In addition, the Group also has $21 million of contract assets in relation to a construction contract for a production barge for KrisEnergy and, through a bilateral agreement between the Group and a bank, guaranteed $263 million in respect of the bank loan granted to KrisEnergy (Note 10). The zero-coupon notes and guarantee are secured on the assets of KrisEnergy. On 14 August 2019, KrisEnergy requested for a suspension of trading of its shares on the Singapore Exchange and applied for a debt moratorium. The High Court of Republic of Singapore approved the application for an initial period of three months up to 14 November 2019. At the date of these financial statements, the debt moratorium was extended to 27 May 2020. In November 2019, KrisEnergy announced that a restructuring plan was in the process of being developed by KrisEnergy's management together with its consultants. Management performed an impairment assessment to estimate the recoverable amount of the Group's exposure in KrisEnergy as at 31 December 2019. With assistance from its financial advisor, management estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights.	We read recent public announcements made by KrisEnergy to obtain an understanding of the financial position of KrisEnergy and its ability to repay its debt obligations. For cash flows estimated by KrisEnergy from an asset under development, we evaluated the reasonableness of the estimates and assumptions in the cash flow projections, with focus on the estimates of reserves available and estimated future oil prices of US$63 to US$70 per barrel for 2020 to 2028. For cash flows relating to producing assets, we evaluated the reasonableness of the estimates by assessing historical performance. For non-performing or underperforming assets, we obtained an understanding on the progress of each proposed sale transaction and the bid prices received. In respect of the financial advisor for the Group, we assessed that it possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of KrisEnergy. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found the significant estimates and key assumptions in determining the available cash flows for the Group's investment in KrisEnergy to be reasonable and the related disclosures to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment of investments in associated companies (cont'd) *Investment in KrisEnergy and related exposures (cont'd)* Based on the result of the assessment, an impairment loss of $37 million was recognised in 2019 to fully write down the carrying amount of the investment. No impairment allowances were made against the zero-coupon notes and contract assets and no liabilities were recorded for the Group's guarantee given to the bank for the loan granted to KrisEnergy as the Group has priority over the cash flows on the assets of KrisEnergy. Management will continue to evaluate the above assessment when a restructuring plan is presented by KrisEnergy in due course, which may give rise to adjustments to be made. We focused on this area as the assessment of the recoverable amount required management to make projections of cash flows arising from producing assets and assets under development in which several estimates and key assumptions were applied.	
Investments in Floatel International Limited The Group has a 49.92% equity interest in Floatel International Limited ("Floatel"). Floatel operates a fleet of five semisubmersible accommodation and construction support vessels for the offshore oil and gas industry. The carrying amount of the Group's investment in Floatel amounted to $477 million as at 31 December 2019 (2018: $524 million), comprising $311 million in equity shares (2018: $362 million), $10 million in preference shares (2018: $22 million) and $156 million in long term receivables (2018: $140 million). During the financial year ended 31 December 2019, the Group had equity accounted for $51 million as their share of loss of Floatel's results (2018: profit of $11 million) which included impairment losses on the carrying value of Floatel's three vessels amounting to $20 million (2018: $nil). The recoverable amount of the vessels were determined on their value-in-use, using a DCF model. In November 2019, credit rating agencies downgraded Floatel's credit rating, citing market environment for accommodation vessels remaining difficult with limited activity and pressure on dayrates. The rating agencies also commented that if Floatel fails to contract work for its idle vessels in the near future, it may not be able to meet its leverage covenant at its first test at the year-end 2020.	We evaluated the appropriateness of the key inputs used in the estimation of the recoverable amount of Floatel's vessels as part of the impairment review of the vessels. We read recent public announcements made by the credit rating agencies to obtain an understanding of circumstances and impact arising from the credit downgrading. We read the public announcement made by Floatel on its financial results for the year ended 31 December 2019. We discussed with management to obtain an understanding of the basis of the going concern assumption, as well as the cash flow projections. We corroborated the information obtained to the cash flow projections used in the vessel impairment review, reports and analyses from advisors, as well as our understanding of the business environment that Floatel is operating in. We discussed with management their evaluation of the going concern assessment made by Floatel. We also assessed the adequacy of the disclosures in the financial statements in respect of this matter.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment of investments in associated companies (cont'd) *Investments in Floatel International Limited (cont'd)* Floatel subsequently reported that its financial situation is unsustainable as liquidity is under pressure. There is a material uncertainty as to whether Floatel will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which cast significant doubt on Floatel's ability to continue as a going concern. The long term viability of Floatel's business depends on it finding a solution to its financial situation and Floatel management has initiated discussions with key creditors, in which, in the view of Floatel's board of directors, there is reasonable expectations of success. In a situation where going concern for Floatel no longer can be assumed, there is a risk for significant write down of its assets. Based on information currently available, the Group's management concurred with the judgment made by Floatel's management and board of directors in relation to this matter. If Floatel could not continue to be a going concern, the carrying amount of the Group's investment in Floatel may be subject to significant write down. We focused on this area as the assessment of the going concern of Floatel required management to evaluate the basis used by Floatel management in which several estimates and key assumptions were applied.	Based on the procedures performed, we found management's assessment to be consistent with the results of the audit procedures performed. We also found the disclosures in the financial statements in respect of this matter to be adequate

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Financial exposure in relation to contracts with Sete Brasil *(Refer to Note 12 to the financial statements)*	
The Group's customer, Sete Brasil ("Sete") filed for bankruptcy protection on 21 April 2016. The Group had previously entered into Engineering, Procurement and Construction ("EPC") contracts with Sete for the construction of six semisubmersible drilling rigs. Sete stopped making payments to the Group under these contracts since November 2014. The Group suspended construction of these six rigs in November 2015. The total cumulative expected losses recognised on these contracts amounted to $476 million. On 3 October 2019, Sete's creditors approved a settlement agreement between the Group and Sete, as well as a proposal by Magni Partners (Bermuda) Ltd ("Magni") to purchase Sete's four subsidiaries, of which two have EPC contracts with the Group. Under the settlement agreement with Sete, which is subject to fulfilment of certain conditions precedent, the Group would take over ownership of four uncompleted rigs arising from the performance of the above EPC contracts. When the settlement agreement comes into effect, the EPC contracts and related agreements entered for these uncompleted rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US$260 million included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan. As at the date of these financial statements, management is in discussions with Magni on the terms to complete the construction of the two rigs with EPC contracts with the Group. Management estimated the net present value of the cash flows relating to the impending construction contracts for the two rigs with Magni. In addition, management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts for four undelivered rigs, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan. Arising from the above assessment, management is of the opinion that the provision of $183 million (included in provision for loss allowance in trade debtors (Note 12) (2018: $183 million) and $245 million (included in sundry creditors, Note 20) (2018: $245 million) are adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to these EPC contracts.	We reviewed the terms of each contract and correspondences with Sete or its authorised representatives to validate the assumptions applied by management. For the two impending EPC contracts with Magni, we assessed the amount and timing of gross cash inflows from Magni to the term sheet. We also assessed the total cost of completing the construction of the rigs through discussions with project managers and corroborating the amounts to an approved budget plan. We obtained management's calculation of the discount rate used and evaluated its reasonableness based on our understanding of the settlement agreement with Magni. For the remaining four undelivered rigs, we reviewed management's computation of the provisions recognised during the year and corroborated the inputs against supporting documents and externally available information. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's assessment in respect of the provisions for expected credit loss and contract related costs from these contracts to be reasonable. We also found that the disclosures in the financial statements in respect of this matter to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
4. Global resolution with criminal authorities in relation to corrupt payments *(Refer to Note 2.27(iii) to the financial statements)*	
In December 2017, a wholly-owned subsidiary, Keppel Offshore and Marine Ltd ("KOM") reached a global resolution with the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, the U.S. Department of Justice ("DOJ"), and the Public Prosecutor's Office in Brazil, Ministério Público Federal ("MPF") in relation to corrupt payments made in Brazil by Zwi Skornicki, a former agent of certain Keppel subsidiaries in the O&M division. As part of the global resolution with the authorities, the Group had also committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. As of the date of these financial statements, Keppel O&M entities in Singapore, Brazil, Bulgaria, China, India, Philippines, UAE and USA had secured certification of the ISO 37001 Anti-Bribery Management System. Anti-bribery and corruption compliance audits were also performed on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended. The audits performed in 2018 had, however, identified certain matters relating to contracts entered into several years ago which required follow-up actions and further review. The follow-up actions and further review were concluded in 2019. Based on currently available information, management is of the opinion that no additional provisions is required. We focused on this area because of the management judgment required in determining whether additional provision is required.	We obtained understanding of management's compliance and governance regime, including the progress of its implementation, through enquiries of appropriate personnel within the Group and attendance at the board of directors' meetings. We read the reporting by KOM to DOJ and CPIB and sighted the ISO 37001 certificate. We discussed with management to understand the results of the anti-bribery and corruption compliance audits performed during the year. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found that the disclosures in the financial statements to be adequate. Based on our procedures and representations obtained from management, we found management's assessment of the matter to be appropriate.

Key Audit Matter	How our audit addressed the Key Audit Matter
5. Revenue recognition based on measurement of progress towards performance obligation *(Refer to Note 2.20 and 24 to the financial statements)* During the year, the Group recognised $2,419 million of revenue relating to its rigbuilding, shipbuilding and repairs, and long term engineering contracts ("construction contracts"). The Group recognises revenue over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion was measured by reference to either the percentage of the physical proportion of the contract work completed or the proportion of contract costs incurred to date to the estimated total contract costs. We focused on this area because of the significant management judgment required in: • the estimation of the physical proportion of the contract work completed for the contracts; and • the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, and claims.	In respect of construction contracts where progress was measured based on the percentage of the physical proportion of the contract work completed, we sighted certified progress reports from engineers, performed site visits, and obtained confirmations from project owners to assess the appropriateness of management's estimates of the physical proportion of work completed. In respective of construction contracts where progress was measured based on the proportion of contract costs incurred to date to the estimated total contract costs, we evaluated the effectiveness of management's controls over the estimation of total costs and assessed the reasonableness of key inputs in the cost estimation. We tested the appropriateness of estimated costs by comparing these against actual costs incurred. We then recomputed the revenues recognised for the current financial year based on the respective percentage of completion and traced these to the accounting records. We also considered the adequacy of the Group's disclosures in respect of this matter. Based on our procedures, we found that assumptions made in the measurement of the progress of construction contracts to be reasonable. We also found the disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
6. Valuation of properties held for sale *(Refer to Note 14 to the financial statements)* At 31 December 2019, the Group had residential properties held for sale of $4,632 million mainly in China, Singapore, Indonesia and Vietnam. Properties held for sale are stated at the lower of cost and net realisable values. The determination of the carrying value and whether to recognise any foreseeable losses for properties held for sale is highly dependent on the estimated cost to complete each development and the estimated selling price. For certain development projects, fair values based on independent valuation reports are used to determine the net realisable value of these properties. We focused on this area as significant judgment is required in making estimates of future selling prices and the estimated cost to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the discount rate and price of comparable plots and properties. Continued unfavourable market conditions in certain of the markets in which the Group operates might exert downward pressure on transaction volumes and residential property prices. This could lead to future trends in these markets departing from known trends based on past experience. There is, therefore, a risk that the estimates of carrying values at the date of these financial statements exceed future selling prices, resulting in losses when the properties are sold.	We found that, in making its estimates of future selling prices, the Group took into account macroeconomic and real estate price trend information. Management applied their knowledge of the business in their regular review of these estimates. We corroborated the Group's forecast selling prices by comparing the forecast selling price to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held for sale. We compared management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated cost to complete and corroborated the underlying assumptions made with our understanding of past completed projects. For projects where management has used independent valuation reports as a basis to determine the net realisable value, we evaluated the qualifications and competence of the external valuer and considered the valuation methodologies used against those applied by other valuers for similar property type. We tested the reliability of inputs used in the valuation and corroborated key inputs such as the discount rate and price of comparable plots and properties used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers. We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computations of the foreseeable losses. We also considered the adequacy of the disclosures in the financial statements, in describing the allowance for foreseeable losses made for properties held for sale. Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
7. Valuation of investment properties *(Refer to Note 7 and Note 34 to the financial statements)* At 31 December 2019, the Group owns a portfolio of investment properties of $3,022 million comprising office buildings, hotels, retail malls and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam. Investment properties are stated at their fair values based on independent external valuations. We focused on this area as the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied such as the capitalisation rate, discount rate, net initial yield and price of comparable plots and properties.	We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the reliability of inputs of the projected cash flows used in the valuation to supporting lease agreements and other documents. We corroborated the inputs such as the capitalisation rate, net initial yield, discount rate and price of comparable plots used in the valuation methodology by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the reasons for these and, where necessary, held further discussions with the valuers. We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates. The valuers are members of recognised professional bodies for external valuers. We found the valuation methodologies used to be in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
8. Purchase price allocation ("PPA") and impairment assessment of goodwill arising from acquisition of subsidiary – M1 Limited ("M1") *(Refer to Note 2.27(ii) and Note 36 to the financial statements)*	
Purchase price allocation On 15 February 2019, the Group obtained controlling interest in M1 for a purchase consideration of $1,232 million through an 80% owned subsidiary. The Group performed a PPA exercise for the acquisition, where the purchase consideration was allocated to the fair value of the identifiable assets acquired and liabilities assumed, resulting in the recognition of goodwill of $988 million on the investment in M1. As part of the PPA exercise, management identified intangible assets relating to brand, and subscriber relationships and contracts, and performed an estimation of the fair value of the identifiable assets acquired and liabilities assumed. In this exercise, management engaged independent valuers to perform the valuation of certain assets of M1, including spectrum rights and licenses, network assets, application systems and leasehold buildings. We focused on this area as the determination of fair values of the identifiable assets acquired and liabilities assumed, including the identification of intangible assets, required significant management judgment in estimating the underlying assumptions to be applied.	We obtained and read the Sales and Purchase Agreement and identified critical terms with accounting impact, including the purchase consideration and determined the acquisition date to be 15 February 2019. We engaged our valuation specialists in assessing the methodology applied in the PPA exercise and the appropriateness of the key assumptions used in determining the valuation of intangible assets, including brand and subscriber relationships. In respect of the independent professional firms engaged by the Group, we found that they possessed the requisite competency and experience to assist management in the valuation of the spectrum rights and licenses, network assets, application systems and leasehold buildings of M1. We also assessed the appropriateness of the disclosures in the financial statements in respect of this matter. Based on our audit procedures, we found management's basis of estimating the fair value to allocate the purchase consideration of the Group's investment in M1 to be reasonable. We also found the disclosures in the financial statements to be adequate.
Impairment assessment – Goodwill on acquisition An annual impairment assessment was performed on the goodwill of $988 million, which represented the amount of purchase consideration in excess of the fair value of the identifiable assets acquired and liabilities assumed on acquisition date. The recoverable value of the investment in M1 was determined on a value-in-use basis using a DCF model. The assessment by the Group required significant judgment in estimating the underlying assumptions including the revenue growth rate, long term growth rate and discount rate. Based on management's assessment, no impairment was required as the recoverable amount was higher than the carrying value (including goodwill) of the investment in M1.	We involved our valuation specialists in evaluating the valuation methodology and the key assumptions applied by management. We assessed the appropriateness of the underlying assumptions made by management in their cash flow projections, including the revenue growth rate, long term growth rate and discount rate based on the economic and industry conditions relevant to M1's business. We checked whether the cash flow projections were based on the approved business plan. We assessed the sensitivity of the cash flow projections and other key assumptions including discount rate and long term growth rate on the impairment assessment and the impact on the headroom over the carrying value. Based on the audit procedures performed, we found management's assessment to be appropriate.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Keppel Corporation Limited
For the financial year ended 31 December 2019

Other information
Management is responsible for the other information. The other information comprises the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and other sections of the Keppel Corporation Limited Report to Shareholders 2019 ("Other Sections of the Annual Report") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act, SFRS(I)s and IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeoh Oon Jin.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 February 2020

BALANCE SHEETS
As at 31 December 2019

	Note	Group 31 December 2019 $'000	Group 31 December 2018 $'000	Group 1 January 2018 $'000	Company 31 December 2019 $'000	Company 31 December 2018 $'000	Company 1 January 2018 $'000
Share capital	3	**1,291,722**	1,291,722	1,291,310	**1,291,722**	1,291,722	1,291,310
Treasury shares	3	**(14,009)**	(45,073)	(74)	**(14,009)**	(45,073)	(74)
Reserves	4	**9,933,140**	10,021,113	9,901,249	**6,772,318**	6,396,589	6,341,656
Share capital & reserves		**11,210,853**	11,267,762	11,192,485	**8,050,031**	7,643,238	7,632,892
Non-controlling interests	5	**435,178**	308,930	529,970	**-**	-	-
Total equity		**11,646,031**	11,576,692	11,722,455	**8,050,031**	7,643,238	7,632,892
Represented by:							
Fixed assets	6	**2,901,845**	2,372,560	2,432,963	**7,273**	6,676	296
Investment properties	7	**3,022,091**	2,851,380	3,460,608	**-**	-	-
Right-of-use assets	8	**759,929**	-	-	**12,833**	-	-
Subsidiaries	9	**-**	-	-	**7,962,528**	7,867,959	7,972,849
Associated companies	10	**6,350,845**	6,239,053	5,915,379	**-**	-	-
Investments	11	**649,069**	449,515	417,792	**19,230**	16,957	15,012
Long term assets	12	**1,656,362**	679,464	603,792	**23,469**	8,801	14,346
Intangibles	13	**1,682,981**	129,007	132,594	**-**	-	-
		17,023,122	12,720,979	12,963,128	**8,025,333**	7,900,393	8,002,503
Current assets							
Stocks	14	**5,542,755**	5,495,904	5,755,725	**-**	-	-
Contract assets	15	**3,497,476**	3,212,712	3,643,495	**-**	-	-
Amounts due from:							
- subsidiaries	16	**-**	-	-	**7,280,724**	4,043,121	3,498,920
- associated companies	16	**563,578**	291,729	342,960	**705**	548	733
Debtors	17	**2,748,484**	2,702,300	3,062,683	**8,844**	6,229	4,590
Derivative assets		**41,050**	45,976	181,226	**18,544**	23,217	93,530
Short term investments	18	**121,581**	136,587	202,776	**-**	27,400	-
Bank balances, deposits & cash	19	**1,783,514**	1,981,406	2,273,788	**1,047**	370	2,213
		14,298,438	13,866,614	15,462,653	**7,309,864**	4,100,885	3,599,986
Current liabilities							
Creditors	20	**4,604,544**	4,391,023	5,720,165	**78,725**	76,172	68,585
Derivative liabilities		**119,481**	119,405	37,969	**19,988**	27,796	29,528
Contract liabilities	15	**1,824,965**	1,918,547	1,950,151	**-**	-	-
Provisions for warranties	21	**36,448**	69,614	115,972	**-**	-	-
Amounts due to:							
- subsidiaries	16	**-**	-	-	**156,867**	162,611	236,403
- associated companies	16	**490,286**	115,824	253,331	**-**	-	-
Term loans	22	**4,555,237**	1,480,757	1,714,084	**3,400,430**	460,657	551,530
Lease liabilities	8	**67,387**	-	-	**4,154**	-	-
Taxation	28	**248,425**	297,922	220,761	**31,523**	43,519	33,955
		11,946,773	8,393,092	10,012,433	**3,691,687**	770,755	920,001
Net current assets		**2,351,665**	5,473,522	5,450,220	**3,618,177**	3,330,130	2,679,985
Non-current liabilities							
Term loans	22	**6,504,394**	6,067,752	6,078,919	**3,498,203**	3,495,610	2,939,800
Lease liabilities	8	**530,052**	-	-	**11,498**	-	-
Deferred taxation	23	**399,028**	188,340	325,359	**-**	-	-
Other non-current liabilities	20	**295,282**	361,717	286,615	**83,778**	91,675	109,796
		7,728,756	6,617,809	6,690,893	**3,593,479**	3,587,285	3,049,596
Net assets		**11,646,031**	11,576,692	11,722,455	**8,050,031**	7,643,238	7,632,892

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	24	**7,579,703**	5,964,781
Materials and subcontract costs		**(5,266,594)**	(4,175,035)
Staff costs	25	**(1,163,231)**	(987,830)
Depreciation and amortisation		**(375,294)**	(182,386)
Impairment loss on financial assets		**(74,367)**	(99,713)
Other operating income - net		**176,284**	535,345
Operating profit	26	**876,501**	1,055,162
Investment income	27	**64,594**	9,991
Interest income	27	**177,675**	164,260
Interest expenses	27	**(312,716)**	(204,824)
Share of results of associated companies	10	**147,413**	220,895
Profit before tax		**953,467**	1,245,484
Taxation	28	**(192,329)**	(284,776)
Profit for the year		**761,138**	960,708
Attributable to:			
Shareholders of the Company		**706,975**	948,392
Non-controlling interests	5	**54,163**	12,316
		761,138	960,708
Earnings per ordinary share	29		
- basic		**38.9 cts**	52.3 cts
- diluted		**38.7 cts**	52.0 cts

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2019

	2019 $'000	2018 $'000
Profit for the year	**761,138**	960,708
Items that may be reclassified subsequently to profit and loss account:		
Cash flow hedges		
- Fair value changes arising during the year, net of tax	**(91,161)**	(238,794)
- Realised and transferred to profit and loss account	**115,750**	132,017
Foreign exchange translation		
- Exchange difference arising during the year	**(100,310)**	(132,866)
- Realised and transferred to profit and loss account	**7,345**	5,574
Share of other comprehensive income of associated companies		
- Cash flow hedges	**(18,898)**	20,031
- Foreign exchange translation	**(76,952)**	(42,821)
	(164,226)	(256,859)
Items that will not be reclassified subsequently to profit and loss account:		
Financial assets, at FVOCI		
- Fair value changes arising during the year	**(78,459)**	(31,566)
Foreign exchange translation		
- Exchange difference arising during the year	**(1,936)**	(3,545)
Share of other comprehensive income of associated companies		
- Financial assets, at FVOCI	**342**	581
	(80,053)	(34,530)
Other comprehensive expense for the year, net of tax	**(244,279)**	(291,389)
Total comprehensive income for the year	**516,859**	669,319
Attributable to:		
Shareholders of the Company	**462,946**	660,866
Non-controlling interests	**53,913**	8,453
	516,859	669,319

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

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2019

	Attributable to owners of the Company							
Group **2019**	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
As previously reported at 31 December 2018	1,291,722	(45,073)	194,943	10,330,287	(493,669)	11,278,210	308,930	11,587,140
Effects of change in accounting policy on capitalisation of borrowing costs	-	-	-	(10,448)	-	(10,448)	-	(10,448)
As restated at 31 December 2018	1,291,722	(45,073)	194,943	10,319,839	(493,669)	11,267,762	308,930	11,576,692
Adoption of SFRS(I) 16	-	-	-	(78,201)	-	(78,201)	(2,797)	(80,998)
As adjusted at 1 January 2019	1,291,722	(45,073)	194,943	10,241,638	(493,669)	11,189,561	306,133	11,495,694
Total comprehensive income for the year								
Profit for the year	-	-	-	706,975	-	706,975	54,163	761,138
Other comprehensive income *	-	-	(74,112)	-	(169,917)	(244,029)	(250)	(244,279)
Total comprehensive income for the year	-	-	(74,112)	706,975	(169,917)	462,946	53,913	516,859
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid (Note 30)	-	-	-	(417,938)	-	(417,938)	-	(417,938)
Share-based payment	-	-	34,991	-	-	34,991	125	35,116
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(11,623)	(11,623)
Purchase of treasury shares	-	(4,543)	-	-	-	(4,543)	-	(4,543)
Treasury shares reissued pursuant to share plans and share option scheme	-	35,607	(35,472)	-	-	135	-	135
Transfer of statutory, capital and other reserves from revenue reserves	-	-	9,821	(9,821)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	1,207	1,207
Contributions to defined benefits plans	-	-	(4,041)	-	-	(4,041)	(415)	(4,456)
Other adjustments	-	-	(31)	-	-	(31)	-	(31)
Total contributions by and distributions to owners	-	31,064	5,268	(427,759)	-	(391,427)	(10,706)	(402,133)
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	-	-	-	-	-	-	308,001	308,001
Acquisition of additional interest in subsidiaries	-	-	-	(50,227)	-	(50,227)	(173,390)	(223,617)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(50,864)	(50,864)
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	-	-	-	2,091	2,091
Total change in ownership interests in subsidiaries	-	-	-	(50,227)	-	(50,227)	85,838	35,611
Total transactions with owners	-	31,064	5,268	(477,986)	-	(441,654)	75,132	(366,522)
As at 31 December 2019	1,291,722	(14,009)	126,099	10,470,627	(663,586)	11,210,853	435,178	11,646,031

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

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

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2019

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
Group								
2018								
As previously reported at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959
Effects of change in accounting policy on capitalisation of borrowing costs	-	-	-	(15,011)	-	(15,011)	-	(15,011)
As restated at 1 January 2018	1,291,310	(74)	281,407	10,178,636	(323,556)	11,427,723	530,225	11,957,948
Adoption of SFRS(I) 9	-	-	1,058	(236,296)	-	(235,238)	(255)	(235,493)
As adjusted at 1 January 2018	1,291,310	(74)	282,465	9,942,340	(323,556)	11,192,485	529,970	11,722,455
Total comprehensive income for the year								
Profit for the year	-	-	-	948,392	-	948,392	12,316	960,708
Other comprehensive income *	-	-	(117,413)	-	(170,113)	(287,526)	(3,863)	(291,389)
Total comprehensive income for the year	-	-	(117,413)	948,392	(170,113)	660,866	8,453	669,319
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid (Note 30)	-	-	-	(526,152)	-	(526,152)	-	(526,152)
Share-based payment	-	-	33,073	-	-	33,073	481	33,554
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(20,321)	(20,321)
Shares issued	412	-	-	-	-	412	-	412
Purchase of treasury shares	-	(90,758)	-	-	-	(90,758)	-	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	-	45,759	(40,435)	-	-	5,324	-	5,324
Transfer of statutory, capital and other reserves from revenue reserves	-	-	44,771	(44,771)	-	-	-	-
Contributions to defined benefits plans	-	-	814	-	-	814	-	814
Other adjustments	-	-	-	30	-	30	4,442	4,472
Total contributions by and distributions to owners	412	(44,999)	38,223	(570,893)	-	(577,257)	(15,398)	(592,655)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	-	-	(8,332)	-	-	(8,332)	(1,426)	(9,758)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(210,166)	(210,166)
Other adjustments	-	-	-	-	-	-	(2,503)	(2,503)
Total change in ownership interests in subsidiaries	-	-	(8,332)	-	-	(8,332)	(214,095)	(222,427)
Total transactions with owners	412	(44,999)	29,891	(570,893)	-	(585,589)	(229,493)	(815,082)
As at 31 December 2018	1,291,722	(45,073)	194,943	10,319,839	(493,669)	11,267,762	308,930	11,576,692

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2019

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
Company					
2019					
As at 1 January 2019	**1,291,722**	**(45,073)**	**202,141**	**6,194,448**	**7,643,238**
Total comprehensive income for the year					
Profit for the year	-	-	-	**790,696**	**790,696**
Other comprehensive income	-	-	**2,273**	-	**2,273**
Total comprehensive income for the year	-	-	**2,273**	**790,696**	**792,969**
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	**(417,938)**	**(417,938)**
Share-based payment	-	-	**36,170**	-	**36,170**
Purchase of treasury shares	-	**(4,543)**	-	-	**(4,543)**
Treasury shares reissued pursuant to share plans and share option scheme	-	**35,607**	**(35,472)**	-	**135**
Total transactions with owners	-	**31,064**	**698**	**(417,938)**	**(386,176)**
As at 31 December 2019	**1,291,722**	**(14,009)**	**205,112**	**6,567,206**	**8,050,031**
Company					
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Total comprehensive income for the year					
Profit for the year	-	-	-	588,420	588,420
Other comprehensive income	-	-	1,945	-	1,945
Total comprehensive income for the year	-	-	1,945	588,420	590,365
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	(526,152)	(526,152)
Share-based payment	-	-	31,125	-	31,125
Shares issued	412	-	-	-	412
Purchase of treasury shares	-	(90,758)	-	-	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	-	45,759	(40,435)	-	5,324
Other adjustments	-	-	-	30	30
Total transactions with owners	412	(44,999)	(9,310)	(526,122)	(580,019)
As at 31 December 2018	1,291,722	(45,073)	202,141	6,194,448	7,643,238

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

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
OPERATING ACTIVITIES			
Operating profit		**876,501**	1,055,162
Adjustments:			
Depreciation and amortisation		**375,294**	182,386
Share-based payment expenses		**37,255**	34,885
Profit on sale of fixed assets and an investment property		**(6,277)**	(2,795)
Gain on disposal of subsidiaries		**(64,469)**	(604,638)
Loss/(gain) on disposal of associated companies		**22**	(48,783)
Impairment of fixed assets		**8,432**	6,911
Impairment of associated companies		**35,915**	60,782
Fair value gain on investment properties		**(101,020)**	(84,886)
Profit on sale of investments		**-**	(2,232)
Gain from change in interest in associated companies		**(27,114)**	(63,622)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		**(158,376)**	-
Unrealised foreign exchange differences		**17,434**	27,622
Operational cash flow before changes in working capital		**993,597**	560,792
Working capital changes:			
Stocks		**(72,104)**	(408,506)
Contract assets		**(159,551)**	357,046
Debtors		**(806,164)**	543,245
Creditors		**(15,610)**	(694,363)
Contract liabilities		**(77,990)**	12,430
Investments		**(274,421)**	(5,448)
Intangibles		**(662)**	(561)
Amount due to/from associated companies		**(30,093)**	177
		(442,998)	364,812
Interest received		**179,503**	154,482
Interest paid		**(298,099)**	(198,637)
Net income taxes paid		**(263,856)**	(195,904)
Net cash (used in)/from operating activities		**(825,450)**	124,753
INVESTING ACTIVITIES			
Acquisition of a subsidiary	A	**(1,143,012)**	(38,052)
Acquisition and further investment in associated companies		**(652,576)**	(365,818)
Acquisition of fixed assets and investment properties		**(516,794)**	(254,511)
Disposal of subsidiaries	B	**27,117**	1,085,671
Proceeds from disposal of associated companies and return of capital		**106,117**	179,342
Proceeds from disposal of fixed assets		**16,094**	5,524
Advances to/from associated companies		**96,625**	(216,636)
Dividends received from investments and associated companies		**378,422**	281,375
Net cash (used in)/from investing activities		**(1,688,007)**	676,895

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

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		**(223,652)**	(3,337)
Proceeds from share issues		-	412
Proceeds from reissuance of treasury shares pursuant to share option scheme		**135**	5,324
Proceeds from non-controlling shareholders of subsidiaries		**1,178**	-
Proceeds from term loans		**4,392,341**	1,549,445
Repayment of term loans		**(1,342,450)**	(1,939,475)
Principal element of lease payments		**(47,306)**	-
Purchase of treasury shares		**(4,543)**	(90,758)
Dividend paid to shareholders of the Company		**(417,938)**	(526,152)
Dividend paid to non-controlling shareholders of subsidiaries		**(11,623)**	(20,321)
Net cash from/(used in) financing activities		**2,346,142**	(1,024,862)
Net decrease in cash and cash equivalents		**(167,315)**	(223,214)
Cash and cash equivalents as at beginning of year		**1,971,844**	2,241,448
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(27,285)**	(46,390)
Cash and cash equivalents as at end of year	C	**1,777,244**	1,971,844

Reconciliation of liabilities arising from financing activities

2019

	1 January 2019	Net proceeds/ (payment) of principal	Non-cash changes					31 December 2019
			Adoption SFRS(I) 16	Addition during the year	Acquisition of subsidiaries	Disposal of subsidiaries	Foreign exchange movement	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Term loans	7,548,509	3,049,891	-	-	451,418	-	9,813	11,059,631
Lease liabilities	-	(47,306)	573,363	47,508	44,771	(6,713)	(14,184)	597,439

2018

	1 January 2018	Principal payments (net of proceeds)	Non-cash changes			31 December 2018
			Acquisition of subsidiaries	Disposal of subsidiaries	Foreign exchange movement	
	$'000	$'000	$'000	$'000	$'000	$'000
Term loans	7,793,003	(390,030)	297,923	(171,380)	18,993	7,548,509

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

Notes to Consolidated Statement of Cash Flows

A. Acquisition of a subsidiary

During the financial year, net assets of subsidiaries acquired at their fair values were as follows:

	2019 $'000	2018 $'000
Fixed assets	**772,654**	47
Investment Properties	**-**	360,000
Right-of-use assets	**44,324**	-
Intangible assets	**610,516**	-
Stocks	**34,745**	-
Contract assets	**163,121**	-
Debtors and other assets	**197,211**	530
Bank balances and cash	**88,991**	18,521
Creditors and other liabilities	**(241,555)**	(6,778)
Borrowings and lease liabilities	**(496,189)**	(297,923)
Current and deferred taxation	**(251,498)**	(3,827)
Non-controlling interests consolidated	**(2,091)**	-
Total identifiable net assets at fair value	**920,229**	70,570
Non-controlling interests measured at fair value	**(308,001)**	-
Amount previously accounted for as associated companies	**(210,137)**	(32,484)
Goodwill arising from acquisition	**988,288**	-
(Gain)/loss on remeasurement of previously held equity interest at fair value at acquisition date	**(158,376)**	18,487
Net assets acquired	**1,232,003**	56,573
Total purchase consideration	**1,232,003**	56,573
Less: Bank balances and cash acquired	**(88,991)**	(18,521)
Cash outflow on acquisition	**1,143,012**	38,052

During the year, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% equity interest in M1 Limited. The Group's wholly-owned subsidiary, Keppel Telecommunications & Transportation Ltd, holds the remaining 19% equity interest in M1 Limited.

Acquisition in prior year relates to the acquisition of 77.6% interest in PRE 1 Investments Pte Ltd on 20 December 2018.

Notes to Consolidated Statement of Cash Flows (con't)

B. Disposal of Subsidiaries

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	2019 $'000	2018 $'000
Fixed assets	**(80,973)**	(4,272)
Investment properties	**-**	(948,613)
Right-of-use assets	**(4,433)**	-
Stocks	**(95,065)**	(692,651)
Debtors and other assets	**(17,350)**	(7,939)
Bank balances and cash	**(26,053)**	(39,194)
Creditors and other liabilities	**41,357**	446,973
Borrowings and lease liabilities	**6,713**	171,380
Current and deferred taxation	**1,891**	139,863
Non-controlling interests	**50,099**	210,166
	(123,814)	(724,287)
Amount accounted for as associated company	**26,984**	-
Net assets disposed of	**(96,930)**	(724,287)
Net profit on disposal	**(64,469)**	(604,638)
Realisation of foreign currency translation reserve	**(7,335)**	(7,575)
Sale proceeds	**(168,634)**	(1,336,500)
Less: Advance payments received in prior year	**-**	174,538
Less: Bank balances and cash disposed	**26,053**	39,194
Less: Proceeds receivables	**115,464**	37,097
Cash inflow on disposal	**(27,117)**	(1,085,671)

During the year, disposal relates to the sale of 70% interest in Dong Nai Waterfront City LLC, Keppel Logistics (Foshan Sanshui Port) Company Ltd and Keppel Logistics (Hong Kong) Ltd.

Significant disposal in the prior year relates to the sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd and Aether Limited.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2019 $'000	2018 $'000
Bank balances, deposits and cash	**1,783,514**	1,981,406
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(6,270)**	(9,562)
	1,777,244	1,971,844

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation, logistics and data centres;
- property development & investment;
- investments and asset management; and
- telecommunications services, international call services and fixed services, retail sales of telecommunications equipment and accessories, as well as customer services.

The financial statements of the Group for the financial year ended 31 December 2019 and the balance sheet and statement of changes in equity of the Company at 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of New and Revised Standards

The Group adopted the new/revised SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 3 and 11 *Previously held interest in a joint operation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalisation*

The adoption of the above new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the adoption of SFRS(I) 16 *Leases* and Amendments to SFRS (I) 1-23 *Borrowing costs eligible for capitalisation*.

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. Adoption of SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis. Following the adoption, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Lease liabilities are included as part of net debt and are taken into consideration when deriving the net gearing ratio.

The Group's accounting policy on leases after adoption of SFRS(I) 16 is as disclosed in Note 2.18.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 *Lease* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Leases*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
ii) On a lease-by-lease basis, the Group has:
    a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
    b) Relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
    c) Accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
    d) Excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
    e) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

i) On a lease-by-lease basis, the Group chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019. For ROU assets which meet the definition of an investment property, the Group had measured the ROU assets at their fair values at 1 January 2019.
ii) The difference between carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

There are no material changes to accounting by the Group as a lessor.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

Group Balance Sheets	01.01.2019 $'000
Increase in right-of-use assets	592,126
Increase in investment properties	5,765
Decrease in fixed assets	(127,120)
Decrease in debtors	(14,213)
Increase in lease liabilities	(573,363)
Decrease in creditors	14,687
Increase in deferred tax assets	21,120
Decrease in net assets	(80,998)
Decrease in revenue reserves	(78,201)
Decrease in non-controlling interests	(2,797)
Decrease in total equity	(80,998)

The difference between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 of $909,035,000 and the lease liabilities recognised in the balance sheet as at 1 January 2019 of $573,363,000, was due mainly to the discounting effect using weighted average incremental borrowing rate of $316,532,000, the committed non-cancellable leases with lease terms commencing after 1 January 2019 of $39,352,000 and other adjustments of $1,501,000, partially offset by adjustments relating to changes in the index or rate affecting variable payments of $21,713,000.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the balance sheet on 1 January 2019 ranges from 1.5% to 12.8% per annum.

Clarification on SFRS(I) 1-23 *Borrowing Costs*

In 2018, the International Financial Reporting Standards Interpretations Committee ("Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognises revenue over time for the sale of individual units in the development based on IFRS 15 *Revenue from Contracts with Customers*.

In November 2018, the Committee issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 *Borrowing Costs* apply to the fact pattern in the submission. The Interpretations Committee tentatively concluded that such an entity should not capitalised borrowing costs. This tentative agenda decision was finalised in its original form on 20 March 2019.

As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Following this Agenda Decision, borrowing costs on portion of property where control is capable of being transferred to customers are expensed off as incurred to the profit and loss account. Borrowing costs on the portion of the property not ready for transfer of control to customers are capitalised until the time when control is capable of being transferred to customers. As this constitutes a change in accounting policy, comparatives were restated accordingly.

Impact on the comparatives for the 31 December 2019 Financial Statements

The financial effects of the change in accounting policy:

Group Profit and Loss Account	31.12.2018 $'000
Decrease in materials & subcontract costs	12,596
Increase in interest expenses	(6,381)
Decrease in share of results of associated companies	(623)
Increase in taxation	(1,029)
Increase in profit for the period attributable to shareholders of the Company	4,563
Increase in basic EPS	0.3 cts
Increase in diluted EPS	0.3 cts

Group Balance Sheets	31.12.2018 $'000	01.01.2018 $'000
Decrease in associated companies	(632)	(9)
Decrease in stocks	(18,102)	(24,317)
Decrease in deferred taxation	8,286	9,315
Decrease in net assets	(10,448)	(15,011)
Decrease in revenue reserves	(10,448)	(15,011)
Decrease in total equity	(10,448)	(15,011)

2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets transferred, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2.4 Fixed Assets

Fixed assets are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, if any. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditure is added to the carrying amount only when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Buildings on leasehold land	Over period of lease (ranging from 10 to 50 years)
Vessels & floating docks	10 to 30 years
Plant, machinery & equipment	3 to 30 years
Networks and related application systems	5 to 25 years
Furniture, fittings & office equipment	2 to 10 years
Cranes	5 to 30 years
Small equipment and tools	2 to 20 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long term capital appreciation or for a currently indeterminate use. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers. Changes in fair value are recognised in the profit and loss account.

The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

2.6 Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

2.7 Associated Companies

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

Investments in associated companies are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company is included in the consolidated profit and loss account and consolidated statement of comprehensive income respectively. The Group's share of net assets of the associated company is included in the consolidated balance sheet.

Any excess of the cost of acquisition over the Group's share of net identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition measured at their fair values is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net identifiable assets, liabilities and contingent liabilities measured at their fair values over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account as a bargain purchase gain.

2.8 Intangibles

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net identifiable assets acquired and the liabilities assumed measured at their fair values at acquisition date. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

Spectrum Rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licenses or access codes. These intangible assets are measured initially at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Spectrum rights are amortised on a straight-line basis over the estimated economic useful life of 4 to 17 years.

Brand

The brand was acquired as part of a business combination completed during the financial year. The brand value will be amortised over the useful life which is estimated to be 30 years based on the purchase price allocation exercise finalised during the year.

Customer Contracts and Customer Relationships

Customer contracts and customer relationships are identified and recognised separately from goodwill. The cost of customer contracts and relationships is at their fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 2 to 20 years.

Other Intangible Assets

Other intangible assets include development expenditure and internet protocol (IP) address, initially recognised at cost and subsequently carried at cost less accumulated amortisation. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 3 to 20 years.

Other intangible assets also include management rights which is initially recognised at cost upon acquisition and subsequently carried at cost less accumulated impairment losses, if any. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

2.9 Service Concession Arrangement

The Group has an existing service concession arrangement with a governing agency (the grantor) to design, build, own and operate a desalination plant in Singapore. Under the service concession arrangement, the Group will operate the plant for 25 years. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. Such service concession arrangement falls within the scope of SFRS(I) INT 12 *Service Concession Arrangements*.

The Group constructs the plant (construction services) used to provide public services and operates and maintains the plant (operation services) for the concession period as specified in the contract. The Group recognises and measures revenue in accordance with SFRS(I) 15 for the services it performs.

The Group recognises a financial asset arising from the provision of the construction services when it has a contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised amount using the effective interest method.

2.10 Investments

Investments are classified as fair value through other comprehensive income or fair value through profit or loss.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments at fair value through other comprehensive income are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the investments. Investments at fair value through profit or loss are initially measured at fair value with the related transaction costs recognised immediately as expenses in the profit and loss account.

Investments are subsequently carried at fair value. For investments at fair value through other comprehensive income, gains or losses arising from changes in fair value are included in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the revenue reserves. For investments at fair value through profit or loss, gains or losses arising from changes in fair value are included in the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices are the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

2.11 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in the profit and loss account.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various transactions. The Group 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.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group's key counterparty. The fair value of electricity future contracts is determined based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

2.12 Financial Assets

Financial assets include cash and bank balances, trade, intercompany and other receivables (excluding prepayments) and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.13 Stocks

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

2.14 Contract Assets and Contract Liabilities

For contract where the customer is invoiced on a milestone payment schedule or over the period of the contract, a contract asset is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the Group.

2.15 Impairment of Assets

Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets

Tangible and intangible assets are tested for impairment whenever there is any indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

2.16 Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently carried at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

2.18 Leases

(i) Before 1 January 2019

When a group company is the lessee
Operating leases
Leases of assets in which the Group does not transfer substantially all the risks and rewards of ownership of the assets by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a group company is the lessor
Operating leases
Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

(ii) From 1 January 2019

When a group company is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented as a separate line on the balance sheets. Right-of-use assets which meets the definition of an investment property is presented within "Investment properties" and accounted for in accordance with Note 2.5.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.
Lease payments include the following:
- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option, if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liabilities are presented as a separate line on the balance sheets.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:
- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises these lease payments in profit or loss in the periods that triggered such lease payments. Details of the variable lease payments are disclosed in Note 8.

<u>When a group company is the lessor</u>

Operating leases

The accounting policy applicable to the Group as a lessor in the comparative period was the same under SFRS(I) 16.

2.19 Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.20 Revenue

Revenue consists of:
- Revenue recognised on rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts;
- Sale of goods and services;
- Rental income from investment properties;
- Investment and fee income; and
- Dividend income.

Revenue recognition

The Group enters into rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The contract work, except for overseas property construction contracts, has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the contract work. For overseas property construction contracts, the Group does not have enforceable rights to payment arising from the contractual terms. Revenue from overseas property construction contracts is recognised at a point in time when the rights to payment become enforceable.

The measure of progress for rigbuilding contracts, and shipbuilding and repair contracts, is determined based on the estimation of the physical proportion of the contract work completed for the contracts with reference to engineers' estimates. The measure of progress for property construction and long term engineering contracts is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue from the rendering of services including electricity supply, logistic services, operations and maintenance under service concession arrangements, and telecommunication services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

Dividend income is recognised in the profit and loss account when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

2.21 Borrowing Costs

Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

For Singapore trading properties which the Group recognises revenue over time, borrowing costs on the portion of the property not ready for transfer of control to the purchasers are capitalised until the time when control is capable of being transferred to the purchasers.

2.22 Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued, or to the treasury shares account when treasury shares are re-issued to the employee.

2.23 Income Taxes

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset/liability is realised/settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheets date, and based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.24 Foreign Currencies

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries and associated companies that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. Profit or loss of foreign subsidiaries and associated companies are translated into Singapore Dollars using the average exchange rates for the financial year. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign subsidiaries and associated companies. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in Foreign Exchange Translation Account until disposal.

Disposal or partial disposal of a foreign operation

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associated company that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associated companies or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.25 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.

When shares are reacquired by the Company, the amount of consideration paid and any directly attributable transaction cost is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in non-distributable capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 Segment Reporting

The Group has four reportable segments, namely Offshore & Marine, Property, Infrastructure and Investments. Management monitors the results of each of these operating segments for the purpose of making decisions on resource allocation and performance assessment.

2.27 Critical Accounting Estimates and Judgments

(i) Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

Control over Keppel REIT

The Group has approximately 49% (2018: approximately 47%) gross ownership interest of units in Keppel REIT as at 31 December 2019. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it does not have control over Keppel REIT but continues to have significant influence over the investment.

Control over KrisEnergy Limited

The Group has approximately 40% gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2019. The management assessed whether the Group has control over KrisEnergy based on whether it has the practical ability to direct the relevant activities of KrisEnergy. In exercising its judgment, management considers the relative size and dispersion of the shareholdings owned by the other shareholders. Taking into consideration the approximately 20% interest held by two other shareholders of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy but continues to have significant influence over the investment.

(ii) Acquisition of M1 Limited – purchase price allocation ("PPA")

Accounting of business combinations requires the purchase consideration to be allocated to the fair value of the identifiable assets acquired and liabilities assumed at their fair values, with the unallocated portion being recognised as goodwill. The Group makes judgments on the identification of assets acquired and liabilities assumed and significant estimates in relation to the fair valuation of these identifiable assets and liabilities. The result of the purchase price allocation exercise is disclosed in Note 36.

(iii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Expected credit loss on financial assets measured at amortised cost and fair value through other comprehensive income

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income ("FVOCI"). The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

The carrying amounts of trade, intercompany and other receivables, and financial assets at FVOCI are disclosed in the balance sheet.

Recoverability of contract asset and receivable balances in relation to Offshore & Marine construction contracts

Contracts with Sete Brasil ("Sete")
The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd ("Magni") to purchase four Sete subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. The EPC Contracts and related agreements entered into in relation to these four rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US$260 million from Sete and this amount has been included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.

Management has performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan. In addition, management has estimated the net present value of the cash flows relating to the impending construction contract for two rigs with Magni.

Arising from the above assessment, management is of the opinion that the loss allowance for trade debtors of $183,000,000 (Note 12) (2018: $183,000,000) and the provision for related contract costs of $245,000,000 (Note 20) (2018: $245,000,000) are adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to these EPC contracts.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000 (2018: $476,000,000).

Other contracts
As at 31 December 2019, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years. See Note 15 on contract assets balances.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates.

Management has also performed an assessment of the ECL on contract assets and trade receivables of deferred projects to determine if a provision for expected loss is necessary.

In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise their right to retain payments received to date and the legal possession of the rigs under construction. Management has further assessed if the values of the rigs would exceed the carrying values of contract assets and trade receivables. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using Discounted Cash Flow ("DCF") calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include dayrates and discount rates.

During the financial year ended 31 December 2019, no further (2018: $21,000,000) ECL on contract assets was recognised.

Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the CGUs. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investments in subsidiaries, investment in associated companies and joint ventures, and intangibles are disclosed in the balance sheet. Management performed impairment tests on these non-financial assets as at 31 December 2019. Refer to Notes 6, 9, 10 and 13 for more details.

Revenue recognition and contract cost

The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the physical proportion of the contract work completed for the contracts; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 24.

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

Civil action by EIG funds
In February 2018, the Company's subsidiary, Keppel Offshore & Marine Ltd ("KOM") was served a summons by eight investment funds ("plaintiffs") managed by EIG Management Company, LLC ("EIG") where a civil action was commenced by the plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act ("RICO") in the United States District Court, Southern District of New York. The plaintiffs seek damages for its loss of investment of US$221 million in Sete, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

This new lawsuit came after an earlier civil action commenced by eight of EIG's managed funds in the United States District Court, District of Columbia against, among others, the Company and KOM. The case was dismissed by the Court on 30 March 2017.

Management is of the view that the reported cause of action by the plaintiffs is without merit and KOM will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of the action and hence, the potential amount of any loss cannot currently be assessed. KOM has filed a motion to dismiss EIG's complaint.

Global resolution with criminal authorities in relation to corrupt payments
In 2017, KOM reached a global resolution with the criminal authorities in the United States of America, Brazil and Singapore in relation to corrupt payments made in relation to KOM's various projects with Petrobras and Sete Brasil in Brazil, which were made with knowledge or approval of former KOM executives. Fines in an aggregate amount of US$422,216,980, or equivalent to approximately S$570 million, paid/payable had been allocated between the three jurisdictions.

As part of the global resolution, KOM accepted a Conditional Warning from the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, and entered into a Deferred Prosecution Agreement ("DPA") with the U.S. Department of Justice ("DOJ"), while Keppel FELS Brasil S.A., a wholly owned subsidiary of KOM, entered into a Leniency Agreement with the Public Prosecutor's Office in Brazil, the Ministerio Publico Federal ("MPF") which became effective following the approval of the Fifth Chamber for Coordination and Review of the MPF in April 2018. In addition, Keppel Offshore & Marine USA, Inc ("KOM USA"), also a wholly owned subsidiary of KOM, pleaded guilty to one count of conspiracy to violate the U.S. Foreign Corrupt Practices Act and entered into a Plea Agreement with the DOJ.

Pursuant to the DPA, KOM paid a monetary penalty of US$105,554,245, of which US$4,725,000 was paid as a criminal fine by KOM USA, to the United States Treasury in 2018. In addition, KOM paid a monetary penalty of US$211,108,490 to MPF and a monetary penalty of US$52,777,122.50 to CPIB in 2018. A further US$52,777,122.50, which amount payable has been included as accrued expenses since FY2017, will be payable to CPIB within three years (or an extended period as approved by CPIB and DOJ) from the date of the Conditional Warning (less any penalties that KOM may pay to specified Brazilian authorities during this period, for which discussions with the specified authorities are ongoing).

As part of the global resolution with the authorities, the Group had also committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. As of the date of these financial statements, KOM entities in Singapore, Brazil, Bulgaria, China, India, Philippines, UAE and USA had secured certification of the ISO 37001 Anti-Bribery Management System.

Anti-bribery and corruption compliance audits were also performed on entities within the KOM Group. These audits revealed enhanced policies and procedures put in place to-date were, in general, functioning as intended. The audits performed in 2018 had, however, identified certain matters relating to contracts entered into several years ago which required follow-up actions and further review. The follow-up actions and further reviews were concluded in 2019.

Based on currently available information, management is of the opinion that no additional provision is required.

Useful lives of network and related application systems

The cost of network and related application systems is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimated the useful lives of these fixed assets to be within 5 to 25 years. These are common life expectancies applied in the telecommunications industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's network and related application systems at the end of the reporting period are disclosed in Note 6 to the financial statements.

Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in profit and loss account. In determining fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield and discount rate.

In relying on the valuation reports, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions. The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Notes 7 and 34.

Estimating net realisable value of stocks

The net realisable value of stocks represent the estimated selling price for these stocks less all estimated cost of completion and costs necessary to make the sale.

For construction projects under work-in-progress, the Group determines the estimated selling price based on recent sale transactions for similar assets or discounted cash flow models where recent sale transactions for similar assets were not available. For properties held for sale, provision is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

The Group has stocks (work-in-progress) amounting to $598,800,000 (after a provision of $50,000,000 made in prior year) (Note 14). The carrying amount represented the estimated net realisable value of the stocks. Management has determined the NRV of the stocks based on arrangements to market the asset and a DCF model.

3. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2019	2018	**2019**	2018
Balance at 1 January	**1,818,394,180**	1,818,334,180	**(5,936,044)**	(10,788)
Issue of shares under the share option scheme	-	60,000	-	-
Treasury shares transferred pursuant to share option scheme	-	-	**44,000**	731,500
Treasury shares transferred pursuant to share plans	-	-	**4,647,308**	4,643,244
Treasury shares purchased	-	-	**(770,000)**	(11,300,000)
Balance at 31 December	**1,818,394,180**	1,818,394,180	**(2,014,736)**	(5,936,044)

	Amount ($'000)			
	Issued Share Capital		Treasury Shares	
	2019	2018	**2019**	2018
Balance at 1 January	**1,291,722**	1,291,310	**(45,073)**	(74)
Issue of shares under the share option scheme	-	412	-	-
Treasury shares transferred pursuant to share option scheme	-	-	**334**	6,253
Treasury shares transferred pursuant to share plans	-	-	**35,273**	39,506
Treasury shares purchased	-	-	**(4,543)**	(90,758)
Balance at 31 December	**1,291,722**	1,291,722	**(14,009)**	(45,073)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

In the prior year, the Company issued 60,000 Shares at an average weighted price of $6.86 per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 4,266,708 (2018: 4,643,244) Shares under the KCL Restricted Share Plan ("KCL RSP") and 380,600 (2018: Nil) Shares under the KCL Performance Share Plan ("KCL PSP") were vested.

During the financial year, the Company transferred 4,691,308 (2018: 5,374,744) treasury shares to employees under vesting of Shares released under the KCL Share Option Scheme and KCL Share Plans. The Company also purchased 770,000 (2018: 11,300,000) treasury shares in the Company in the open market during the financial year. The total amount paid was $4,543,000 (2018: $90,758,000). Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the financial year.

KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Till Bernhard Vestring (Chairman)
Lee Boon Yang
Danny Teoh
Teo Siong Seng (appointed on 1 February 2020)

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average closing prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2019		2018	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**1,890,185**	**$6.74**	6,088,785	$7.83
Exercised	**(44,000)**	**$3.07**	(791,500)	$7.25
Cancelled	**(935,285)**	**$6.77**	(3,407,100)	$8.57
Balance at 31 December	**910,900**	**$6.89**	1,890,185	$6.74
Exercisable at 31 December	**910,900**	**$6.89**	1,890,185	$6.74

The weighted average share price at the date of exercise for options exercised during the financial year was $6.03 (2018: $8.15). The options outstanding at the end of the financial year had a weighted average exercise price of $6.89 (2018: $6.74) and a weighted average remaining contractual life of 0.1 year (2018: 0.9 year).

KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

Details of the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP and the KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP") are as follows:

	KCL RSP	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a six-year performance period
Performance Conditions	Return on Equity	-	(a) Economic Value Added (b) Absolute Total Shareholder's Return (c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXAPJIN) (2016 awards) (a) Absolute Total Shareholder's Return (b) Return on Capital Employed (c) Net Profit (2017, 2018 and 2019 awards)	(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement
Final Award	0% to 100% of the contingent award granted, depending on achievement of pre-determined targets	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfilment of service requirements	Awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the six-year performance period subject to fulfilment of service requirements

Movements in the number of shares under the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP and the KCL PSP-TIP are as follows:

	2019			2018		
	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP
Contingent awards / Awards (KCL RSP-Deferred Shares)						
Balance at 1 January	-	2,895,000	5,965,967	-	2,525,000	6,747,491
Granted	4,234,171	1,635,000	-	4,099,369	1,180,000	-
Adjustments upon released	-	(264,400)	-	-	(575,000)	-
Released	(4,234,171)	(380,600)	-	(4,097,507)	-	-
Cancelled	-	-	(380,000)	(1,862)	(235,000)	(781,524)
Balance at 31 December	-	3,885,000	5,585,967	-	2,895,000	5,965,967

	2019		2018	
	KCL RSP	KCL RSP-Deferred Shares	KCL RSP	KCL RSP-Deferred Shares
Awards released but not vested:				
Balance at 1 January	1,630,118	2,586,237	5,102,365	-
Released	-	4,234,171	-	4,097,507
Vested	(1,565,032)	(2,701,676)	(3,278,043)	(1,365,201)
Cancelled	(38,845)	(203,511)	(178,604)	(111,969)
Other adjustments	-	(2,657)	(15,600)	(34,100)
Balance at 31 December	26,241	3,912,564	1,630,118	2,586,237

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of Shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2019, there were 26,241 (2018: 1,630,118) Shares under the KCL RSP and 3,912,564 (2018: 2,586,237) Shares under the KCL RSP-Deferred Shares that were released but not vested. At the end of the financial year, the number of contingent award of Shares granted but not released was 3,885,000 (2018: 2,895,000) under the KCL PSP and 5,585,967 (2018: 5,965,967) under the KCL PSP-TIP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could range from zero to a maximum of 5,827,500 under the KCL PSP and zero to a maximum of 8,378,951 under the KCL PSP-TIP.

The fair values of the contingent award of Shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 15 February 2019 and 18 April 2019 (2018: 23 February 2018), the Company granted awards of 3,908,536 and 325,635 (2018: 4,099,369) Shares respectively under the KCL RSP-Deferred Shares and the estimated fair values of the Shares granted were $5.84 and $6.51 respectively (2018: $7.76). On 30 April 2019 (2018: 30 April 2018), the Company granted contingent awards of 1,635,000 (2018: 1,180,000) Shares under the KCL PSP and the estimated fair value of the Shares granted was $5.60 (2018: $6.59).

The significant inputs into the model are as follows:

	2019		
	KCL RSP-Deferred Shares	**KCL RSP-Deferred Shares**	**KCL PSP**
Date of grant	**15.02.2019**	**18.04.2019**	**30.04.2019**
Prevailing share price at date of grant	**$6.08**	**$6.74**	**$6.77**
Expected volatility of the Company	**21.29%**	**21.24%**	**21.29%**
Expected term	**0.00 - 2.00 years**	**0.00 - 1.86 years**	**2.84 years**
Risk free rate	**1.94% - 1.95%**	**1.90% - 1.93%**	**1.92%**
Expected dividend yield	*	*	*

	2018	
	KCL RSP-Deferred Shares	KCL PSP
Date of grant	23.02.2018	30.04.2018
Prevailing share price at date of grant	$7.96	$8.19
Expected volatility of the Company	26.88%	27.00%
Expected term	0.00 - 2.00 years	2.83 years
Risk free rate	1.52% - 1.70%	2.05%
Expected dividend yield	*	*

* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

4. RESERVES

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Capital reserves						
Share option and share plan reserve	**210,412**	203,926	202,048	**187,032**	177,529	177,599
Fair value reserve	**(17,300)**	69,700	100,227	**19,230**	16,957	15,012
Hedging reserve	**(192,864)**	(198,816)	(111,930)	**-**	-	-
Bonus issue by subsidiaries	**40,000**	40,000	40,000	**-**	-	-
Others	**85,851**	80,133	52,120	**(1,150)**	7,655	16,895
	126,099	194,943	282,465	**205,112**	202,141	209,506
Revenue reserves	**10,470,627**	10,319,839	9,942,340	**6,567,206**	6,194,448	6,132,150
Foreign exchange translation account	**(663,586)**	(493,669)	(323,556)	**-**	-	-
	9,933,140	10,021,113	9,901,249	**6,772,318**	6,396,589	6,341,656

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity. Movements in hedging reserve by risk categories are as follows:

Group	Foreign exchange risk $'000	Interest rate risk $'000	Price risk $'000	Total $'000
2019				
As at 1 January	**(27,498)**	**(18,628)**	**(152,690)**	**(198,816)**
Fair value changes arising during the year, net of tax	**7,474**	**(84,976)**	**(13,659)**	**(91,161)**
Realised and transferred to profit and loss account				
- Revenue	**18,700**	**-**	**-**	**18,700**
- Materials and subcontract costs	**(2,301)**	**-**	**73,146**	**70,845**
- Other operating income – net	**(8,274)**	**-**	**-**	**(8,274)**
- Interest expenses	**-**	**34,479**	**-**	**34,479**
Share of associated companies' fair value gains	**1,213**	**(20,111)**	**-**	**(18,898)**
Less: Non-controlling interests	**261**	**-**	**-**	**261**
As at 31 December	**(10,425)**	**(89,236)**	**(93,203)**	**(192,864)**
2018				
As at 1 January	(174,557)	(30,052)	92,679	(111,930)
Fair value changes arising during the year, net of tax	(53,261)	(23,137)	(162,396)	(238,794)
Realised and transferred to profit and loss account				
- Revenue	94,440	-	-	94,440
- Materials and subcontract costs	18,903	-	(82,973)	(64,070)
- Other operating income – net	86,400	-	-	86,400
- Interest expenses	-	15,247	-	15,247
Share of associated companies' fair value gains	717	19,314	-	20,031
Less: Non-controlling interests	(140)	-	-	(140)
As at 31 December	(27,498)	(18,628)	(152,690)	(198,816)

The changes in fair value of the hedging instruments approximate the changes in fair value of the hedged items, which resulted in minimal hedge ineffectiveness recognised in profit or loss. Fair value loss arising from hedge ineffectiveness for cash flow hedges of $15,877,000 (2018: $16,513,000) was recognised in profit or loss during the year.

5. NON-CONTROLLING INTERESTS

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest			Carrying amount of NCI			Profit after tax allocated to NCI	
	31 December		1 January	31 December		1 January	31 December	
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000
Konnectivity Pte. Ltd.	**20%**	-	-	**310,858**	-	-	**9,308**	-
Beijing Aether Property Development Limited	-	-	49%	-	-	199,716	-	(277)
Keppel Telecommunications & Transportation Ltd	-	21%	21%	-	184,067	174,572	**739**	12,728
Other subsidiaries with immaterial NCI				**124,320**	124,863	155,682	**44,116**	(135)
Total				**435,178**	308,930	529,970	**54,163**	12,316

Summarised financial information before inter-group elimination

	Konnectivity Pte. Ltd.		Keppel Telecommunications & Transportation Ltd[1]
	31 December		31 December
	2019	2018	2018
	$'000	$'000	$'000
Non-current assets	**2,433,048**	-	1,360,166
Current assets	**488,817**	-	326,630
Non-current liabilities	**481,089**	-	490,930
Current liabilities	**508,007**	-	194,919
Net assets	**1,932,769**	-	1,000,947
Less: NCI	**(378,477)**	-	(115,160)
	1,554,292	-	885,787
Revenue	**950,002**	-	183,223
Profit for the year	**62,306**	-	69,236
Total comprehensive income	**77,305**	-	61,326
Net cash flow from operations	**194,903**	-	4,123
Total comprehensive income allocated to NCI	**11,729**	-	11,387
Dividends paid to NCI	**8,900**	-	6,804

(1) During the financial year, the Group acquired all non-controlling interest in Keppel Telecommunications & Transportation Ltd, bringing the Group's ownership to 100%.

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2019	2018
	$'000	$'000
Amounts paid/payable on changes in ownership interest in subsidiaries	**(223,617)**	(9,758)
Non-controlling interest acquired	**173,390**	1,426
Total amount recognised in equity reserves	**(50,227)**	(8,332)

6. FIXED ASSETS

Group	Freehold Land & Buildings	Buildings on Leasehold Land	Vessels & Floating Docks	Networks and Related Application Systems	Plant, Machinery, Equipment & Others[1]	Capital Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019							
Cost							
At 1 January	**114,301**	**2,054,952**	**355,159**	**-**	**2,037,569**	**347,618**	**4,909,599**
Adoption of SFRS(I) 16	**-**	**(177,261)**	**-**	**-**	**-**	**-**	**(177,261)**
Additions	**247**	**5,723**	**333**	**57,575**	**76,791**	**71,322**	**211,991**
Disposals	**(165)**	**(2,549)**	**(393)**	**(11,069)**	**(24,388)**	**(16)**	**(38,580)**
Write-off	**-**	**(120)**	**-**	**-**	**(3,883)**	**-**	**(4,003)**
Subsidiaries acquired	**-**	**73,042**	**-**	**546,496**	**103,805**	**49,311**	**772,654**
Subsidiaries disposed	**-**	**(102,844)**	**-**	**-**	**(31,349)**	**(200)**	**(134,393)**
Reclassification							
- Investment properties	**-**	**58,764**	**-**	**-**	**-**	**-**	**58,764**
- Other fixed assets categories	**210**	**72,534**	**184,778**	**52,961**	**17,359**	**(327,842)**	**-**
Exchange differences	**198**	**(13,430)**	**(6,273)**	**-**	**(13,786)**	**(2,621)**	**(35,912)**
At 31 December	**114,791**	**1,968,811**	**533,604**	**645,963**	**2,162,118**	**137,572**	**5,562,859**
Accumulated Depreciation							
At 1 January	**62,927**	**906,189**	**151,155**	**-**	**1,369,949**	**46,819**	**2,537,039**
Adoption of SFRS(I) 16	**-**	**(50,141)**	**-**	**-**	**-**	**-**	**(50,141)**
Depreciation charge	**3,167**	**54,820**	**12,097**	**68,606**	**127,315**	**-**	**266,005**
Disposals	**(160)**	**(1,627)**	**(393)**	**(5,130)**	**(22,287)**	**-**	**(29,597)**
Impairment	**-**	**7,456**	**-**	**-**	**893**	**75**	**8,424**
Write-off	**-**	**(120)**	**-**	**-**	**(3,875)**	**-**	**(3,995)**
Subsidiaries disposed	**-**	**(30,597)**	**-**	**-**	**(22,823)**	**-**	**(53,420)**
Reclassification							
- Other fixed assets categories	**(135)**	**2,357**	**-**	**-**	**(2,222)**	**-**	**-**
Exchange differences	**236**	**(3,997)**	**(2,982)**	**-**	**(6,110)**	**(448)**	**(13,301)**
At 31 December	**66,035**	**884,340**	**159,877**	**63,476**	**1,440,840**	**46,446**	**2,661,014**
Net Book Value	**48,756**	**1,084,471**	**373,727**	**582,487**	**721,278**	**91,126**	**2,901,845**

Included in freehold land & buildings are freehold land amounting to $7,295,000 (31 December 2018: $7,812,000, 1 January 2018: $8,726,000).

Certain fixed assets with carrying amount of $123,940,000 (31 December 2018: $159,996,000, 1 January 2018: $155,748,000) are mortgaged to banks for loan facilities (Note 22).

Interest capitalised during the financial year amounted to $436,000 (2018: $2,009,000).

Each rigbuilding, shipbuilding and repair facilities in the Offshore & Marine Division has been identified as individual CGUs. The recoverable amounts of these CGUs were determined using value-in-use models that incorporated cash flow projections based on financial forecasts approved by management. Management had determined the forecasted cash flows based on past performance and its current expectations of market development. These cash flows were discounted at discount rates ranging from 6% to 11% (31 December 2018: 6% to 11%, 1 January 2018: 6% to 13%) per annum, depending on the location of the facilities.

During the year, the Group recognised an impairment loss of $4,910,000 for fixed assets in the Property Division in China, which was based on the difference between the recoverable amount and the net book value of the fixed assets. The recoverable amount was based on fair value determined using the income approach.

The Group also recognised an impairment loss of $3,514,000 on certain buildings and equipment in the Infrastructure Division in China, due to lower recoverable amounts subsequent to sustained losses generated from these assets, as a result of weaker economic outlook which adversely affected fair values and expected returns of these assets. The recoverable amounts were assessed to be fair value less costs of disposal.

Group	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery, Equipment & Others[1] $'000	Capital Work-in-Progress $'000	Total $'000
2018						
Cost						
At 1 January	115,711	2,068,595	292,682	2,015,487	368,501	4,860,976
Additions	202	1,269	174	54,633	104,134	160,412
Disposals	(18)	(7,946)	(8,248)	(32,845)	-	(49,057)
Write-off	-	-	-	(6,184)	(4,388)	(10,572)
Subsidiaries acquired	-	-	-	47	-	47
Subsidiaries disposed	-	-	(4,191)	(1,601)	(557)	(6,349)
Reclassification						
- Stocks	-	-	-	(319)	-	(319)
- Other fixed assets categories	812	14,076	71,135	30,693	(116,716)	-
Exchange differences	(2,406)	(21,042)	3,607	(22,342)	(3,356)	(45,539)
At 31 December	114,301	2,054,952	355,159	2,037,569	347,618	4,909,599
Accumulated Depreciation						
At 1 January	60,077	865,244	139,400	1,303,505	59,787	2,428,013
Depreciation charge	3,597	54,324	9,667	110,111	-	177,699
Disposals	(18)	(7,474)	(8,234)	(30,262)	-	(45,988)
Write-off	-	-	-	(3,661)	-	(3,661)
Subsidiaries disposed	-	-	(979)	(1,098)		(2,077)
Reclassification						
- Other fixed assets categories	(170)	10	12,410	160	(12,410)	-
Exchange differences	(559)	(5,915)	(1,109)	(8,806)	(558)	(16,947)
At 31 December	62,927	906,189	151,155	1,369,949	46,819	2,537,039
Net Book Value	51,374	1,148,763	204,004	667,620	300,799	2,372,560

(1) Others comprise furniture, fittings and office equipment, cranes and small equipment and tools.

Company	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others[2] $'000	Capital Work-in-Progress $'000	Total $'000
2019				
Cost				
At 1 January	**1,233**	**8,791**	**6,139**	**16,163**
Additions	**-**	**2,617**	**-**	**2,617**
Disposals	**-**	**(9)**	**-**	**(9)**
Reclassification to other fixed asset categories	**-**	**6,139**	**(6,139)**	**-**
At 31 December	**1,233**	**17,538**	**-**	**18,771**
Accumulated Depreciation				
At 1 January	**1,233**	**8,254**	**-**	**9,487**
Depreciation charge	**-**	**2,020**	**-**	**2,020**
Disposals	**-**	**(9)**	**-**	**(9)**
At 31 December	**1,233**	**10,265**	**-**	**11,498**
Net Book Value	**-**	**7,273**	**-**	**7,273**
2018				
Cost				
At 1 January	1,233	8,693	-	9,926
Additions	-	550	6,139	6,689
Disposals	-	(452)	-	(452)
At 31 December	1,233	8,791	6,139	16,163
Accumulated Depreciation				
At 1 January	1,231	8,399	-	9,630
Depreciation charge	2	307	-	309
Disposals	-	(452)	-	(452)
At 31 December	1,233	8,254	-	9,487
Net Book Value	-	537	6,139	6,676

(2) Others comprise furniture, fittings and office equipment.

7. INVESTMENT PROPERTIES

	Group 31 December 2019 $'000	2018 $'000
At 1 January	**2,851,380**	3,460,608
Adoption of SFRS(I) 16	**5,765**	-
Development expenditure	**304,803**	94,099
Fair value gain (Note 26)	**101,020**	84,886
Disposal	**(834)**	(2,870)
Subsidiary acquired	**-**	360,000
Subsidiary disposed	**-**	(948,613)
Reclassification		
- Stocks (Note 14)	**-**	(158,300)
- Fixed assets (Note 6)	**(58,764)**	-
- Right-of-use assets (Note 8)	**(158,357)**	-
Exchange differences	**(22,922)**	(38,430)
At 31 December	**3,022,091**	2,851,380

The Group's investment properties (including integral plant and machinery) are stated at management's assessments based on the following valuations (open market value basis), performed on an annual basis, by independent firms of professional valuers as at 31 December 2019:

- Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Cushman & Wakefield Valuation Advisory Services (HK) Limited and Vincorn Consulting and Appraisal Limited for properties in China;
- Savills Vietnam Co. Ltd for properties in Vietnam;
- Cushman & Wakefield VOF for a property in the Netherlands;
- Knight Frank LLP for a property in United Kingdom; and
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised within development expenditure during the financial year amounted to $12,751,000 (2018: $3,408,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of $828,355,000 (31 December 2018: $905,656,000, 1 January 2018: $552,684,000) to banks for loan facilities (Note 22).

In 2019, the Group reclassified from investment properties to fixed assets and right-of-use assets for the owner-occupied portion of the property amounting to $58,764,000 and $158,357,000 respectively.

In 2018, the Group reclassified $158,300,000 from investment properties to properties held for sale upon change of use of the asset from holding for capital gain and/or rental yield to property trading.

8. RIGHT-OF-USE ASSETS (LEASES)

Leases

The Group as lessee

Leasehold land & building

The Group leases several lands, offices, retail stores and shipyards for use in its operations.

Plant, machinery, equipment & others

The Group leases equipment and vehicles for office and operation use, mainly in the Offshore & Marine and Infrastructure Divisions.

Base station sites

The Group leases base station sites to facilitate transmission of telecommunication services.

There are no externally imposed covenants on these lease arrangements.

Right-of-use assets

Group	Leasehold Land & Building $'000	Plant, Machinery, Equipment & Others[1] $'000	Base Station Sites $'000	Total $'000
2019				
Net Book Value				
At 1 January	-	-	-	-
Adoption of SFRS(I) 16	583,181	8,945	-	592,126
Additions	43,522	3,669	760	47,951
Depreciation	(55,054)	(3,453)	(5,538)	(64,045)
Subsidiaries acquired	24,101	240	19,983	44,324
Subsidiaries disposed	(4,433)	-	-	(4,433)
Reclassification				
- Investment properties (Note 7)	158,357	-	-	158,357
Exchange differences	(14,326)	(25)	-	(14,351)
At 31 December	735,348	9,376	15,205	759,929

(1) Others comprise furniture, fittings, office equipment and motor vehicles.

The right-of-use asset relating to the leasehold land presented under investment properties (Note 7) is stated at fair value and has a carrying amount at balance sheet date of $5,765,000.

Total cash outflow for all the leases in 2019 was $83,038,000, comprising repayment of principal of $47,306,000 and interest payment of $35,732,000.

Certain right-of-use assets with carrying amount of $11,689,000 are mortgaged to banks for loan facilities (Note 22).

Company	Leasehold Land & Building $'000	Plant, Machinery, Equipment & Others[1] $'000	Total $'000
2019			
Net Book Value			
At 1 January	-	-	-
Adoption of SFRS(I) 16	15,902	279	16,181
Depreciation	(3,282)	(66)	(3,348)
At 31 December	12,620	213	12,833

(1) Others comprise office equipment.

Total cash outflow for all the leases in 2019 was $4,197,000, comprising repayment of principal of $3,822,000 and interest payment of $375,000.

	Group 31 December 2019 $'000
Lease expense not capitalised in lease liabilities	
Short-term leases	29,987
Low-value leases	1,992
Variable lease payments which do not depend on an index or rate	327

As at 31 December 2019, future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities include variable lease payments and $623,194,000 for extension options. The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.3% to 3.0%, on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to $327,000 for the financial year ended 31 December 2019. The extension options are for certain properties of the Group. The Group negotiates extension options to optimise operational flexibility in terms of managing these assets in the Group's operations.

The following table details the liquidity analysis for lease liabilities of the Group and the Company based on contractual undiscounted cash flows.

	Group 31 December 2019 $'000	Company 31 December 2019 $'000
Within one year	79,224	4,140
Within one to two years	116,712	4,047
Within two to five years	209,894	8,021
After five years	452,642	-
Total	858,472	16,208

The Group as lessor

The Group leases out commercial space to non-related parties under non-cancellable operating leases. At the end of the reporting period, the Group's undiscounted future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	Group 31 December 2019 $'000
Within one year	**92,565**
In the second year	**76,988**
In the third year	**37,549**
In the fourth year	**30,409**
In the fifth year	**24,071**
After the fifth year	**50,821**
Total	**312,403**

9. SUBSIDIARIES

	Company		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Quoted shares, at cost			
Market value: $6,204,000 (2018: $829,294,000)	**493**	398,140	398,140
Unquoted shares, at cost	**8,442,604**	7,821,604	7,821,594
	8,443,097	8,219,744	8,219,734
Provision for impairment	**(480,569)**	(351,785)	(246,885)
	7,962,528	7,867,959	7,972,849

Movements in the provision for impairment of subsidiaries are as follows:

	Company		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
At 1 January	**351,785**	246,885	163,070
Charge to profit and loss account	**128,784**	104,900	83,815
At 31 December	**480,569**	351,785	246,885

Impairment of $128,784,000 (2018: $104,900,000) made during the year mainly relates to an investment holding subsidiary that holds equity investments in the Oil & Gas segment. Impairment loss was made arising from the impairment exercise performed (Note 10). Due to the economic downturn in that segment, recoverable amount of the equity investments was projected to be below the Company's cost of investment. Management had performed an assessment on the recoverable amount based on the cash flow estimates of the underlying assets. In 2018, recoverable amount of the equity investments, based on a value-in-use ("VIU") calculation, was projected to be below the Company's cost of investment. Cash flows in the 2018 VIU calculation was discounted at 11.7% per annum.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 38.

10. ASSOCIATED COMPANIES

	Group		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Quoted shares, at cost Market value: $3,508,132,000 (31 Dec 2018: $3,149,785,000; 1 Jan 2018: $3,484,189,000)	**2,878,117**	3,149,917	3,105,919
Unquoted shares, at cost	**2,773,439**	2,096,656	1,784,809
	5,651,556	5,246,573	4,890,728
Provision for impairment	**(197,392)**	(161,367)	(100,297)
	5,454,164	5,085,206	4,790,431
Share of reserves	**238,251**	533,474	528,184
Carrying amount of equity interest	**5,692,415**	5,618,680	5,318,615
Notes issued by associated companies	**319,284**	315,787	310,242
Advances to associated companies	**339,146**	304,586	286,522
	6,350,845	6,239,053	5,915,379

Notes issued by an associated company of $245,000,000 are unsecured and will mature in 2040. The remaining Notes are denominated in SGD, secured and will mature in 2024. Interest is charged at rates ranging from 0% to 17.5% (31 December 2018 and 1 January 2018: 0% to 17.5%) per annum.

Advances to associated companies are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 2.5% to 7.0% (31 December 2018 and 1 January 2018: 3.0% to 7.0%) per annum on interest-bearing advances.

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2019	2018
	$'000	$'000
At 1 January	**161,367**	100,297
Impairment loss	**35,915**	60,782
Exchange differences	**110**	288
At 31 December	**197,392**	161,367

Impairment loss made during the year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of certain associated companies.

	Group	
	2019	2018
	$'000	$'000
The Group's share of net profit of associated companies is as follows:		
Share of profit before tax	**262,127**	317,076
Share of taxation	**(114,714)**	(96,181)
Share of net profit	**147,413**	220,895

The carrying amount of the Group's material associated companies, all of which are equity accounted for, are as follows:

		31 December 2019 $'000	31 December 2018 $'000	1 January 2018 $'000
Keppel REIT	(a)	**1,960,518**	1,972,303	1,850,409
Keppel Infrastructure Trust	(b)	**301,669**	254,035	267,169
KrisEnergy Limited	(c)	**74,284**	196,311	321,562
Keppel DC REIT	(d)	**449,964**	377,616	396,152
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	(e)	**570,384**	560,818	541,837
Floatel International Limited	(f)	**311,000**	362,760	342,694
Other associated companies		**2,683,026**	2,515,210	2,195,556
		6,350,845	6,239,053	5,915,379

The summarised financial information of the material associated companies, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

(a) Keppel REIT

	31 December 2019 $'000	31 December 2018 $'000	1 January 2018 $'000
Current assets	**142,317**	274,529	208,307
Non-current assets	**7,307,046**	7,509,922	7,395,981
Total assets	**7,449,363**	7,784,451	7,604,288
Current liabilities	**159,690**	134,156	492,865
Non-current liabilities	**2,125,893**	2,314,699	2,196,165
Total liabilities	**2,285,583**	2,448,855	2,689,030
Net assets	**5,163,780**	5,335,596	4,915,258
Less: Non-controlling interests	**(578,931)**	(578,311)	(151,834)
	4,584,849	4,757,285	4,763,424
Proportion of the Group's ownership	**49%**	47%	45%
Group's share of net assets	**2,245,659**	2,255,429	2,146,723
Other adjustments	**(285,141)**	(283,126)	(296,314)
Carrying amount of equity interest	**1,960,518**	1,972,303	1,850,409
Revenue	**164,053**	165,858	164,516
Profit after tax	**141,670**	154,588	180,154
Other comprehensive (loss)/income	**(82,772)**	3,028	(49,789)
Total comprehensive income	**58,898**	157,616	130,365
Fair value of ownership interest (if listed) **	**2,044,903**	1,834,206	1,914,043
Dividends received	**90,144**	87,247	80,011

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy)*

(b) Keppel Infrastructure Trust

	31 December 2019 $'000	31 December 2018 $'000	1 January 2018 $'000
Current assets	**1,029,248**	521,616	488,154
Non-current assets	**3,974,027**	3,283,391	3,468,262
Total assets	**5,003,275**	3,805,007	3,956,416
Current liabilities	**1,706,097**	1,233,598	919,010
Non-current liabilities	**1,583,009**	1,393,153	1,725,512
Total liabilities	**3,289,106**	2,626,751	2,644,522
Net assets	**1,714,169**	1,178,256	1,311,894
Less: Non-controlling interests	**(389,763)**	(125,780)	(158,959)
	1,324,406	1,052,476	1,152,935
Proportion of the Group's ownership	**18%**	18%	18%
Group's share of net assets	**241,042**	191,761	209,949
Other adjustments	**60,627**	62,274	57,220
Carrying amount of equity interest	**301,669**	254,035	267,169
Revenue	**1,566,715**	637,387	632,476
Profit/(loss) after tax	**10,194**	(2,358)	13,776
Other comprehensive (loss)/income	**(92,591)**	13,876	(10,051)
Total comprehensive income	**(82,397)**	11,518	3,725
Fair value of ownership interest (if listed) **	**490,886**	341,023	403,858
Dividends received	**30,134**	26,134	26,126

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

(c) KrisEnergy Limited*	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Current assets	**174,986**	147,702	191,987
Non-current assets	**699,330**	761,267	869,374
Total assets	**874,316**	908,969	1,061,361
Current liabilities	**878,467**	103,342	74,604
Non-current liabilities	**82,323**	671,960	653,172
Total liabilities	**960,790**	775,302	727,776
Net (liabilities)/assets	**(86,474)**	133,667	333,585
Less: Non-controlling interests	**-**	-	-
	(86,474)	133,667	333,585
Proportion of the Group's ownership	**40%**	40%	40%
Group's share of net assets	**-**	53,213	133,067
Other adjustments	**-**	72,311	123,253
Carrying amount of equity interest	**-**	125,524	256,320
Notes issued by associated company	**74,284**	70,787	65,242
	74,284	196,311	321,562
Revenue	**148,591**	216,454	196,612
Loss after tax	**(220,060)**	(201,924)	(293,277)
Other comprehensive income/(loss)	**176**	(132)	32
Total comprehensive loss	**(219,884)**	(202,056)	(293,245)
Fair value of ownership interest (if listed) **	**n.a.**	43,673	60,425
Dividends received	**-**	-	-

** As at the date of approval of these financial statements, the most recent available financial information on which equity accounting for the current year can be practically applied are those financial information from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.*

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy). KrisEnergy Limited had suspended trading of its securities on the Singapore Exchange Securities Ltd with effect from 14 August 2019 (the last closing price before trading suspension was S$0.03 per share). Therefore, the Level 1 fair value hierarchy is no longer applicable as at 31 December 2019.*

Investments in KrisEnergy Limited and related exposures

		31 December 2019 $'000	2018 $'000
Equity interest	Note 10c	-	125,524
Zero-coupon notes	Note 10c	**74,284**	70,787
Warrants	Note 11	-	29,332
Carrying amount		**74,284**	225,643
Other related exposures:			
Contract assets[1]	Note 15	**20,541**	1,216
Guarantee[2]	Note 32	**262,825**	223,680

[1] In relation to a construction contract for a production barge for KrisEnergy.
[2] In relation to a bilateral agreement between the Group and a bank, on the bank loan granted to KrisEnergy.

On 14 August 2019, KrisEnergy has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50). It has also requested a suspension of trading of its securities on Singapore Exchange Securities Trading Ltd. The High Court of Republic of Singapore approved the application for an initial period of 3 months up to 14 November 2019. At the date of these financial statements, the debt moratorium was extended to 27 May 2020. As at the end of the current financial year, KrisEnergy has not presented a restructuring plan.

Management performed an impairment assessment to estimate the recoverable amount of the Group's exposure in KrisEnergy as at 31 December 2019. With assistance from its financial advisor, management estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights. Management will evaluate the above assessment when a restructuring plan is presented by KrisEnergy in due course which may give rise to adjustments to be made. The estimates and assumptions used are subject to risk and uncertainty.

Based on the assessment, the Group recognised an impairment loss of $37,000,000 during the financial year, and the carrying value of the Group's equity investment has been reduced to zero. In 2018, management had performed an assessment on the recoverable amount using a discounted cash flow model based on a cash flow projection and recognised an impairment charge of $53,000,000.

(d) Keppel DC REIT

	31 December 2019 $'000	31 December 2018 $'000	1 January 2018 $'000
Current assets	**279,952**	220,244	178,078
Non-current assets	**2,648,042**	2,032,687	1,585,204
Total assets	**2,927,994**	2,252,931	1,763,282
Current liabilities	**108,157**	186,779	53,224
Non-current liabilities	**917,289**	590,158	593,556
Total liabilities	**1,025,446**	776,937	646,780
Net assets	**1,902,548**	1,475,994	1,116,502
Less: Non-controlling interests	**(34,530)**	(31,155)	(26,786)
	1,868,018	1,444,839	1,089,716
Proportion of the Group's ownership	**23%**	25%	35%
Group's share of net assets	**434,688**	364,244	380,617
Other adjustments	**15,276**	13,372	15,535
Carrying amount of equity interest	**449,964**	377,616	396,152
Revenue	**194,826**	175,535	139,050
Profit after tax	**111,108**	146,009	70,274
Other comprehensive (loss)/income	**(33,789)**	(4,628)	21,044
Total comprehensive income	**77,319**	141,381	91,318
Fair value of ownership interest (if listed) **	**709,231**	459,925	562,990
Dividends received	**31,898**	27,876	20,958

** *Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

(e) Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited

	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Current assets	**1,073,996**	889,954	816,431
Non-current assets	**478,339**	438,662	458,652
Total assets	**1,552,335**	1,328,616	1,275,083
Current liabilities	**324,787**	190,317	165,498
Non-current liabilities	**29,261**	16,668	25,912
Total liabilities	**354,048**	206,985	191,410
Net assets	**1,198,287**	1,121,631	1,083,673
Less: Non-controlling interests	**-**	-	-
	1,198,287	1,121,631	1,083,673
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**599,144**	560,815	541,836
Other adjustments	**(28,760)**	3	1
Carrying amount of equity interest	**570,384**	560,818	541,837
Revenue	**475,001**	492,503	1,247,882
Profit after tax	**155,705**	111,222	267,163
Other comprehensive income	**-**	-	-
Total comprehensive income	**155,705**	111,222	267,163
Dividends received	**27,351**	22,493	-

(f) **Floatel International Limited**

	31 December		1 January
	2019 **$'000**	2018 $'000	2018 $'000
Current assets	**137,367**	186,613	334,668
Non-current assets	**1,655,424**	1,771,181	1,818,093
Total assets	**1,792,791**	1,957,794	2,152,761
Current liabilities	**79,669**	104,714	48,606
Non-current liabilities	**1,105,306**	1,141,620	1,432,657
Total liabilities	**1,184,975**	1,246,334	1,481,263
Net assets	**607,816**	711,460	671,498
Less: Non-controlling interests	**-**	-	-
	607,816	711,460	671,498
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**303,422**	355,161	335,212
Other adjustments	**7,578**	7,599	7,482
Carrying amount of equity interest	**311,000**	362,760	342,694
Revenue	**250,286**	393,535	443,442
(Loss)/profit after tax	**(100,572)**	22,225	48,829
Other comprehensive (loss)/income	**(1,039)**	6,796	7,728
Total comprehensive (loss)/income	**(101,611)**	29,021	56,557
Dividends received	**-**	-	-

Investments in Floatel International Limited

		31 December	
		2019 **$'000**	2018 $'000
Equity interest	Note 10f	**311,000**	362,760
Preference shares	Note 11	**10,449**	21,845
Loan receivable	Note 12	**155,425**	139,799
Carrying amount		**476,874**	524,404

In November 2019, credit rating agencies downgraded Floatel's credit rating, citing market environment for accommodation vessels remaining difficult with limited activity and pressure on dayrates. The rating agencies also commented that if Floatel fails to contract work for its idle vessels in the near future, it may not be able to meet its leverage covenant at its first test at the year-end 2020.

Floatel subsequently reported that its financial situation is unsustainable as liquidity is under pressure. There is a material uncertainty as to whether Floatel will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which cast significant doubt on Floatel's ability to continue as a going concern. The long term viability of Floatel's business depends on it finding a solution to its financial situation and Floatel management has initiated discussions with key creditors, in which, in the view of Floatel's board of directors, there is reasonable expectations of success. In a situation where going concern for Floatel no longer can be assumed, there is a risk for significant write down of its assets.

Management performed an impairment assessment of the recoverability of the Group's total exposure in Floatel by first performing an assessment to ascertain whether Floatel would reasonably continue as a going concern in the next 12 months. If Floatel cannot reasonably continue as a going concern in the next 12 months, the carrying amount of the Group's investment in Floatel may be subject to significant write down.

Management conducted a review of the business and cash flow projections through discussions with Floatel's management and corroborated those information based on management's understanding of the business environment that Floatel operates in. Management also discussed with Floatel's management to understand the on-going dialogue with Floatel's lenders and advisers. Based on the results of the review, discussions and information currently available, management concurred with the judgment made by Floatel's management and board of directors in relation to the going concern matter.

In assessing impairment of the equity shares, management had focused on whether Floatel's vessels were stated at their appropriate recoverable amounts. The Group's carrying value of investment in Floatel's equity shares was reduced by its share of loss of $50,724,000 which included impairment loss on the carrying value of three vessels amounting to $19,642,000. The recoverable amounts of the vessels were determined on their value-in-use, using a discounted cash flow model. Management reviewed the appropriateness of key inputs used in the estimation of the recoverable amount of Floatel's vessels.

With respect to preference shares, management had performed an estimation of its fair value as at 31 December 2019 using a dividend discount model and recognised a fair value loss of $11,395,000.

In assessing the expected credit loss of the loan receivable repayable on 31 December 2025, management expects full recovery of the receivable on the basis that Floatel operates in a niche market and supply of similar services should normalise over time. Given the extended date before the loan is due for repayment, management expects Floatel to continue as a viable business in the longer term and will be able to repay the loan when due in 2025.

Aggregate information about the Group's investments in other associated companies are as follows:

	31 December	
	2019 **$'000**	2018 $'000
Share of profit before tax	**224,984**	171,934
Share of taxation	**(81,978)**	(56,897)
Share of other comprehensive loss	**(12,439)**	(26,215)
Share of total comprehensive income	**130,567**	88,822

Information relating to significant associated companies, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 38.

11. INVESTMENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Investments at fair value through other comprehensive income ("OCI"):						
- Quoted equity shares	**12,336**	6,527	4,123	**-**	-	-
- Unquoted equity shares	**107,396**	96,903	86,768	**19,230**	16,957	15,012
- Unquoted property funds	**95,227**	104,927	185,187	**-**	-	-
Total investments at fair value through OCI	**214,959**	208,357	276,078	**19,230**	16,957	15,012
Investments at fair value through profit or loss:						
- Quoted equity shares	**82,399**	-	-	**-**	-	-
- Quoted warrants	**-**	29,332	31,647	**-**	-	-
- Unquoted equity shares	**330,143**	189,559	87,811	**-**	-	-
- Unquoted - others	**21,568**	22,267	22,256	**-**	-	-
Total investments at fair value through profit or loss	**434,110**	241,158	141,714	**-**	-	-
Total investments	**649,069**	449,515	417,792	**19,230**	16,957	15,012

The breakdown of the investments at fair value through other comprehensive income is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Unquoted property funds managed by a related company	**95,227**	104,927	185,187	**-**	-	-
Unquoted equity shares in real estate industry	**39,381**	48,115	31,062	**19,230**	16,957	15,012
Quoted and unquoted equity shares in oil and gas industry	**39,477**	34,235	37,740	**-**	-	-
Others	**40,874**	21,080	22,089	**-**	-	-
	214,959	208,357	276,078	**19,230**	16,957	15,012

Quoted warrants were issued by an associated company, KrisEnergy Limited.

Unquoted investments included a bond amounting to $21,568,000 (31 December 2018: $39,868,000, 1 January 2018: $39,256,000) bearing interest at 4% (31 December 2018 and 1 January 2018: 4%) per annum which is maturing in 2027.

Unquoted equity shares included preference shares issued by Floatel International Limited, an associated company, amounting to $10,449,000 (2018: $21,845,000).

12. LONG TERM ASSETS

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Staff loans	**277**	633	933	**50**	105	386
Derivative assets	**14,791**	22,002	26,780	**11,918**	8,751	14,101
Contract assets	**99,523**	-	-	**-**	-	-
Call option	**157,518**	150,500	137,200	**-**	-	-
Service concession receivable	**351,041**	235,959	115,835	**-**	-	-
Trade receivables	**638,973**	-	-	**-**	-	-
Long term receivables and others	**404,379**	313,350	365,238	**11,535**	-	-
	1,666,502	722,444	645,986	**23,503**	8,856	14,487
Less: Amounts due within one year and included in debtors (Note 17)	**(10,140)**	(42,980)	(42,194)	**(34)**	(55)	(141)
	1,656,362	679,464	603,792	**23,469**	8,801	14,346

Included in staff loans are interest-free advances to directors of related corporations amounting to $30,000 (31 December 2018: $47,000, 1 January 2018: $179,000) under an approved car loan scheme.

Contract assets primarily relate to the Group's right to consideration for development units delivered to customers under the pay-and-stay scheme, as well as for handset and equipment delivered and accepted by customers but not yet billed at the reporting date.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties LLP (f.k.a. Ocean Properties Private Limited) to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of $1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2019, the fair value was determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 842-year leasehold and 91-year leasehold (31 December 2018: based on the remaining 843-year leasehold and 92-year leasehold, 1 January 2018: based on the remaining 844-year leasehold and 93-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 34.

The service concession receivable relates to a service concession arrangement with a governing agency of the Government of Singapore (the grantor) to design, build, own and operate a desalination plant in Singapore, which has a capacity to produce 137,000 cubic metres of fresh drinking water per day. The plant is expected to be operational in 2020. The Group has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period of 25 years irrespective of the output produced. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. In arriving at the carrying value of the service concession arrangements as at the end of the reporting year, effective interest rate of 4.22% (31 December 2018: 4.30%, 1 January 2018: 4.33%) per annum were used to discount the future expected cash flows.

Trade receivables are related to financing arrangements for delivered rigs where the Group has retained title. $125,444,000 is due from one customer and bears floating interest at LIBOR plus a margin, and repayable in October 2024. The remainder is due from another customer, bears fixed interest and repayable in February 2024 and 2029. The customer has options for early repayment.

Long term receivables are unsecured, largely repayable after five years (31 December 2018 and 1 January 2018: five years) and bears effective interest ranging from 2.00% to 12.00% (31 December 2018: 2.00% to 9.00%, 1 January 2018: 2.00% to 6.00%) per annum.

Included in other receivables are claims receivable which represents claims from customer for long term contracts. For the financial year ended 31 December 2019, the Group recognised $15,021,000 (31 December 2018 and 1 January 2018: $nil) loss allowance on claims receivable arising from the discounting effects due to changes to the expected timing of receipt.

Included in the long term receivables is an unsecured, interest-bearing USD loan amounting to $155,425,000 (31 December 2018: $139,799,000) which is repayable in 2025 by Floatel International Limited, an associated company.

13. INTANGIBLES

	Goodwill $'000	Development Expenditure $'000	Brand $'000	Spectrum Rights $'000	Customer Contracts and Relationships $'000	Others $'000	Total $'000
Group							
2019							
At 1 January	**59,270**	**18,017**	-	-	**34,963**	**16,757**	**129,007**
Additions	-	**662**	-	-	-	-	**662**
Acquisition of a subsidiary	**988,288**	-	**277,563**	**156,670**	**175,167**	**1,116**	**1,598,804**
Amortisation	-	**(1,693)**	**(7,710)**	**(14,735)**	**(21,032)**	**(74)**	**(45,244)**
Exchange differences	-	**(175)**	-	-	**(73)**	-	**(248)**
At 31 December	**1,047,558**	**16,811**	**269,853**	**141,935**	**189,025**	**17,799**	**1,682,981**
Cost	**1,047,558**	**36,885**	**277,563**	**156,670**	**228,334**	**17,873**	**1,764,883**
Accumulated amortisation	-	**(20,074)**	**(7,710)**	**(14,735)**	**(39,309)**	**(74)**	**(81,902)**
	1,047,558	**16,811**	**269,853**	**141,935**	**189,025**	**17,799**	**1,682,981**

	Goodwill $'000	Development Expenditure $'000	Brand $'000	Spectrum Rights $'000	Customer Contracts and Relationships $'000	Others $'000	Total $'000
Group							
2018							
At 1 January	59,270	19,073	-	-	37,494	16,757	132,594
Additions	-	561	-	-	-	-	561
Amortisation	-	(1,760)	-	-	(2,927)	-	(4,687)
Exchange differences	-	143	-	-	396	-	539
At 31 December	59,270	18,017	-	-	34,963	16,757	129,007
Cost	59,270	38,808	-	-	53,305	16,757	168,140
Accumulated amortisation	-	(20,791)	-	-	(18,342)	-	(39,133)
	59,270	18,017	-	-	34,963	16,757	129,007

Impairment testing of goodwill

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Out of the total goodwill of $1,047,558,000, goodwill allocated from the acquisition of M1 Limited amounted to $988,288,000.

During the year, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% equity interest in M1 Limited. The Group's wholly-owned subsidiary, Keppel Telecommunications and Transportation Ltd holds the remaining 19% equity interest in M1 Limited.

The recoverable amount of M1 as a CGU was determined based on its value-in-use using a discounted cash flow model based on cash flow projections by management covering a 5-year period, and cash flows beyond the 5-year period were extrapolated using a terminal growth rate of 1.47%, premised on the estimated long term growth rate for the country where the CGU operates. Cash flows were discounted using a discount rate of 8% per annum.

The recoverable amount was estimated to be higher than the carrying value of the M1 CGU. Accordingly, no impairment of goodwill was recognised in 2019. The calculation of value-in-use for the CGU is sensitive to the terminal growth rate and the discount rate applied. Any possible reasonable change in the terminal growth rate and discount rate used in the calculation of the value-in-use amount would not cause any impairment to goodwill.

14. STOCKS

		Group		
		31 December		1 January
		2019	2018	2018
		$'000	$'000	$'000
Consumable materials and supplies		**141,876**	162,445	110,434
Finished products for sale		**114,854**	103,995	96,978
Work-in-progress (net of provision)		**653,814**	594,312	763,255
Properties held for sale	(a)	**4,632,211**	4,635,152	4,785,058
		5,542,755	5,495,904	5,755,725

For work-in-progress balances, the Group determines the estimated net realisable value based on arrangements to market the work-in-progress and discounted cash flow models. The provision for work-in-progress to write down its carrying value to its net realisable value at the end of the financial year was $50,000,000 (31 December 2018: $53,697,000, 1 January 2018: $52,483,000).

(a) Properties held for sale

	Group		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Properties under development			
Land cost	**2,770,384**	2,587,958	2,380,942
Development cost incurred to date	**585,200**	548,764	871,205
Related overhead expenditure	**252,501**	222,467	286,261
	3,608,085	3,359,189	3,538,408
Completed properties held for sale	**1,049,343**	1,304,119	1,284,426
	4,657,428	4,663,308	4,822,834
Provision for properties held for sale	**(25,217)**	(28,156)	(37,776)
	4,632,211	4,635,152	4,785,058

Movements in the provision for properties held for sale are as follows:

At 1 January	**28,156**	37,776	72,416
Charge to profit and loss account	**-**	799	-
Exchange differences	**34**	(33)	(383)
Amount written off	**(2,973)**	(10,386)	(28,866)
Subsidiary disposed	**-**	-	(5,391)
At 31 December	**25,217**	28,156	37,776

The provision for properties held for sale is arrived at after taking into account estimated selling prices and estimated total construction costs. Estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. Estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

Interest capitalised during the financial year amounted to $24,258,000 (2018: $30,460,000) at rate of 2.18% to 3.97% (2018: 3.30%) per annum for Singapore properties and 2.74% to 7.00% (2018: 2.60% to 15.00%) per annum for overseas properties.

15. CONTRACT ASSETS/LIABILITIES

	Group		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Contract assets	**3,497,476**	3,212,712	3,643,495
Contract liabilities	**1,824,965**	1,918,547	1,950,151

Contract assets relating to certain rig building contracts where the scheduled dates of the rigs have been deferred and have higher counter-party risks amounted to $1,431,744,000 (31 December 2018: $1,383,286,000, 1 January 2018: $1,127,566,000).

Contract liabilities included proceeds received from sale of properties of $847,317,000 (31 December 2018: $890,139,000, 1 January 2018: $677,997,000). Remaining contract liabilities of $977,648,000 (31 December 2018: $1,028,408,000, 1 January 2018: $1,272,154,000) are recorded when receipts from customers exceed the value of work transferred where the customer is invoiced on a milestone payment schedule.

Revenue recognised during the financial year ended 31 December 2019 in relation to contract liability balance at 1 January 2019 was $583,878,000 (2018: $544,361,000).

The aggregate amount of the transaction price allocated to the remaining performance obligation is $5,568,204,000 and the Group expects to recognise this revenue over the next 1 to 5 years.

Movements in the provision for contract assets are as follows:

	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
At 1 January	**21,000**	-	-
Charge to profit and loss account	**-**	21,000	-
At 31 December	**21,000**	21,000	-

16. AMOUNTS DUE FROM / TO

	Company		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Subsidiaries			
Amounts due from			
- trade	**88,028**	163,800	97,984
- advances	**7,199,296**	3,885,921	3,407,536
	7,287,324	4,049,721	3,505,520
Provision for doubtful debts	**(6,600)**	(6,600)	(6,600)
	7,280,724	4,043,121	3,498,920
Amounts due to			
- trade	**6,045**	8,130	4,726
- advances	**150,822**	154,481	231,677
	156,867	162,611	236,403

Movements in the provision for doubtful debts are as follows:

At 1 January/31 December	**6,600**	6,600	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 4.00% (2018: up to 4.00%) per annum on interest-bearing advances.

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Associated Companies						
Amounts due from						
- trade	**140,502**	84,201	66,482	**705**	548	733
- advances	**439,556**	223,526	291,735	**-**	-	-
	580,058	307,727	358,217	**705**	548	733
Provision for doubtful debts	**(16,480)**	(15,998)	(15,257)	**-**	-	-
	563,578	291,729	342,960	**705**	548	733
Amounts due to						
- trade	**78,187**	51,979	34,110	**-**	-	-
- advances	**412,099**	63,845	219,221	**-**	-	-
	490,286	115,824	253,331	**-**	-	-

Movements in the provision for doubtful debts are as follows:

At 1 January	**15,998**	15,257	1,131	**-**	-	-
Charge to profit and loss account	**482**	741	14,126	**-**	-	-
At 31 December	**16,480**	15,998	15,257	**-**	-	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.75% to 11.50% (31 December 2018: 0.45% to 11.50%, 1 January 2018: 0.25% to 8.00%) per annum on interest-bearing advances.

17. DEBTORS

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade debtors	**1,947,537**	1,831,028	2,214,444	**1**	2	7
Provision for doubtful debts	**(261,680)**	(246,879)	(147,761)	**-**	-	-
	1,685,857	1,584,149	2,066,683	**1**	2	7
Long term receivables due within one year (Note 12)	**10,140**	42,980	42,194	**34**	55	141
Sundry debtors	**238,128**	203,069	155,568	**464**	478	3,902
Prepayments	**210,550**	137,518	118,565	**87**	104	112
Tax recoverable	**6,057**	7,109	15,171	**-**	-	-
Value Added Tax receivable	**107,177**	90,057	59,040	**-**	83	-
Interest receivable	**14,002**	15,830	19,410	**21**	21	20
Deposits paid	**30,600**	28,971	25,235	**380**	279	408
Land tender deposits	**-**	145,411	103,346	**-**	-	-
Recoverable accounts	**49,493**	155,747	125,740	**7,702**	5,207	-
Accrued receivables	**219,599**	197,059	169,873	**155**	-	-
Purchase consideration receivable from disposal of subsidiaries/associated companies	**115,801**	37,097	61,228	**-**	-	-
Advances to subcontractors	**50,406**	47,736	73,455	**-**	-	-
Advances to non-controlling shareholders of subsidiaries	**26,528**	26,705	41,081	**-**	-	-
	1,078,481	1,135,289	1,009,906	**8,843**	6,227	4,583
Provision for doubtful debts	**(15,854)**	(17,138)	(13,906)	**-**	-	-
	1,062,627	1,118,151	996,000	**8,843**	6,227	4,583
Total	**2,748,484**	2,702,300	3,062,683	**8,844**	6,229	4,590

Movements in the provision for doubtful debts are as follows:

At 1 January	**264,017**	161,667	29,550	**-**	-	-
Charge to profit and loss account	**16,015**	95,457	141,514	**-**	-	-
Amount written off	**(7,443)**	(5,959)	(7,361)	**-**	-	-
Company acquired	**9,225**	-	-	**-**	-	-
Subsidiary disposed	**(4,296)**	-	(1,926)	**-**	-	-
Exchange differences	**16**	8	(110)	**-**	-	-
Reclassification	**-**	12,844	-	**-**	-	-
Total	**277,534**	264,017	161,667	**-**	-	-

In the prior year, a provision of $102,000,000 was recognised for the rig contracts with Sete Brasil.

18. SHORT TERM INVESTMENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Total investments at fair value through other comprehensive income: Quoted equity shares	**27,821**	34,428	55,048	**-**	-	-
Investments at fair value through profit or loss:						
Quoted equity shares	**74,300**	74,759	147,654	**-**	-	-
Unquoted equity shares	**-**	-	74			
Unquoted debt instrument	**19,460**	-	-	**-**	-	-
Total investments at fair value through profit or loss	**93,760**	74,759	147,728	**-**	-	-
Total investments at amortised cost: Unquoted - others	**-**	27,400	-	**-**	27,400	-
Total short term investments	**121,581**	136,587	202,776	**-**	27,400	-

Investments at fair value through other comprehensive income are mainly in the oil and gas industry.

The unquoted investment at amortised cost was repaid during the year upon the repayment of a short term borrowing of an associated company.

19. BANK BALANCES, DEPOSITS & CASH

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Bank balances and cash	**843,519**	779,003	590,248	**1,047**	370	2,213
Fixed deposits with banks	**760,421**	1,042,052	1,515,887	**-**	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**6,270**	9,562	32,340	**-**	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**173,304**	150,789	135,313	**-**	-	-
	1,783,514	1,981,406	2,273,788	**1,047**	370	2,213

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 6 months (31 December 2018: 1 day to 6 months, 1 January 2018: 1 day to 12 months). This comprises Singapore Dollars fixed deposits of $75,752,000 (31 December 2018: $34,824,000, 1 January 2018: $121,525,000) at interest rates ranging from 0.75% to 1.98% (31 December 2018: 0.60% to 1.59%, 1 January 2018: 0.35% to 1.24%) per annum, and foreign currency fixed deposits of $684,669,000 (31 December 2018: $1,007,228,000, 1 January 2018: $1,394,362,000) at interest rates ranging from 0.01% to 7.20% (31 December 2018: 0.02% to 7.55%, 1 January 2018: 0.01% to 13.15%) per annum.

The bank balances at 31 December 2019 include an amount of $384,000 (31 December 2018: $99,450,000, 1 January 2018: $102,000,000) pledged to a bank in relation to certain banking arrangement.

Cash and cash equivalents of $492,026,000 (31 December 2018: $684,375,000, 1 January 2018: $857,168,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

20. CREDITORS

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade creditors	**854,892**	486,278	579,371	**4,816**	3,139	161
Customers' advances and deposits	**117,673**	87,102	89,656	**-**	-	-
Sundry creditors	**650,300**	896,743	1,380,955	**3,124**	3,007	4,070
Accrued expenses	**2,595,432**	2,584,096	3,274,077	**40,749**	47,020	39,074
Advances from non-controlling shareholders	**149,200**	145,998	177,151	**-**	-	-
Retention monies	**179,982**	148,895	176,850	**-**	-	-
Interest payables	**57,065**	41,911	42,105	**30,036**	23,006	25,280
	4,604,544	4,391,023	5,720,165	**78,725**	76,172	68,585
Other non-current liabilities:						
Accrued expenses	**168,176**	191,990	204,121	**25,000**	48,372	49,275
Derivative liabilities	**127,106**	169,727	82,494	**58,778**	43,303	60,521
	295,282	361,717	286,615	**83,778**	91,675	109,796

The carrying amount of the non-current liabilities approximates their fair value.

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.83% to 4.94% (31 December 2018: 2.00% to 4.75%, 1 January 2018: 2.00% to 4.35%) per annum on interest-bearing advances.

In the prior year, there was a write-back of provision for claims of $96,380,000. This was in relation to customer potential claims arising from a rig contract in the Offshore & Marine Division. In view of commercial sensitivity, the Group is unable to disclose the name of the customer or the amount of the potential claims. The original contract value was adjusted for cost escalations. The validity of the contract value adjustments was subsequently challenged. Due to prolonged uncertainty, provisions were made by the Group for the potential claims in the past, the first such provision being made more than ten years ago. The Group had assessed, including seeking legal opinion, its position in respect of these potential claims and concluded that there were reasonable grounds for the write-back.

In the prior year, a provision for related contract costs of $65,000,000 was recognised for the rig contracts with Sete Brasil, bringing the total provision to $245,000,000 as at 31 December 2018. These were included in sundry creditors as at 31 December 2019, 31 December 2018 and 1 January 2018.

21. PROVISIONS FOR WARRANTIES

	Group		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
2019			
At 1 January	**69,614**	115,972	81,879
(Write-back)/Charge to profit and loss account	**(14,365)**	(1,550)	39,280
Amount utilised	**(18,601)**	(43,640)	(4,205)
Subsidiary disposed	**-**	-	(397)
Exchange differences	**(200)**	(1,168)	(385)
At 31 December	**36,448**	69,614	115,972

22. TERM LOANS

		31 December				1 January	
		2019		2018		2018	
		Due within one year $'000	Due after one year $'000	Due within one year $'000	Due after one year $'000	Due within one year $'000	Due after one year $'000
Group							
Keppel Corporation Medium Term Notes	(a)	**500,000**	**1,900,000**	-	1,700,000	-	1,700,000
Keppel Land Medium Term Notes	(b)	**99,904**	**629,507**	342,316	729,196	-	916,027
Keppel Telecommunications & Transportation Medium Term Notes	(c)	**-**	**100,000**	-	100,000	-	100,000
Keppel GMTN Floating Rate Notes	(d)	**273,240**	**-**	-	274,000	-	269,800
Bank and other loans							
- secured	(e)	**98,599**	**310,859**	412,412	185,874	150,591	580,825
- unsecured	(f)	**3,583,494**	**3,564,028**	726,029	3,078,682	1,563,493	2,512,267
		4,555,237	**6,504,394**	1,480,757	6,067,752	1,714,084	6,078,919

		31 December				1 January	
		2019		2018		2018	
		Due within one year $'000	Due after one year $'000	Due within one year $'000	Due after one year $'000	Due within one year $'000	Due after one year $'000
Company							
Keppel Corporation Medium Term Notes	(a)	**500,000**	**1,900,000**	-	1,700,000	-	1,700,000
Unsecured bank loans	(f)	**2,900,430**	**1,598,203**	460,657	1,795,610	551,530	1,239,800
		3,400,430	**3,498,203**	460,657	3,495,610	551,530	2,939,800

(a) At the end of the financial year, notes issued under the US$5,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to $2,400,000,000 (31 December 2018 and 1 January 2018: $1,700,000,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2042 (31 December 2018 and 1 January 2018: from 2020 to 2042) with interest rates ranging from 3.00% to 4.00% (31 December 2018 and 1 January 2018: 3.10% to 4.00%) per annum.

(b) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to $399,737,000 (31 December 2018: $642,060,000, 1 January 2018: $486,696,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2023 (31 December 2018: 2019 to 2023, 1 January 2018: 2019 to 2023), with interest rates ranging from 2.68% to 2.84% (31 December 2018: 2.68% to 3.26%, 1 January 2018: 2.84% to 3.26%) per annum.

At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to $329,674,000 (31 December 2018: $429,452,000, 1 January 2018: $429,331,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2022 to 2024 (31 December 2018 and 1 January 2018: 2020 to 2024) with interest rates ranging from 3.80% to 3.90% (31 December 2018 and 1 January 2018: 2.83% to 3.90%) per annum.

(c) At the end of the financial year, notes issued under the S$500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to $100,000,000 (31 December 2018 and 1 January 2018: $100,000,000). The fixed rates notes, due in 2024, are unsecured and carried an interest rate of 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024 (31 December 2018 and 1 January 2018: 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024).

(d) At the end of the financial year, US$200,000,000 notes issued under the US$2,000,000,000 Euro Medium Term Note Programme by Keppel GMTN Pte Ltd amounted to $273,240,000 (31 December 2018: $274,000,000, 1 January 2018: $269,800,000). The floating rate notes due in 2020 are unsecured and bear interest rate payable quarterly at 3-month US Dollar London Interbank Offered Rate plus 0.89% per annum and ranging from 2.92% to 3.69% (31 December 2018: 2.24% to 3.30%, 1 January 2018: 1.75% to 2.24%) per annum.

(e) The secured bank loans consist of:

- A term loan of $50,000,000 drawn down by a subsidiary. The term loan is repayable in 2023 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 2.32% per annum.

- A term loan of $46,880,000 drawn down by a subsidiary. The term loan is repayable in 2032 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.

- A term loan of $44,132,000 drawn down by a subsidiary. The term loan is repayable in 2033 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.

- Other secured bank loans comprised $268,446,000 (31 December 2018: $297,363,000, 1 January 2018: $474,918,000) of foreign currency loans. They are repayable within one to eight (31 December 2018: one to fifteen, 1 January 2018: one to sixteen) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 1.82% to 12.50% (31 December 2018: 1.59% to 9.59%, 1 January 2018: 1.49% to 7.23%) per annum.

The secured bank loans as of 31 December 2018 included a term loan of $300,923,000 (1 January 2018: $256,498,000) which was drawn down by a subsidiary. The term loan was repaid in 2019 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates of 2.89% (1 January 2018: 1.35% to 1.94%) per annum.

(f) The unsecured bank and other loans of the Group totalling $7,147,522,000 (31 December 2018: $3,804,711,000, 1 January 2018: $4,075,760,000) comprised $5,113,132,000 (31 December 2018: $2,604,736,000, 1 January 2018: $2,823,820,000) of loans denominated in Singapore Dollars and $2,034,390,000 (31 December 2018: $1,199,975,000, 1 January 2018: $1,251,940,000) of foreign currency loans. They are repayable within one to twelve (31 December 2018: one to thirteen, 1 January 2018: one to fourteen) years. Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 1.08% to 3.38% (31 December 2018: 2.13% to 3.08%, 1 January 2018: 1.18% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.96% to 9.41% (31 December 2018: 0.50% to 9.30%, 1 January 2018: 0.48% to 10.69%) per annum.

The unsecured bank loans of the Company totalling $4,498,633,000 (31 December 2018: $2,256,267,000, 1 January 2018: $1,791,330,000) comprised $3,186,162,000 (31 December 2018: $1,707,050,000, 1 January 2018: $1,550,000,000) of loans denominated in Singapore Dollars and $1,312,471,000 (31 December 2018: $549,217,000, 1 January 2018: $241,330,000) of foreign currency loans. They are repayable within one to five years (31 December 2018: one to six years, 1 January 2018: one to seven years). Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 1.08% to 3.38% (31 December 2018: 2.13% to 3.08%, 1 January 2018: 1.46% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.96% to 3.24% (31 December 2018: 0.50% to 3.96%, 1 January 2018: 0.50% to 2.10%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $963,984,000 (31 December 2018: $1,065,652,000, 1 January 2018: $1,894,728,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $10,875,283,000 (31 December 2018: $7,672,894,000, 1 January 2018: $7,864,285,000) and $6,723,252,000 (31 December 2018: $3,935,905,000, 1 January 2018: $3,556,370,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using discount rates based upon the borrowing rates which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2019	2018	2018	**2019**	2018	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Years after year-end:						
After one but within two years	**1,191,134**	1,153,733	1,403,471	**550,000**	705,500	-
After two but within five years	**4,048,673**	3,686,101	3,174,902	**1,798,203**	2,069,580	1,900,000
After five years	**1,264,587**	1,227,918	1,500,546	**1,150,000**	720,530	1,039,800
	6,504,394	6,067,752	6,078,919	**3,498,203**	3,495,610	2,939,800

23. DEFERRED TAXATION

	Group		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Deferred tax liabilities:			
Accelerated tax depreciation	**295,789**	116,707	108,936
Investment properties valuation	**75,175**	49,843	184,429
Offshore income & others	**79,430**	80,163	90,502
	450,394	246,713	383,867
Deferred tax assets:			
Other provisions	**(18,043)**	(34,740)	(32,778)
Unutilised tax benefits	**(11,692)**	(23,633)	(25,730)
Lease liabilities	**(21,631)**	-	-
	(51,366)	(58,373)	(58,508)
Net deferred tax liabilities	**399,028**	188,340	325,359

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of $100,797,000 (31 December 2018: $84,027,000, 1 January 2018: $105,725,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of $902,989,000 (31 December 2018: $695,449,000, 1 January 2018: $886,858,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses amounting to $193,577,000 (31 December 2018: $158,309,000, 1 January 2018: $227,747,000) can be carried forward for a period of one to nine years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Charged /(credited) to profit or loss $'000	Charged /(credited) to other compre-hensive income $'000	Subsi-diaries disposed $'000	Subsi-diaries acquired $'000	Reclass-ification $'000	Exchange Differences $'000	Adoption of SFRS(I) 16 $'000	At 31 December $'000
Group									
2019									
Deferred Tax Liabilities									
Accelerated tax depreciation	**116,707**	**(20,122)**	**-**	**(2,307)**	**203,666**	**23**	**(108)**	**(2,070)**	**295,789**
Investment properties valuation	**49,843**	**26,857**	**-**	**-**	**-**	**-**	**(1,525)**	**-**	**75,175**
Offshore income & others	**80,163**	**(81)**	**(23)**	**-**	**-**	**(294)**	**(335)**	**-**	**79,430**
Total	**246,713**	**6,654**	**(23)**	**(2,307)**	**203,666**	**(271)**	**(1,968)**	**(2,070)**	**450,394**
Deferred Tax Assets									
Other provisions	**(34,740)**	**16,726**	**4**	**-**	**-**	**78**	**(111)**	**-**	**(18,043)**
Unutilised tax benefits	**(23,633)**	**10,811**	**-**	**-**	**-**	**1,196**	**(66)**	**-**	**(11,692)**
Lease liabilities	**-**	**(2,567)**	**-**	**580**	**-**	**(1,454)**	**860**	**(19,050)**	**(21,631)**
Total	**(58,373)**	**24,970**	**4**	**580**	**-**	**(180)**	**683**	**(19,050)**	**(51,366)**
Net Deferred Tax Liabilities	**188,340**	**31,624**	**(19)**	**(1,727)**	**203,666**	**(451)**	**(1,285)**	**(21,120)**	**399,028**
2018									
Deferred Tax Liabilities									
Accelerated tax depreciation	108,936	4,262	-	-	3,670	-	(161)	-	116,707
Investment properties valuation	184,429	6,263	-	(139,774)	-	-	(1,075)	-	49,843
Offshore income & others	90,502	(9,437)	(243)	-	-	-	(659)	-	80,163
Total	383,867	1,088	(243)	(139,774)	3,670	-	(1,895)	-	246,713
Deferred Tax Assets									
Other provisions	(32,778)	(3,045)	1,046	-	-	-	37	-	(34,740)
Unutilised tax benefits	(25,730)	2,274	-	-	-	-	(177)	-	(23,633)
Total	(58,508)	(771)	1,046	-	-	-	(140)	-	(58,373)
Net Deferred Tax Liabilities	325,359	317	803	(139,774)	3,670	-	(2,035)	-	188,340

24. REVENUE

	Group	
	2019	2018
	$'000	$'000
Revenue from contracts with customers		
Revenue from construction contracts	**2,418,931**	1,875,712
Sale of property	**1,207,359**	1,248,798
Sale of goods	**373,728**	43,553
Sale of electricity, utilities and gases	**2,172,045**	2,068,292
Revenue from telecommunication services	**620,475**	-
Revenue from other services rendered	**661,233**	637,379
	7,453,771	5,873,734
Other sources of revenue		
Rental income from investment properties	**122,500**	86,011
Gain on sale of investments	**678**	2,232
Dividend income from quoted shares	**2,684**	2,703
Others	**70**	101
	7,579,703	5,964,781

Sales are made with credit terms that are consistent with market practice. In 2018, there was a sale of five rigs to a customer where amounts are paid in instalments within five years from the respective delivery dates of each individual rig.

25. STAFF COSTS

	Group	
	2019	2018
	$'000	$'000
Wages and salaries	**924,839**	780,104
Employer's contribution to Central Provident Fund	**86,486**	68,357
Share options and share plans granted to Director and employees	**37,255**	34,885
Other staff benefits	**114,651**	104,484
	1,163,231	987,830

26. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2019	2018
	$'000	$'000
Included in materials and subcontract costs:		
Fair value (gain)/loss on		
- investments	**(4,462)**	942
- forward foreign exchange contracts	**13,675**	18,095
Cost of stocks & contract assets recognised as expense	**1,094,686**	771,465
Direct operating expenses		
- investment properties that generated rental income	**42,258**	23,818
Included in staff costs:		
Key management's emoluments		
(including executive directors' remuneration)		
- short-term employee benefits	**11,471**	9,015
- post-employment benefits	**105**	95
- share plans granted	**9,943**	7,771
Included in impairment loss on financial assets:		
Provision for doubtful debts (Note 12 & 17)	**31,036**	95,457
Bad debts written-off	**43,331**	4,256
Included in other operating income - net:		
Rental expense		
- operating leases	**-**	84,854
Impairment/write-off of fixed assets	**8,432**	6,911
Impairment of associated companies (Note 10)	**35,915**	60,782
Provision for stocks	**7,571**	6,271
Provision for related contract costs (Note 20)	**-**	65,000
Provision for contract assets (Note 15)	**-**	21,000
Write-back of provision for claims (Note 20)	**-**	(96,380)
Fair value gain on investment properties (Note 7)	**(101,020)**	(84,886)
Fair value (gain)/loss on		
- investments	**15,328**	(13,823)
- forward foreign exchange contracts	**2,028**	(6,966)
(Gain)/loss on differences in foreign exchange	**(39,632)**	42,070
Profit on sale of fixed assets and an investment property	**(6,277)**	(2,795)
Profit on sale of investments	**(164)**	-
Gain on disposal of subsidiaries	**(64,469)**	(604,638)
Loss/(gain) on disposal of associated companies	**22**	(48,783)
Gain from change in interest in associated companies	**(27,114)**	(63,622)
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	**(158,376)**	-
Fees and other remuneration to Directors of the Company	**2,537**	2,373
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**2,332**	3,510
Auditors' remuneration		
- auditors of the Company	**3,343**	3,121
- other auditors of subsidiaries	**1,833**	2,001
Non-audit fees paid to		
- auditors of the Company	**611**	486
- other auditors of subsidiaries	**150**	154

27. INVESTMENT INCOME, INTEREST INCOME AND INTEREST EXPENSES

	Group	
	2019	2018
	$'000	$'000
Investment income from:		
Shares - quoted outside Singapore	**42**	34
Shares - unquoted	**64,552**	9,957
	64,594	9,991
Interest income from:		
Bonds, debentures and deposits	**101,548**	100,376
Associated companies	**63,664**	56,760
Service concession arrangement	**12,463**	7,124
	177,675	164,260
Interest expenses on notes, loans and overdrafts	**(277,143)**	(205,845)
Interest expenses on lease liabilities	**(35,732)**	-
Fair value gain on interest rate caps and swaps	**159**	1,021
	(312,716)	(204,824)

28. TAXATION

(a) Income tax expense

	Group	
	2019	2018
	$'000	$'000
Tax expense comprised:		
Current tax	**175,880**	245,091
Adjustment for prior year's tax	**(88,696)**	(32,200)
Others	**790**	10,958
Deferred tax (Note 23)	**31,624**	317
Land appreciation tax:		
Current year	**72,731**	60,610
	192,329	284,776

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	2019	2018
	$'000	$'000
Profit before tax	**953,467**	1,245,484
Share of profit of associated companies, net of tax	**(147,413)**	(220,895)
Profit before tax and share of profit of associated companies	**806,054**	1,024,589
Tax calculated at tax rate of 17% (2018: 17%)	**137,029**	174,180
Income not subject to tax	**(89,266)**	(170,942)
Expenses not deductible for tax purposes	**125,067**	232,272
Unrecognised tax benefits / (Utilisation of previously unrecognised tax benefits)	**32,169**	(17,314)
Effect of different tax rates in other countries	**21,478**	39,861
Adjustment for prior year's tax	**(88,696)**	(32,200)
Effects of changes in tax rates	**-**	13,461
Land appreciation tax	**72,731**	60,610
Effect of tax reduction on land appreciation tax	**(18,183)**	(15,152)
	192,329	284,776

(b) Movement in current income tax liabilities

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
At 1 January	**297,922**	220,761	**43,519**	33,955
Exchange differences	**(6,506)**	(4,291)	**-**	-
Tax expense	**175,880**	245,091	**15,800**	10,200
Adjustment for prior year's tax	**(88,696)**	(32,200)	**(27,796)**	(636)
Land appreciation tax	**72,731**	60,610	**-**	-
Net income taxes paid	**(263,856)**	(195,904)	**-**	-
Subsidiaries acquired	**47,832**	157	**-**	-
Subsidiaries disposed	**(164)**	(89)	**-**	-
Reclassification				
- tax recoverable and others	**12,831**	3,787	**-**	-
- deferred tax	**451**	-		
At 31 December	**248,425**	297,922	**31,523**	43,519

29. EARNINGS PER ORDINARY SHARE

	Group			
	2019 $'000		2018 $'000	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders	**706,975**	**706,975**	948,392	948,392
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,815,701**	**1,815,701**	1,814,159	1,814,159
Adjustment for dilutive potential ordinary shares	**-**	**9,668**	-	10,728
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,815,701**	**1,825,369**	1,814,159	1,824,887
Earnings per ordinary share	**38.9 cts**	**38.7 cts**	52.3 cts	52.0 cts

30. DIVIDENDS

A final cash dividend of 12.0 cents per share tax exempt one-tier (2018: final cash dividend of 15.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2019 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim cash dividend of 8.0 cents per share tax exempt one-tier (2018: interim cash dividend of 10.0 cents per share tax exempt one-tier and the special cash dividend of 5.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2019 will be 20.0 cents per share (2018: 30.0 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 15.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	272,568
An interim cash dividend of 8.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	145,370
	417,938

In the prior year, total distributions of $526,152,000 were made.

31. COMMITMENTS

(a) Capital commitments

	Group		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Capital expenditure/commitments not provided for in the financial statements:			
In respect of contracts placed:			
- for purchase and construction of investment properties	**130,682**	372,292	175,759
- for purchase of other fixed assets	**6,777**	13,034	17,341
- for purchase/subscription of shares mainly in property development companies	**329,685**	406,662	174,311
- for commitments to private funds	**357,634**	388,093	450,247
Amounts approved by Directors in addition to contracts placed:			
- for purchase and construction of investment properties	**155,213**	19,665	105,115
- for purchase of other fixed assets	**246,436**	158,677	224,903
- for purchase/subscription of shares mainly in property development companies	**175,658**	77,260	36,509
	1,402,085	1,435,683	1,184,185
Less: Non-controlling shareholders' share	**(33,225)**	(65,018)	(69,698)
	1,368,860	1,370,665	1,114,487

There was no significant future capital expenditure/commitment for the Company.

(b) Lessee's lease commitments

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	31 December 2018	1 January 2018	31 December 2018	1 January 2018
	$'000	$'000	$'000	$'000
Years after year-end:				
Within one year	81,555	89,315	199	40
From two to five years	255,324	300,506	179	-
After five years	572,156	684,204	-	-
	909,035	1,074,025	378	40

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 *Leases* on 1 January 2019. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised on balance sheet. The right-of-use assets and lease liabilities are disclosed in Note 8.

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	31 December 2018 $'000	1 January 2018 $'000	31 December 2018 $'000	1 January 2018 $'000
Years after year-end:				
Within one year	98,856	88,087	-	-
From two to five years	159,497	166,553	-	-
After five years	60,457	61,638	-	-
	318,810	316,278	-	-

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

32. CONTINGENT LIABILITIES AND GUARANTEES (UNSECURED)

	Group 31 December		**Company 31 December**	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**615,611**	493,286	**1,685,269**	1,376,427
Bank guarantees	**73,319**	70,030	**-**	-
	688,930	563,316	**1,685,269**	1,376,427

See Note 2.27 for further disclosures relating to the Group's claims and litigations.

Included in the above guarantees is a bilateral agreement between the Group and a bank which guaranteed a bank loan granted to KrisEnergy Limited, an associated company, amounting to $262,825,000 as at 31 December 2019. The guarantee is secured on the assets of KrisEnergy Limited.

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant related party transactions as follows:

	Group	
	2019	2018
	$'000	$'000
Sales of goods and/or services to		
- associated companies	**246,684**	183,486
- other related parties	**73,164**	63,544
	319,848	247,030
Purchase of goods and/or services from		
- associated companies	**145,853**	105,056
- other related parties	**126,981**	61,321
	272,834	166,377
Treasury transactions with		
- associated companies	**36,378**	21,412

34. FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk

(i) Currency risk

The Group has receivables and payables denominated in foreign currencies via US Dollars, Renminbi and other currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $4,333,439,000 (31 December 2018: $5,284,557,000, 1 January 2018: $6,344,009,000). The net positive fair value of forward foreign exchange contracts is $3,796,000 (31 December 2018: net negative fair value of $4,778,000, 1 January 2018: net positive fair value of $58,266,000) comprising assets of $30,022,000 (31 December 2018: $28,143,000, 1 January 2018: $105,511,000) and liabilities of $26,226,000 (31 December 2018: $32,921,000, 1 January 2018: $47,245,000). These amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $4,205,443,000 (31 December 2018: $5,203,754,000, 1 January 2018: $6,269,592,000). The net positive fair value of forward foreign exchange contracts is $4,839,000 (31 December 2018: net negative fair value of $4,972,000, 1 January 2018: net positive fair value of $56,859,000) comprising assets of $30,022,000 (31 December 2018: $27,731,000, 1 January 2018: $104,045,000) and liabilities of $25,183,000 (31 December 2018: $32,703,000, 1 January 2018: $47,186,000). These amounts are recognised as derivative assets and derivative liabilities.

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2019			
	USD	**RMB**	**BRL**	**Others**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Financial Assets				
Debtors	**535,178**	**1,629**	**318,767**	**119,434**
Investments	**474,060**	-	-	**114,741**
Bank balances, deposits & cash	**47,303**	**41,209**	**53**	**38,380**
	1,056,541	**42,838**	**318,820**	**272,555**
Financial Liabilities				
Creditors	**136,595**	**1,052**	**18,542**	**12,362**
Term loans	**997,104**	**9,683**	-	**180,882**
Lease Liabilities	-	**215**	-	**726**
	1,133,699	**10,950**	**18,542**	**193,970**

	2018			
	USD	RMB	BRL	Others
	$'000	$'000	$'000	$'000
Group				
Financial Assets				
Debtors	22,038	19,388	360,479	13,645
Investments	197,976	-	-	92,244
Bank balances, deposits & cash	134,222	186,215	1,823	25,286
	354,236	205,603	362,302	131,175
Financial Liabilities				
Creditors	88,895	7,878	5,393	20,481
Term loans	611,546	-	-	131,718
	700,441	7,878	5,393	152,199

	2019			2018		
	USD	**RMB**	**Others**	**USD**	**RMB**	**Others**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Company						
Financial Assets						
Debtors	**579**	**54**	-	776	83	-
Investments	-	-	-	27,400	-	-
Bank balances, deposits & cash	**612**	**219**	**1**	78	236	-
	1,191	**273**	**1**	28,254	319	-
Financial Liabilities						
Creditors	**4,333**	**207**	**10**	3,757	246	69
Term loans	**965,903**	**9,683**	**89,370**	294,550	-	13,607
Lease Liabilities	-	**215**	-	-	-	-
	970,236	**10,105**	**89,380**	298,307	246	13,676

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2018: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Group				
USD against SGD				
- Strengthened	**(11,518)**	(25,195)	**7,631**	7,759
- Weakened	**11,518**	25,195	**(7,631)**	(7,759)
RMB against SGD				
- Strengthened	**1,594**	9,886	**-**	-
- Weakened	**(1,594)**	(9,886)	**-**	-
BRL against SGD				
- Strengthened	**12,462**	14,812	**-**	-
- Weakened	**(12,462)**	(14,812)	**-**	-
Company				
USD against SGD				
- Strengthened	**(48,801)**	(13,602)	**-**	-
- Weakened	**48,801**	13,602	**-**	-
RMB against SGD				
- Strengthened	**(474)**	3	**-**	-
- Weakened	**474**	(3)	**-**	-

(ii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its SGD, USD and Renminbi variable rate term loans (Note 22). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $2,752,273,000 (31 December 2018: $1,667,483,000, 1 January 2018: $1,778,962,000) whereby it receives variable rates equal to SOR and LIBOR (31 December 2018 and 1 January 2018: SOR and LIBOR) and pays fixed rates of between 1.41% and 3.62% (31 December 2018: 1.33% and 3.62%, 1 January 2018: 1.27% and 3.62%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $108,661,000 (31 December 2018: net negative fair value of $62,841,000, 1 January 2018: net negative fair value of $58,025,000) comprising assets of $444,000 (31 December 2018: $4,677,000, 1 January 2018: $4,339,000) and liabilities of $109,105,000 (31 December 2018: $67,518,000, 1 January 2018: $62,364,000). These amounts are recognised as derivative assets and derivative liabilities.

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2018: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $24,025,000 (2018: $10,827,000) as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, HSFO 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling

$690,044,000 (31 December 2018: $938,774,000, 1 January 2018: $542,679,000) and $63,885,000 (31 December 2018: $10,001,000, 1 January 2018: $nil) respectively. The net negative fair value of HSFO forward contracts for the Group is $96,885,000 (31 December 2018: net negative fair value of $147,250,000, 1 January 2018: net positive fair value of $89,599,000) comprising assets of $7,592,000 (31 December 2018: $25,568,000, 1 January 2018: $97,957,000) and liabilities of $104,477,000 (31 December 2018: $172,818,000, 1 January 2018: $8,358,000). These amounts are recognised as derivative assets and derivative liabilities. The net negative fair value of Dated Brent forward contracts for the Group of $2,361,000 (31 December 2018: net negative fair value of $14,138,000, 1 January 2018: $nil) comprising assets of $2,305,000 (31 December 2018: $nil, 1 January 2018: $nil) and liabilities of $4,666,000 (31 December 2018: $14,138,000, 1 January 2018: $nil). These amounts are recognised as derivative assets and derivative liabilities.

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts with notional amounts totalling $142,980,000 (31 December 2018: $80,055,000, 1 January 2018: $47,042,000). The net positive fair values of electricity futures contracts is $5,447,000 (31 December 2018: net positive fair value of $7,857,000, 1 January 2018: net negative fair value of $2,297,000) comprising assets of $7,560,000 (31 December 2018: $9,002,000, 1 January 2018: $199,000) and liabilities of $2,113,000 (31 December 2018: $1,145,000, 1 January 2018: $2,496,000). These amounts are recognised as derivative assets and derivative liabilities.

The Group is exposed to equity securities price risk arising from equity investments classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis for price risk

If prices for HSFO and Dated Brent increase/decrease by 5% (31 December 2018 and 1 January 2018: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $29,658,000 (31 December 2018: $39,366,000, 1 January 2018: $30,635,000) and $3,075,000 (31 December 2018: $252,000, 1 January 2018: $nil) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (31 December 2018 and 1 January 2018: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $6,877,000 (31 December 2018: $2,849,000, 1 January 2018: $2,467,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2018: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $7,835,000 (2018: $5,205,000) as a result of higher/lower fair value gains on investments at fair value through profit or loss, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $2,008,000 (2018: $2,047,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

Credit Risk

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The Group assesses on a forward looking basis the ECLs associated with its financial assets which are mainly debtors, amounts due from associated companies and bank balances, deposits and cash.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to debtors under SFRS(I) 9 as at 31 December 2019 are set out in the provision matrix as follows:

	Current $'000	1 to 3 months $'000	3 to 6 months $'000	> 6 months $'000	Total $'000
Offshore & Marine					
Expected loss rate	**6.1%**	**13.3%**	**12.3%**	**69.4%**	
Trade receivables	**2,902**	**758**	**1,265**	**3,308**	**8,233**
Loss allowance	**178**	**101**	**155**	**2,295**	**2,729**
Infrastructure					
Expected loss rate	**0.1%**	**0.5%**	**1.0%**	**45.5%**	
Trade receivables	**178,600**	**28,999**	**11,814**	**4,946**	**224,359**
Loss allowance	**125**	**153**	**118**	**2,248**	**2,644**
Investments					
Expected loss rate	**2.0%**	**8.0%**	**15.2%**	**20.4%**	
Trade receivables	**266,978**	**27,995**	**4,862**	**27,555**	**327,390**
Loss allowance	**5,451**	**2,238**	**739**	**5,609**	**14,037**

For the remaining subsidiaries which transact with low volume of customers and customers are monitored individually for credit loss assessment, the receivables (including concession service receivable and contract assets) are assessed individually for lifetime expected credit losses at each reporting date. In calculating the expected credit loss, the Group uses a probability-weighted amount that is determined by evaluating a range of possible outcomes. The possible outcomes include an unbiased estimate of the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

Individual customer will be evaluated periodically for its credit risk and the credit risk assessment is based on historical, current and forward-looking information such as:

- Historical financial and default rate of the customer
- Any publicly available information on the customer
- Any macro-economic or geopolitical information relevant to the customer
- Any other objectively supportable information on the quality and abilities of the customer's management relevant for its performance

Property

For investment properties, the Group manages credit risks arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposits, and/or banker's guarantees. The Group also has a policy of regular review of debt collection and rental contracts are entered into with customers with an appropriate credit history.

In measuring the ECL, trade debtors and contract assets are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are subject to immaterial credit loss under the property segment.

Balances due from associated companies are subject to immaterial credit loss.
The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and hence does not expect significant credit losses.

Liquidity Risk
Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury Department also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 22. The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Group				
31 December 2019				
Gross-settled forward foreign exchange contracts				
- Receipts	**3,113,245**	**773,921**	**478,026**	-
- Payments	**(3,107,938)**	**(766,231)**	**(468,296)**	-
Net-settled HSFO forward contracts				
- Receipts	**5,583**	**1,808**	**200**	-
- Payments	**(91,720)**	**(11,095)**	**(1,661)**	-
Net-settled Dated Brent forward contracts				
- Receipts	**2,305**	-	-	-
- Payments	**(3,581)**	**(1,085)**	-	-
Net-settled electricity futures contracts				
- Receipts	**6,701**	**859**	-	-
- Payments	**(1,639)**	**(474)**	-	-
Borrowings	**(4,775,144)**	**(1,403,358)**	**(4,359,758)**	**(1,597,868)**
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	4,371,906	595,863	291,056	-
- Payments	(4,376,578)	(590,895)	(293,122)	-
Net-settled HSFO forward contracts				
- Receipts	18,276	5,291	2,001	-
- Payments	(78,658)	(89,608)	(4,551)	-
Net-settled Dated Brent forward contracts				
- Receipts	588	-	-	-
- Payments	(11,333)	(2,377)	(1,019)	-
Net-settled electricity futures contracts				
- Receipts	3,042	5,960	-	-
- Payments	(986)	(159)	-	-
Borrowings	(1,880,464)	(1,107,664)	(3,958,879)	(1,565,429)
1 January 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	5,367,540	989,250	48,742	-
- Payments	(5,310,740)	(989,397)	(50,423)	-
Net-settled HSFO forward contracts				
- Receipts	85,426	12,150	381	-
- Payments	(4,564)	(1,841)	(1,953)	-
Net-settled electricity futures contracts				
- Receipts	52	147	-	-
- Payments	(2,390)	(106)	-	-
Borrowings	(1,903,567)	(1,567,496)	(3,457,684)	(1,884,254)

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Company				
31 December 2019				
Gross-settled forward foreign exchange contracts				
- Receipts	**2,986,032**	**773,921**	**478,026**	**-**
- Payments	**(2,979,943)**	**(766,231)**	**(468,296)**	**-**
Borrowings	**(3,525,789)**	**(656,062)**	**(1,986,035)**	**(1,455,148)**
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	4,295,278	591,445	291,056	-
- Payments	(4,300,024)	(586,549)	(293,122)	-
Borrowings	(767,884)	(592,033)	(2,224,328)	(982,992)
1 January 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	5,306,832	973,865	48,742	-
- Payments	(5,251,003)	(974,631)	(50,423)	-
Borrowings	(644,666)	(85,514)	(2,096,221)	(1,333,585)

In addition to the above, creditors (Note 20) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital undertakings for the financial year ended 31 December 2019. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to total equity not exceeding ratios ranging from 2.00 to 3.00 times.

Management monitors capital risk based on the Group's net gearing. Net gearing is calculated as net debt divided by total equity. Net debt is calculated as total term loans (Note 22) and total lease liabilities (Note 8) less bank balances, deposits & cash (Note 19).

	Group		
	31 December		1 January
	2019	2018	2018
	$'000	$'000	$'000
Net debt	**9,873,556**	5,567,103	5,519,215
Total equity	**11,646,031**	11,576,692	11,722,455
Net gearing ratio	**0.85x**	0.48x	0.47x

Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2019				
Financial assets				
Derivative financial instruments	-	55,841	-	55,841
Call option	-	-	157,518	157,518
Investments				
- Investments at fair value through other comprehensive income	12,336	-	202,623	214,959
- Investments at fair value through profit or loss	82,399	22,958	328,753	434,110
Short term investments				
- Investments at fair value through other comprehensive income	27,821	-	-	27,821
- Investments at fair value through profit or loss	74,300	19,460	-	93,760
	196,856	98,259	688,894	984,009
Financial liabilities				
Derivative financial instruments	-	246,587	-	246,587
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,667,822	1,667,822
- Commercial, under construction	-	-	1,354,269	1,354,269
	-	-	3,022,091	3,022,091

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2018				
Financial assets				
Derivative financial instruments	-	67,978	-	67,978
Call option	-	-	150,500	150,500
Investments				
- Investments at fair value through other comprehensive income	6,527	-	201,830	208,357
- Investments at fair value through profit or loss	29,332	43,800	168,026	241,158
Short term investments				
- Investments at fair value through other comprehensive income	34,428	-	-	34,428
- Investments at fair value through profit or loss	74,759	-	-	74,759
	145,046	111,778	520,356	777,180
Financial liabilities				
Derivative financial instruments	-	289,132	-	289,132
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,716,314	1,716,314
- Commercial, under construction	-	-	1,135,066	1,135,066
	-	-	2,851,380	2,851,380
Group				
1 January 2018				
Financial assets				
Derivative financial instruments	-	208,006	-	208,006
Call option	-	-	137,200	137,200
Investments				
- Investments at fair value through other comprehensive income	4,123	-	271,955	276,078
- Investments at fair value through profit or loss	31,647	43,250	66,817	141,714
Short term investments				
- Investments at fair value through other comprehensive income	55,048	-	-	55,048
- Investments at fair value through profit or loss	147,654	-	74	147,728
	238,472	251,256	476,046	965,774
Financial liabilities				
Derivative financial instruments	-	120,463	-	120,463
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,404,294	1,404,294
- Commercial, under construction	-	-	2,056,314	2,056,314
	-	-	3,460,608	3,460,608

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
31 December 2019				
Financial assets				
Derivative financial instruments	-	**30,462**	-	**30,462**
Investments				
- Investments at fair value through other comprehensive income	-	-	**19,230**	**19,230**
	-	**30,462**	**19,230**	**49,692**
Financial liabilities				
Derivative financial instruments	-	**78,766**	-	**78,766**
31 December 2018				
Financial assets				
Derivative financial instruments	-	**31,968**	-	**31,968**
Investments				
- Investments at fair value through other comprehensive income	-	-	**16,957**	**16,957**
	-	**31,968**	**16,957**	**48,925**
Financial liabilities				
Derivative financial instruments	-	**71,099**	-	**71,099**
1 January 2018				
Financial assets				
Derivative financial instruments	-	107,631	-	107,631
Investments				
- Investments at fair value through other comprehensive income	-	-	15,012	15,012
	-	107,631	15,012	122,643
Financial liabilities				
Derivative financial instruments	-	90,049	-	90,049

There have been no significant transfers between Level 1, Level 2 and Level 3 for the Group and Company in 2019 and 2018.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group		**Company**	
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
At 1 January	**520,356**	471,982	**16,957**	15,012
Co acquired	**23,884**	-	-	-
Purchases	**225,294**	105,664	-	-
Sales	**(39,171)**	(122,034)	-	-
Fair value (loss)/gain recognised in other comprehensive income	**(73,059)**	(1,124)	**2,273**	1,945
Fair value gain recognised in profit or loss	**6,802**	47,785	-	-
Reclassification	**43,245**	16,877	-	-
Exchange differences	**(332)**	1,206	-	-
Distribution	**(10,366)**	-	-	-
Return on capital	**(7,759)**	-	-	-
At 31 December	**688,894**	520,356	**19,230**	16,957

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2019	2018
	$'000	$'000
At 1 January	**2,851,380**	3,460,608
Adoption of SFRS(I) 16	**5,765**	-
Development expenditure	**304,803**	94,099
Fair value gain	**101,020**	84,886
Disposal	**(834)**	(2,870)
Subsidiary acquired	**-**	360,000
Subsidiary disposed	**-**	(948,613)
Reclassification		
- Stocks	**-**	(158,300)
- Fixed assets	**(217,121)**	-
Exchange differences	**(22,922)**	(38,430)
At 31 December	**3,022,091**	2,851,380

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties. The fair value of investment at fair value through profit or loss categorised under Level 2 of the fair value hierarchy is based on the consideration specified in a sales and purchase agreement.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	**Fair value as at 31 December 2019 $'000**	**Valuation Techniques**	**Unobservable Inputs**	**Range of unobservable Inputs**
Investments	531,376	Net asset value, discounted cash flow, and/or market comparative	Net asset value*	Not applicable
			Discount rate	11%
			Adjusted market multiple	1.4x
			Terminal growth rate	2.5%
Call option	157,518	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,200 to $2,865
			Capitalisation rate	3.5%

* *Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investments and investment properties stated at fair value.*

Description	Fair value as at 31 December 2019 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investment Properties				
- Commercial and residential, completed	1,667,822	Investment method, discounted cash flow method and/or direct comparison method;	Discount rate	5.60% to 12.76%
			Capitalisation rate	3.75% to 9.00%
			Net initial yield	3.93% to 5.85%
		Residual Method	Price of comparable land plots (psm)	$5,032 to $6,773
			Transacted price of comparable properties (psf)	$1,616 to $3,502
- Commercial, under construction	1,354,269	Direct comparison method, discounted cash flow method, and/or residual value method	Price of comparable land plots (psm)	$8,121 to $19,219
			Gross development value ($'million)	$510 to $1,897

Description	Fair value as at 31 December 2018 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	369,856	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
			Discount rate	11%
Call option	150,500	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,500 to $3,200
			Capitalisation rate	3.5% to 3.65%
Investment Properties				
- Commercial and residential, completed	1,716,314	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	10.25% to 12.45%
			Terminal yield	7.00%
			Capitalisation rate	4.25% to 12.00%
			Net initial yield	3.7%
			Price of comparable land plots (psm)	$4,700 to $5,707
			Transacted price of comparable properties (psf)	$1,727 to $3,294
- Commercial, under construction	1,135,066	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$6,737 to $11,990
			Gross development value ($'million)	$636 to $1,898

* *Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.*

Description	Fair value as at 1 January 2018 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	338,846	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
			Discount rate	11%
Call option	137,200	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,600 to $3,200
			Capitalisation rate	3.5% to 3.75%
Investment Properties				
- Commercial and residential, completed	1,404,294	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	11.50% to 13.00%
			Terminal yield	7.00%
			Capitalisation rate	2.80% to 12.50%
			Net initial yield	3.8%
			Price of comparable land plots (psm)	$7,627 to $12,463
			Transacted price of comparable properties (psf)	$1,321 to $2,500
- Commercial, under construction	2,056,314	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$7,627 to $12,463
			Gross development value ($'million)	$588 to $1,866

* *Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.*

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of investments at fair value through other comprehensive income on a quarterly basis.

Valuation process of investment properties is described in Note 7.

35. SEGMENT ANALYSIS

The Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Offshore & Marine
Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

(ii) Property
Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

(iii) Infrastructure
Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

(iv) Investments
The Investments Division consists mainly of the Group's investments in fund management, KrisEnergy Limited, M1 Limited, k1 Ventures Ltd, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities. M1 Limited, which was part of Investments prior to the acquisition, continues to be reported under Investments segment as it is currently undergoing transformation of its business. M1 contributed about 32% of the Group's total depreciation and amortisation, and contributed about 13% and 10% of the Group's total revenue and net profit respectively for the financial year ended 31 December 2019. M1 accounted for about 5% of the Group's total assets and total liabilities as at 31 December 2019.

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable segments is presented in the following table:

2019

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	2,219,397	1,336,236	2,927,331	1,096,739	-	7,579,703
Inter-segment sales	323	11,187	31,018	112,809	(155,337)	-
Total	2,219,720	1,347,423	2,958,349	1,209,548	(155,337)	7,579,703
Segment Results						
Operating profit	60,041	507,740	113,612	194,988	120	876,501
Investment income	4,988	48,131	1,410	10,065	-	64,594
Interest income	74,444	48,776	63,443	356,896	(365,884)	177,675
Interest expenses	(107,123)	(85,966)	(28,753)	(456,638)	365,764	(312,716)
Share of results of associated companies	(56,823)	188,189	38,079	(22,032)	-	147,413
(Loss)/profit before tax	(24,473)	706,870	187,791	83,279	-	953,467
Taxation	33,182	(179,055)	(23,982)	(22,474)	-	(192,329)
Profit for the year	8,709	527,815	163,809	60,805	-	761,138
Attributable to:						
Shareholders of Company	10,050	517,373	168,391	11,161	-	706,975
Non-controlling interests	(1,341)	10,442	(4,582)	49,644	-	54,163
	8,709	527,815	163,809	60,805	-	761,138
External revenue from contracts with customers						
- At a point in time	96,640	999,497	23,005	363,757	-	1,482,899
- Over time	2,122,757	223,302	2,895,665	729,148	-	5,970,872
	2,219,397	1,222,799	2,918,670	1,092,905	-	7,453,771
Other sources of revenue	-	113,437	8,661	3,834	-	125,932
Total	2,219,397	1,336,236	2,927,331	1,096,739	-	7,579,703
Other information						
Segment assets	9,493,583	14,081,759	3,960,727	12,028,650	(8,243,159)	31,321,560
Segment liabilities	6,663,302	6,435,784	2,552,695	12,266,907	(8,243,159)	19,675,529
Net assets	2,830,281	7,645,975	1,408,032	(238,257)	-	11,646,031
Investment in associated companies	645,946	3,443,534	1,067,436	1,193,929	-	6,350,845
Additions to non-current assets	95,440	622,622	188,819	297,711	-	1,204,592
Depreciation and amortisation	121,126	38,275	58,393	157,500	-	375,294
Impairment loss/(write-back of impairment loss)	6,827	(10)	(776)	37,445	-	43,486

GEOGRAPHICAL INFORMATION

	Singapore $'000	China/ Hong Kong $'000	Brazil $'000	Other Far East & ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	5,704,097	1,005,803	83,769	429,351	356,683	-	7,579,703
Non-current assets	8,741,671	3,111,521	286,862	1,891,462	686,175	-	14,717,691

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019.

INFORMATION ABOUT A MAJOR CUSTOMER

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019.

Note: Pricing of inter-segment goods and services is at fair market value.

2018

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Inter-segment sales	-	6,139	22,729	60,872	(89,740)	-
Total	1,874,571	1,346,374	2,651,300	182,276	(89,740)	5,964,781
Segment Results						
Operating (loss)/profit	(73,433)	1,044,448	105,332	(23,019)	1,834	1,055,162
Investment income	1,199	3,976	2,230	2,586	-	9,991
Interest income	53,675	57,268	57,265	295,233	(299,181)	164,260
Interest expenses	(102,630)	(77,250)	(16,969)	(305,322)	297,347	(204,824)
Share of results of associated companies	8,001	164,688	36,499	11,707	-	220,895
(Loss)/profit before tax	(113,188)	1,193,130	184,357	(18,815)	-	1,245,484
Taxation	2,523	(254,992)	(7,837)	(24,470)	-	(284,776)
(Loss)/profit for the year	(110,665)	938,138	176,520	(43,285)	-	960,708
Attributable to:						
Shareholders of Company	(109,250)	942,459	169,584	(54,401)	-	948,392
Non-controlling interests	(1,415)	(4,321)	6,936	11,116	-	12,316
	(110,665)	938,138	176,520	(43,285)	-	960,708
External revenue from contracts with customers						
- At a point in time	97,835	828,021	28,642	10,470	-	964,968
- Over time	1,776,736	433,529	2,592,846	105,655	-	4,908,766
	1,874,571	1,261,550	2,621,488	116,125	-	5,873,734
Other sources of revenue	-	78,685	7,083	5,279	-	91,047
Total	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Other information						
Segment assets	8,461,013	13,831,333	3,649,336	7,596,099	(6,950,188)	26,587,593
Segment liabilities	5,556,134	5,684,310	2,248,589	8,472,056	(6,950,188)	15,010,901
Net assets	2,904,879	8,147,023	1,400,747	(875,957)	-	11,576,692
Investment in associated companies	706,189	3,206,355	1,066,849	1,259,660	-	6,239,053
Additions to non-current assets	87,478	461,857	61,394	28,225	-	638,954
Depreciation and amortisation	99,091	32,762	44,930	5,603	-	182,386
Impairment loss	32,503	796	1,754	53,000	-	88,053

GEOGRAPHICAL INFORMATION

	Singapore $'000	China/ Hong Kong $'000	Brazil $'000	Other Far East & ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	4,370,849	741,759	224,573	374,430	253,170	-	5,964,781
Non-current assets	6,119,072	2,747,668	229,917	1,648,108	847,235	-	11,592,000

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2018.

INFORMATION ABOUT A MAJOR CUSTOMER

Revenue of $730,615,000 is derived from a single external customer and is attributable to the Infrastructure Division for the year ended 31 December 2018.

Note: Pricing of inter-segment goods and services is at fair market value.

36. BUSINESS COMBINATIONS

On 15 February 2019, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% interest in M1 Limited, bringing to a total of 100% as at 31 December 2019. The principal activities of M1 Limited are the provision of telecommunications services, international call services and fixed services, retail sales of telecommunications equipment and accessories, and customer services. The acquisition seeks to drive the business transformation in M1 to enable it to compete effectively. The acquisition will also complement the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital and connectivity platform to complement and augment the Group's current suite of solutions.

In the prior year, acquisition of subsidiaries relates mainly to the acquisition of 77.6% interest in PRE 1 Investments Pte Ltd.

Net assets of subsidiaries acquired at their fair values were as follows:

	2019	2018
	$'000	$'000
Fixed assets	**772,654**	47
Investment Properties	**-**	360,000
Right-of-use assets	**44,324**	-
Intangible assets	**610,516**	-
Stocks	**34,745**	-
Contract assets	**163,121**	-
Debtors and other assets	**197,211**	530
Bank balances and cash	**88,991**	18,521
Creditors and other liabilities	**(241,555)**	(6,778)
Borrowings and lease liabilities	**(496,189)**	(297,923)
Current and deferred taxation	**(251,498)**	(3,827)
Non-controlling interests consolidated	**(2,091)**	-
Total identifiable net assets at fair value	**920,229**	70,570
Non-controlling interests measured at fair value	**(308,001)**	-
Amount previously accounted for as associated companies	**(210,137)**	(32,484)
Goodwill arising from acquisition	**988,288**	-
(Gain)/loss on remeasurement of previously held equity interest at fair value at acquisition date	**(158,376)**	18,487
Net assets acquired	**1,232,003**	56,573
Total purchase consideration	**1,232,003**	56,573
Less: Bank balances and cash acquired	**(88,991)**	(18,521)
Cash outflow on acquisition	**1,143,012**	38,052

The fair value of the acquired identifiable intangible assets of $610,516,000 was finalised during the year.

The fair value of debtors and other assets acquired during the year was $197,211,000 and it includes trade receivables with a fair value of $121,794,000. The gross contractual amount for trade receivables due was $131,019,000, of which $9,225,000 is expected to be uncollectible.

The non-controlling interests at its fair value of $308,001,000 represents the 16% effective non-controlling interest in M1 Limited, which was measured based on the $2.06 offer price per M1 Limited's share under the voluntary conditional general offer, which was concluded during the year.

The goodwill of $988,288,000 arising from the acquisition during the year was attributable to M1 Limited arising from the synergies that is expected to be harnessed as a multi-business group. The goodwill was not deductible for tax purposes.

The revenue and net profit of the acquired business for the period from 15 February to 31 December 2019 were $950,002,000 and $46,543,000 respectively. In addition, the Group recognised a net gain on the remeasurement of previously held equity interest at fair value at acquisition date of $125,261,000, after taking into consideration the non-controlling interests share of $33,115,000. Had M1 Limited been acquired from 1 January 2019, the revenue and net profit of the Group for the year ended 31 December 2019 would have been $7,764,708,000 and $715,255,000 respectively.

Acquisition-related costs of $4,800,000 was included in the other operating expense in the consolidated profit and loss account for the year.

37. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, the following new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

- Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

  The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

  The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

  It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted.

- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform* (effective for annual periods beginning on or after 1 January 2020)

  In December 2019, the ASC issued 'Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*' (effective 1 January 2020). The amendments provide exceptions that allow entities to continue hedge accounting for existing hedge relationships under the assumption that Inter Bank Offer Rate (IBOR) based hedged cash flows are not altered as a result of the IBOR Reform.

  These amendments are issued due to global reform of interest rate benchmarks such as IBORs. IBORs are key reference rates for financial instruments such as derivatives, loans and bonds. In response to cases of attempted manipulation in relation to key IBORs, and to the decline in liquidity in key interbank unsecured funding markets, the Financial Stability Board made several recommendations relating to:

  a. strengthening of IBORs by anchoring them to a greater number of transactions, where possible, and improving the processes and controls around submissions;
  b. identifying alternative near-risk-free rates (RFRs) and, where suitable, encouraging market participants to transition new contracts to an appropriate RFR.

  Regulators in a number of jurisdictions, including Singapore, are in the midst of phasing out IBORs and replacing them with more suitable alternative reference rates. There is currently uncertainty around the timing and precise nature of these changes.

  For the current financial year, the Group has determined that hedge relationships that include IBORs as a hedged risk continue to qualify for hedge accounting without early adoption of the amendments. The Group continues to monitor the developments of IBOR reform and it will assess the impact for the Group as further information becomes available.

The management anticipates that the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

38. SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies whose results are equity accounted for is given in the following pages.

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
OFFSHORE & MARINE									
Offshore									
Subsidiaries									
Keppel Offshore and Marine Ltd	100	100	100	100	801,720	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltda(1a)	100	100	100	100	#	#	#	Brazil	Holding of long term investments and property management
Estaleiro BrasFELS Ltda(1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long term investments
Fernvale Pte Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of drilling rigs and offshore production facilities
FSTP Brasil Ltda(1a)	75	75	75	75	#	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	75	#	#	#	Singapore	Project management, engineering and procurement
Guanabara Navegacao Ltda(1a)	100	100	100	100	#	#	#	Brazil	Ship owning
Keppel AmFELS, LLC	100	100	100	100	#	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Brasil SA(1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Keppel Letourneau USA, Inc	100	100	100	100	#	#	#	USA	Design and license of various offshore rigs and platforms
Keppel Offshore & Marine USA Inc	100	100	100	100	#	#	#	USA	Offshore and marine-related services
KV Enterprises BV(3)	100	100	100	100	#	#	#	Netherlands	Holding of long term investments
KVE Adminstradora de Bens Imoveis Ltda(1a)	100	100	100	100	#	#	#	Brazil	Holding of long term investments and property management
Lindel Pte Ltd	100	100	100	100	#	#	#	Singapore	Project management, engineering and procurement
Offshore Partners Pte Ltd	100	100	100	100	#	#	#	Singapore	Arrange, syndicate and/or provide financing to customers of Keppel Group
Offshore Technology Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Production of jacking systems
Regency Steel Japan Ltd(1a)	51	51	51	51	#	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Willalpha Limited(3)	100	100	100	100	#	#	#	BVI	Holding of long term investments
FELS Asset Co Pte Ltd	100	100	100	100	#	#	#	Singapore	Chartering of ships, barges and boats with crew
FELS Asset Co 2 Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Chartering of ships, barges and boats with crew
Offshore Partners 2 Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Chartering of ships, barges and boats with crew
Lenity Pioneer Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Service activities related to oil and gas extraction
Associated Companies									
Asian Lift Pte Ltd	50	50	50	50	#	#	#	Singapore	Provision of heavy-lift equipment and related services
Floatel International Ltd(1a)	50	50	50	50	#	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Blue Tern Ltd (fka Seafox 5 Ltd)(2)	49	49	49	49	#	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Marine									
Subsidiaries									
Keppel Shipyard Ltd	100	100	100	100	#	#	#	Singapore	Ship repairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	98	98	98	98	#	#	#	Philippines	Shipbuilding and repairing
Keppel Nantong Heavy Industry Co Ltd(1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd(1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	100	#	#	#	Singapore	Shipbuilding and repairing
Keppel Subic Shipyard Inc(1a)	87+	86+	86+	86+	3,020	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long term investments
Associated Companies									
Arab Heavy Industries PJSC(1a)	33	33	33	33	#	#	#	UAE	Shipbuilding and repairing
Dyna-Mac Holdings Ltd	24	24	24	24	#	#	#	Singapore	Fabrication & assembly of topside modules for FPSOs and FSOs
Keppel Smit Towage Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Maju Maritime Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Nakilat - Keppel Offshore & Marine Ltd(2)	20	20	20	20	#	#	#	Qatar	Ship repairing
PV Keez Pte Ltd(2)	20	20	20	20	#	#	#	Singapore	Chartering of ships, barges and boats with crew
FueLNG Pte Ltd(2)	50	50	50	50	#	#	#	Singapore	Provide end-to-end LNG bunkering supply solution
PROPERTY									
Subsidiaries									
Keppel Land Ltd	100	100	100	100	4,793,367	4,793,367	4,793,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Estate Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Keppel Bay Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Philippines Properties Inc(1a)	87+	87+	87+	87+	493	493	493	Philippines	Investment holding
Agathese Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Aintree Assets Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Bayfront Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Broad Elite Investments Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Cesario Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hilltop Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Corredance Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Corson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Dattson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
DC REIT Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Domenico Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Investment holding
Double Peak Holdings Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Estella JV Co Ltd(1a)	98	98	98	98	#	#	#	Vietnam	Property development and investment
Eternal Commercial Ltd(1a)	100	100	100	-	#	#	-	HK	Investment holding
Evergro Properties Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
First King Properties Ltd(3)	100	100	100	100	#	#	#	Jersey	Property investment
Floraville Estate Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Keppel Bay Tower Pte Ltd	100	100	100	100	#	#	#	Singapore	Property investment
Hillwest Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Jencity Ltd(3)	100	100	100	90	#	#	#	BVI	Investment holding
Jiangyin Evergro Properties Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Katong Retail Trust	100	100	100	-	#	#	-	Singapore	Investment trust
KeplandeHub Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel China Township Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Digihub Holdings Ltd	100	100	100	100	#	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Land (Saigon Centre) Ltd(1a)	100	100	100	100	#	#	#	HK	Investment holding
Keppel Land (Singapore) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Financial services
Keppel Land Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Land Watco IV Co Ltd(1a)	84	84	84	84	#	#	#	Vietnam	Property development
Keppel Land Watco V Co Ltd(1a)	84	84	84	84	#	#	#	Vietnam	Property development
Keppel REIT Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Seasons Residences Property Development (Wuxi) Co., Ltd(1a)	100	100	100	-	#	#	-	China	Property development
Keppel Tianjin Eco-City Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Keppel Tianjin Eco-City Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Three Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Two Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Yongxiang Corporate Management (Shanghai) Company Ltd(1a)	100	100	100	-	#	#	-	China	Property services
Tosalco Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Krystal Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Joysville Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Main Full Ltd(1a)	100	100	100	100	#	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Merryfield Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Oceansky Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Oscario Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Parksville Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Pasir Panjang Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Peplamo Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Investment holding
Pembury Properties Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Pisamir Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Portsville Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Pre-1 Investments Pte Ltd	100	100	100	-	#	#	-	Singapore	Investment holding
PT Harapan Global Niaga(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Kepland Investama(1a)	100	100	100	100	#	#	#	Indonesia	Property investment
PT Puri Land Development(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Sukses Manis Indonesia(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Sukses Manis	100	100	100	100	#	#	#	Indonesia	Property

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Tangguh(1a)									development
Riviera Point LLC(1a)	75	75	75	75	#	#	#	Vietnam	Property development
Saigon Centre Investment Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Saigon Sports City Ltd(1a)	100	100	100	90	#	#	#	Vietnam	Property development
Beijing Changsheng Consultant Co Ltd(n)(1a)	100	100	-	-	#	-	-	China	Property investment
Beijing Changsheng Property Management Co Ltd(n)(1a)	100	100	-	-	#	-	-	China	Property investment
Shanghai Floraville Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property investment
Shanghai Hongda Property Development Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Ji Xiang Land Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Shanghai Jinju Real Estate Development Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd(1a)	100	99	99	99	#	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property development
Spring City Golf & Lake Resort Co Ltd(1a)	80	69	69	69	#	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Straits Greenfield Ltd(2)	100	100	100	100	#	#	#	Myanmar	Hotel ownership and operations
Straits Property Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
West Gem Properties Ltd(3)	100	100	100	100	#	#	#	Jersey	Investment holding
Associated Companies									
Bellenden Investments Ltd(3)	67	67	67	67	#	#	#	BVI	Investment holding
Chengdu Taixin Real Estate Development Co Ltd(2)	35	35	35	35	#	#	#	China	Property investment

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Chengdu Wanji Real Estate Development Co Ltd(n) (2)	30	30	-	-	#	-	-	China	Property investment
City Square Office Co Ltd(2)	40	40	40	40	#	#	#	Myanmar	Property development
Davinelle Ltd(3)	67	67	67	67	#	#	#	BVI	Investment holding
Dong Nai Waterfront City LLC(1a)	30	30	50	50	#	#	#	Vietnam	Property development
Empire City Limited LLC(2)	40	40	40	40	#	#	#	Vietnam	Property development
EM Services Pte Ltd	25	25	25	25	#	#	#	Singapore	Property management
Garden Development Pte Ltd	60	60	60	60	#	#	#	Singapore	Property development
Keppel Land Watco I Co Ltd(1a)	61	61	61	61	#	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd(1a)	61	61	61	61	#	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd(1a)	61	61	61	61	#	#	#	Vietnam	Property investment and development
Keppel REIT	49	49	47	46	#	#	#	Singapore	Real estate investment trust
Nam Long Investment Corporation(2)	10	10	10	5	#	#	#	Vietnam	Trading of development properties
Nanjing Jinsheng Real Estate Development Co Ltd (2)	40	40	40	-	#	#	-	China	Property development
Nanjing Zhijun Property Development Co Ltd(n)(2)	25	25	-	-	#	-	-	China	Property development
North Bund Pte Ltd(n)(2)	30	30	-	-	#	-	-	Singapore	Investment holding
Raffles Quay Asset Management Pte Ltd(2)	33	33	33	33	#	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(1a)	40	40	40	40	#	#	#	Malaysia	Property investment
Nanjing Jinsheng Real Estate Development Co Ltd (2)	40	40	40	-	#	#	-	China	Property development
South Rach Chiec LLC(1a)	42	42	42	42	#	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd(1a)	25	25	25	25	#	#	#	Singapore	Property development
Vision (III) Pte Ltd(2)	30	30	30	30	#	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Win Up Investment Ltd(n)(2)	30	30	-	-	#	-	-	China	Investment holding
INFRASTRUCTURE									
Subsidiaries									
Keppel Infrastructure Holdings Pte Ltd	100	100	100	100	445,892	445,892	445,892	Singapore	Investment holding
Energy Infrastructure									
Subsidiaries									
Keppel Energy Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	100	#	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel DHCS Pte Ltd	100	100	100	100	#	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Associated Companies									
Keppel Merlimau Cogen Pte Ltd (2)	49	49	49	49	#	#	#	Singapore	Commercial power generation
Environmental Infrastructure									
Subsidiaries									
Keppel Seghers Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Holdings BV(1a)	100	100	100	100	#	#	#	Netherlands	Investment holding
Keppel Seghers Belgium NV(1a)	100	100	100	100	#	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Keppel Seghers UK Ltd(1a)	100	100	100	100	#	#	#	United Kingdom	Design and construction of waste-to-energy plants
Marina East Water Pte Ltd	100	100	100	100	#	#	#	Singapore	Design and construction of desalination plant

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
Associated Companies									
Tianjin Eco-City Energy Investment & Construction Co Ltd(2)	20	20	20	20	#	#	#	China	Investment and implementation of energy and utilities related infrastructure
Infrastructure Services									
Subsidiaries									
Keppel Infrastructure Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of technical support including engineering, construction, operations and maintenance of plants and facilities
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	100	#	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Seghers O&M Pte Ltd(3)	100	100	100	100	#	#	#	Singapore	Dormant
Investments									
Subsidiaries									
Keppel Integrated Engineering Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel XTE Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Seghers Hong Kong Ltd(1a)	100	100	100	100	#	#	#	Hong Kong	Investment holding
Associated Companies									
Keppel Infrastructure Trust (2)	18	18	18	18	#	#	#	Singapore	Public trust
Logistics & Data Centres									
Subsidiaries									
Keppel Telecommunications & Transportation Ltd	100	100	79	79	621,299	397,647	397,647	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd	100	100	79	79	#	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Data Centres Pte Ltd	100	100	79	79	#	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100+	100+	85+	85+	#	#	#	Singapore	Investment holding and management services

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Keppel DC Investment Holdings Pte Ltd	100	100	79	79	#	#	#	Singapore	Investment holding
Keppel Communications Pte Ltd	100	100	79	79	#	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	100	79	79	#	#	#	Singapore	Investment holding
Associated Companies									
Computer Generated Solutions Inc(2)	21	21	17	17	#	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT(2)	23+	23+	20+	29+	#	#	#	Singapore	Data centre facilities and colocation services
Business Online Public Company Limited1(2)	24	24	19	17	#	#	#	Thailand	Online information service provider
SVOA Public Company Ltd(2)	32	32	25	25	#	#	#	Thailand	Distribution of IT products and telecommunica-tions services
Wuhu Sanshan Port Co Ltd(2)	50	50	40	40	#	#	#	China	Integrated logistics services and port operations
INVESTMENTS									
Subsidiaries									
Keppel Capital Holdings Pte Ltd	100	100	100	100	783,000	783,000	783,000	Singapore	Investment holding
Keppel Capital Investment Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Alpha Investment Partners Ltd	100	100	100	100	#	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100+	100+	90+	90+	#	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Capital Three Pte Ltd(3)	100	100	100	-	#	#	-	Singapore	Investment holding
First FLNG Holdings Pte Ltd(3)	100	100	100	-	#	#	-	Singapore	Investment holding
Keppel Infrastructure Fund Management Pte Ltd	100	100	100	100	#	#	#	Singapore	Trust management
Keppel REIT Management Ltd	100	100	100	100	#	#	#	Singapore	Investment advisory and property fund management
Alpha Real Estate Securities Fund	99	99	99	99	#	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Kephinance Investment Pte Ltd	100	100	100	100	90,000	90,000	90,000	Singapore	Investment holding
Kepinvest Holdings Pte Ltd	100	100	100	-	10	10	-	Singapore	Investment holding
Keppel Group Eco-City Investments Pte Ltd	100+	100+	100+	100+	126,744	126,744	126,744	Singapore	Investment holding
Keppel Konnect Pte Ltd(n)	100	100	-	-	1	-	-	Singapore	Investment holding
Konnectivity Pte Ltd(n)	80	80	-	-	#	-	-	Singapore	Investment holding
Keppel Point Pte Ltd	100+	100+	100+	100+	122,785	122,785	122,785	Singapore	Property development and investment
Keppel Funds Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel GMTN Pte Ltd	100	100	100	100	10	10	10	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	100	594,922	594,922	594,922	Singapore	Investment holding
M1 Limited(n)	100+	84+	15	15	#	#	#	Singapore	Telecommunica-tions services
M1 Shop Pte Ltd(n)	100+	84+	15	15	#	#	#	Singapore	Retail sales of telecommunication equipment and accessories
M1 Net Ltd(n)	100+	84+	15	15	#	#	#	Singapore	Provision of fixed and other related telecommunication services
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90+	90+	90+	90+	#	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(3)	100+	100+	100+	100+	#	#	#	BVI	Investment holding
Travelmore Pte Ltd	100	100	100	100	265	265	265	Singapore	Travel agency
Associated Companies									
Keppel Pacific Oak US REIT (fka Keppel-KBS US REIT)(2)	7	7	7	7	#	#	#	Singapore	Real estate investment trust
KrisEnergy Ltd(2)	40	40	40	40	#	#	#	Cayman Islands	Exploration for, and the development and production of oil and gas
Sino-Singapore Tianjin Eco-City	50	45	45	45	#	#	#	China	Property development

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019	2019	2018	2018	2019	2018	2018		
	%	%	%	%	$'000	$'000	$'000		
Investment and Development Co., Ltd(2)									
Vietcombank Tower 198 Ltd(2)	30	30	30	30	#	#	#	Vietnam	Property investment
Total Subsidiaries					**8,383,528**	**8,159,875**	**8,159,865**		

Notes:

(i) All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:
(1a) Audited by overseas practice of PricewaterhouseCoopers LLP;
(2) Audited by other firms of auditors; and
(3) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies does not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated/acquired during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vii) Abbreviations:
British Virgin Islands (BVI) United Arab Emirates (UAE)
Hong Kong (HK) United States of America (USA)

(viii) The Company has 215 significant subsidiaries and associated companies as at 31 December 2019. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

pwc

CTR-18 19MAR'20 15:27

The Directors
Keppel Corporation Limited
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

19 March 2020

Our ref: ASR/02511142-A000/YOJ/KML/KH(10)
(When Replying Please Quote Our Reference)

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Dear Sirs

We are pleased to return herewith 1 bound and 3 unbound copies of the annual report, which includes our audit report on the financial statements for the year ended 31 December 2019 duly signed by us as auditors.

For your information, the public accountant who signed off these financial statements is Mr Yeoh Oon Jin; so please state this name in the required field "name of Auditor who audited and signed off the financial statements" when completing and submitting the electronic Annual Return form to ACRA.

Yours faithfully

PwC LLP

PricewaterhouseCoopers LLP

Encs

PricewaterhouseCoopers LLP, 7 Straits View, Marina One East Tower Level 12, Singapore 018936
T: (65) 6236 3388, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D

KEPPEL CORPORATION LIMITED
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONTENTS

	Page
DIRECTORS' STATEMENT	1 - 7
INDEPENDENT AUDITOR'S REPORT	8 - 22
BALANCE SHEETS	23
CONSOLIDATED PROFIT AND LOSS ACCOUNT	24
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	25
STATEMENTS OF CHANGES IN EQUITY	26 - 28
CONSOLIDATED STATEMENT OF CASH FLOWS	29 - 32
NOTES TO THE FINANCIAL STATEMENTS	33 - 121
SIGNIFICANT SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES	121 - 131

DIRECTORS' STATEMENT
For the financial year ended 31 December 2020

The Directors present their statement together with the audited consolidated financial statements of the Group, and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

In the opinion of the directors, the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company as set out on pages 23 to 131, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and the financial performance, changes in equity and the cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

The Directors of the Company in office at the date of this statement are:

Lee Boon Yang (Chairman)
Loh Chin Hua (Chief Executive Officer)
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Till Bernhard Vestring
Veronica Eng
Jean-François Manzoni
Teo Siong Seng
Tham Sai Choy
Penny Goh

2. AUDIT COMMITTEE

The Audit Committee of the Board of Directors comprises six independent non-executive Directors. Members of the Committee are:

Danny Teoh (Chairman)
Alvin Yeo Khirn Hai
Tan Ek Kia
Veronica Eng
Tham Sai Choy
Penny Goh

The Audit Committee carried out its function in accordance with the Singapore Companies Act, including the following:

- Reviewed financial statements and announcements relating to financial performance, and significant financial reporting issues and judgments contained in them;
- Reviewed the adequacy and effectiveness of financial, operational, compliance and information technology controls, as well as risk management in relation to financial reporting and other financial-related risks;
- Reviewed the Board's comment on the adequacy and effectiveness of the Group's internal control systems, and state whether it concurs with the Board's comments; and if there are material weaknesses identified in the Group's internal controls, to consider and recommend the necessary steps to be taken to address them;
- Reviewed the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's internal control systems;
- Reviewed audit scopes, plans and reports of the Company's external and internal auditors and considered effectiveness of actions taken by management on the recommendations and observations;

- Reviewed the adequacy, effectiveness, independence and objectivity of the external auditors and internal auditors annually;
- Reviewed the scope and results of the external audit function and internal audit function;
- Reviewed the nature and extent of non-audit services performed by external auditors;
- Met with external auditors and internal auditors, without the presence of management, at least annually;
- Ensured that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company, at least annually;
- Reviewed the whistle-blower policy and the Company's procedures for detecting and preventing fraud and other arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- Reviewed interested person transactions;
- Investigated any matters within the Audit Committee's terms of reference, whenever it deemed necessary;
- Reported to the Board on material matters, findings and recommendations;
- Reviewed the Audit Committee's terms of reference annually and recommended proposed changes to the Board for approval; and
- Ensured the Head of Internal Audit and external auditors have direct and unrestricted access to the Chairman of the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP for re-appointment as independent auditors and approved the remuneration and terms of engagement at the forthcoming Annual General Meeting of the Company.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the KCL Restricted Share Plan, KCL Performance Share Plan and Remuneration Shares to Directors of the Company.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	Holdings At		
	1.1.2020 or date of appointment, if later	31.12.2020	21.1.2021
Keppel Corporation Limited			
(No. of ordinary shares)			
Lee Boon Yang	322,000	358,000	358,000
Loh Chin Hua	1,310,592	1,860,772	1,860,772
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Alvin Yeo Khirn Hai	51,225	59,225	59,225
Alvin Yeo Khirn Hai (deemed interest)	42,000	42,000	42,000
Tan Ek Kia	51,825	62,825	62,825
Danny Teoh	83,825	94,825	94,825
Till Bernhard Vestring	81,000	89,000	89,000
Veronica Eng	28,000	38,000	38,000
Jean-François Manzoni	1,000	108,000	108,000
Tham Sai Choy	155,570	155,570	155,570
Penny Goh	30,000	30,000	30,000

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

	Holdings At		
	1.1.2020 or date of appointment, if later	31.12.2020	21.1.2021
Keppel Corporation Limited			
(Unvested restricted shares to be delivered after 2017)			
Loh Chin Hua	90,784	-	-
(Unvested restricted shares to be delivered after 2018)			
Loh Chin Hua	174,936	87,469	87,469
(Unvested restricted shares to be delivered after 2019)			
Loh Chin Hua	-	201,258	201,258
(Contingent award of performance shares issued in 2017 to be delivered after 2019)[1]			
Loh Chin Hua	330,000	-	-
(Contingent award of performance shares issued in 2018 to be delivered after 2020)[1]			
Loh Chin Hua	320,000	320,000	320,000
(Contingent award of performance shares issued in 2019 to be delivered after 2021)[1]			
Loh Chin Hua	365,000	365,000	365,000
(Contingent award of performance shares issued in 2020 to be delivered after 2022)[1]			
Loh Chin Hua	-	365,000	365,000
(Contingent award of performance shares – Transformation Incentive Plan issued in 2016 to be delivered after 2021)[1]			
Loh Chin Hua	750,000	750,000	750,000

[1] Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

5. SHARE OPTIONS OF THE COMPANY

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

No options to take up Ordinary Shares ("Shares") were granted during the financial year. There were no Shares issued by virtue of exercise of options and options to take up 910,900 Shares were cancelled during the financial year. At the end of the financial year, there were no Shares under option as follows:

	Number of Share Options					
Date of grant	Balance at 1.1.2020	Exercised	Cancelled	Balance at 31.12.2020	Exercise price	Date of expiry
09.02.10	910,900	-	(910,900)	-	$6.89	08.02.20
	910,900	-	(910,900)	-		

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

6. SHARE PLANS OF THE COMPANY

The KCL Performance Share Plan ("KCL PSP") and KCL Restricted Share Plan ("KCL RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

Details of share plans awarded under the KCL PSP, KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP"), KCL PSP – M1 Transformation Incentive Plan ("KCL PSP-M1 TIP"), KCL RSP and KCL RSP-Deferred Shares are disclosed in Note 3 to the financial statements and as follows:

Contingent awards:

	Number of shares					
Date of Grant	Balance at 1.1.2020	Contingent awards granted	Adjustment upon release	Released	Cancelled	Balance at 31.12.2020
KCL PSP						
28.4.2017	1,070,000	-	(417,300)	(652,700)	-	-
30.4.2018	1,180,000	-	-	-	-	1,180,000
30.4.2019	1,635,000	-	-	-	(50,000)	1,585,000
31.3.2020	-	1,585,000	-	-	(50,000)	1,535,000
	3,885,000	1,585,000	(417,300)	(652,700)	(100,000)	4,300,000
KCL PSP-TIP						
29.4.2016	3,585,967	-	-	-	(119,197)	3,466,770
28.4.2017	2,000,000	-	-	-	(124,599)	1,875,401
28.2.2020	-	1,280,000	-	-	(100,000)	1,180,000
	5,585,967	1,280,000	-	-	(343,796)	6,522,171
KCL PSP-M1 TIP						
17.2.2020	-	127,900	-	-	-	127,900
17.2.2020	-	295,600	-	-	-	295,600
	-	423,500	-	-	-	423,500

6. SHARE PLANS OF THE COMPANY (continued)

Awards:

	Number of shares					
Date of Grant	Balance at 1.1.2020	Awards granted	Adjustment upon release	Released	Cancelled	Balance at 31.12.2020
KCL RSP- **Deferred shares**						
17.2.2020	-	5,318,164	(1,709)	(5,316,455)	-	-
	-	5,318,164	(1,709)	(5,316,455)	-	-

Awards released but not vested:

	Number of shares					
Date of Grant	Balance at 1.1.2020	Released	Vested	Cancelled	Other adjustments	Balance at 31.12.2020
KCL PSP						
28.4.2017	-	652,700	(652,700)	-	-	-
	-	652,700	(652,700)	-	-	-
KCL RSP						
31.3.2014	3,600	-	(3,600)	-	-	-
31.3.2015	7,300	-	(7,300)	-	-	-
29.4.2016	15,341	-	(14,741)	(600)	-	-
	26,241	-	(25,641)	(600)	-	-
KCL RSP- **Deferred shares**						
23.2.2018	1,214,799	-	(1,179,731)	(35,068)	-	-
15.2.2019	2,488,090	-	(1,229,719)	(100,644)	-	1,157,727
18.4.2019	209,675	-	(103,822)	(4,122)	-	101,731
17.2.2020	-	5,316,455	(1,801,864)	(104,979)	-	3,409,612
	3,912,564	5,316,455	(4,315,136)	(244,813)	-	4,669,070

6. SHARE PLANS OF THE COMPANY (continued)

No Director of the Company received any contingent award of Shares granted under the KCL RSP and KCL PSP, except for the following:

Contingent awards:

	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP					
Executive Director					
Loh Chin Hua	-	644,757	-	(644,757)	-
KCL PSP					
Executive Director					
Loh Chin Hua	365,000	2,250,814	(752,714)	(448,100)	1,050,000
KCL PSP-TIP					
Executive Director					
Loh Chin Hua	-	750,000	-	-	750,000

Awards:

	Awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP-Deferred shares					
Executive Director					
Loh Chin Hua	301,887	836,642	-	(836,642)	-

6. SHARE PLANS OF THE COMPANY (continued)

Awards released but not vested:

	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
KCL RSP			
Executive Director			
Loh Chin Hua	644,757	(644,757)	-
KCL RSP-Deferred shares			
Executive Director			
Loh Chin Hua	836,642	(547,915)	288,727
KCL PSP			
Executive Director			
Loh Chin Hua	448,100	(448,100)	-

No Director or employee received 5% or more of the total number of contingent award of Shares granted during the financial year and aggregated to date, except for the following:

	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
Executive Director		
Loh Chin Hua	7.7%	6.6%

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP, KCL RSP-Deferred shares, the KCL PSP, KCL PSP-TIP and the KCL PSP-M1 TIP.

7. INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board

LEE BOON YANG
Chairman

LOH CHIN HUA
Chief Executive Officer

Singapore, 26 February 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEPPEL CORPORATION LIMITED

Report on the audit of the financial statements

Our Opinion
In our opinion, the accompanying consolidated financial statements of Keppel Corporation Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020, the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

What we have audited
The financial statements of the Company and the Group comprise:

- the balance sheets of the Group and of the Company as at 31 December 2020;
- the consolidated profit and loss account of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion
We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence
We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEPPEL CORPORATION LIMITED
(continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Financial exposure in relation to contracts with Sete Brasil Participacoes S.A. ("Sete") *(Refer to Notes 2.28 (b)(ii) and 12 to the financial statements)*	
The Group had entered into contracts with Sete for the construction of six rigs for which payments from Sete had ceased since November 2014 and in April 2016, Sete filed for bankruptcy protection. In October 2019, Sete's creditors approved the Settlement Agreement as well as a proposal by Magni Partners (Bermuda) Ltd ("Magni") to purchase Sete's four subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group. As part of the Agreement, which is subject to fulfillment of certain conditions precedent, the Group will take over ownership of the remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. In December 2019, Petrobras approved the continuation of four charter agreements with Sete, and for Magni and their operator Etesco to step in as the new party to the agreements. As a result of the global Coronavirus Disease 2019 ("COVID-19") pandemic and the extended time required for Magni to secure financing, finalisation of the agreements between the various parties were delayed. As at the balance sheet date, the agreements were not completed and in January 2021, Sete informed Petrobras that it would not be able to comply with the conditions precedent by the extended deadline of 31 January 2021. Sete and Petrobras agreed to begin a new negotiation, in search of a joint solution. Management believes that Petrobras, in approving a new negotiation with Sete, will continue to seek solutions on these rigs with the relevant stakeholders which may yield several other alternative arrangements between the stakeholders. The Group will also be in active discussions with Sete and Magni in the new negotiation. Management estimated the net present value of the cash flows relating to the construction contract for two rigs with Magni. In addition, management performed an assessment to estimate the cost of discontinuance of related contracts with Sete, offset by possible options in extracting value from the uncompleted remaining four rigs and possible payout from the Judicial Reorganisation Plan. The loss allowance for trade debtors of $183 million and the provision for related contract costs of $245 million made in prior years remain adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to the contracts with Sete. The assessment is made with the following key assumptions: ● Petrobras will continue to require the rigs for execution of its business plans and will charter them at the day rates and tenure previously agreed with Sete;	We reviewed the term sheet with Magni and correspondences with Sete or its authorised representatives to validate the assumptions applied by management. We discussed with management on the latest developments and understood management's position on why they believe the settlement agreement will continue to progress. For the two impending construction contracts with Magni, we assessed the amount and timing of gross cash inflows from Magni to the term sheet. We also assessed the total cost of completing the construction of the rigs through discussions with project managers and corroborating the amounts to an approved budget plan. We obtained management's calculation of the discount rate used and evaluated its reasonableness based on our understanding of the settlement agreement with Magni. For the remaining four undelivered rigs, we reviewed management's computation of the provisions and corroborated the inputs against supporting documents and externally available information. Based on our procedures, we found management's assessment in respect of the provisions for expected credit loss and contract related costs from these contracts to be reasonable on the basis of the key assumptions made by management. The ongoing negotiations may result in significant changes to the key assumptions and additional material provision may be required, including adjustments to the net carrying amounts relating to the Sete contracts. We also considered the disclosures in the financial statements in respect of this matter and found that the disclosures in the financial statements in respect of this matter to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Financial exposure in relation to contracts with Sete Brasil Participacoes S.A. ("Sete") (cont'd) ● Magni will be able to secure financing to complete the purchase of the rigs with Sete and complete the construction contract with the Group at the terms previously discussed with Magni; and ● The future cost of construction of the rigs are not materially different from management's current estimation. Should the conclusion of the negotiation result in significant changes to the key assumptions above, additional material provision may be required, including adjustments to the net carrying amounts (net of total cumulative losses recognised of $476 million) relating to the Sete contracts amounting to $114 million as at 31 December 2020. We focused on this area because the assessment of the outcome of the negotiation and the estimation of the recoverable value of the rigs and other assets relating to the Sete contracts requires management judgment in which several estimates and key assumptions are applied.	

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Recoverability of trade receivables, contract assets and stocks (work-in-progress) in relation to Offshore and Marine ("O&M") business unit *(Refer to Notes 2.28(b)(ii), 2.28(b)(ix), 12, 14 and 15 to the financial statements)*	
As at 31 December 2020, the Group has: (i) Stocks under work-in-progress ("WIP") amounting to $1,073 million; (ii) Contract assets relating to certain rigbuilding contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, amounting to $1,654 million; and (iii) Trade receivables amounting to $848 million where the rigs had been delivered but the receipt of construction revenue deferred under certain financing arrangements. In 2020, the Group recognised the following impairment from its assessment of recoverability of these assets: (i) $42 million to write down its WIP to their net realisable value ("NRV"); (ii) $431 million of expected credit loss on its contract assets; and (iii) $170 million of expected credit loss on its trade receivables. We focused on this area because significant judgment and assumptions are required in: (i) estimating the NRV of the WIP balance; and (ii) estimating the expected credit loss of the contract assets and trade receivables balance. For the above contract assets and secured trade receivables, in the event that the customers are unable to fulfil their contractual obligations, management has considered the most likely outcome is for the Group to take possession of the rigs delivered or under construction and charter it out to work with an operator. On this basis, the value of the rigs delivered or under construction and the NRV of the WIP balance is their Value-in-use ("VIU") estimated using the Discounted Cash Flow ("DCF") model. Management assessed the VIU of the rigs with the assistance of independent professional firms. In addition to the independent professional firm responsible for estimating the VIU based on DCF model, management has also engaged a separate industry advisor to provide a view of the market outlook, assumptions and industry parameters used as inputs to the DCF calculations. The most significant inputs to the DCF calculations include day rates, cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the assets based on their estimated VIUs are most sensitive to discount rates and day rates. Management had also appointed an independent financial advisor to conduct an assessment of the recoverability of unsecured trade receivables as at 31 December 2020.	We reviewed management's estimation of the NRV of the WIP and estimation of the expected credit loss on contract assets on deferred delivery and trade receivables under certain financing arrangements. We assessed the most significant inputs to the DCF calculations of the NRV/VIU of the rigs and engaged our valuation expert to review the discount rates applied. We also assessed the basis of estimating the recoverable amounts of the unsecured receivable adopted by the independent financial advisor. We assessed the sensitivity of the cash flow projections with respect to the key assumptions including discount rate and day rates, on the estimation of the VIU of the rigs. Based on our procedures, we found management's key judgments and basis of estimation over the NRV of the WIP and the recovery of contract assets on deferred delivery and trade receivables under certain financing arrangements to be appropriate. In respect of the independent professional firms, we found that the firms possessed the requisite competency and experience to assist management in the assessment of the valuations. We also considered the adequacy of the disclosures in the financial statements in respect of this matter and found the disclosures in the financial statements in respect of the key judgments and sources of estimation uncertainty to be adequate. Subsequent to 31 December 2020, the Group announced that it will be transforming its O&M business unit, involving the reorganising of these assets, over the next two to three years. The eventual execution of the transformation plan, together with the future development in the oil market may cause the recoverable amounts of these assets to be different from those estimated as at 31 December 2020.

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Impairment assessment of investments in associated companies *(Refer to Notes 2.28(b)(iii) and 10 to the financial statements)* As at 31 December 2020, the Group has investments in associated companies and joint ventures amounting to $5,991 million. Material associated companies where impairment indicators exist included KrisEnergy Limited ("KrisEnergy") and Floatel International Limited ("Floatel"). *Investment in KrisEnergy and related exposures*	
As disclosed in Note 10(c), as at 31 December 2020, the Group's investment in KrisEnergy and related exposures comprise: ● $35 million of zero-coupon notes; ● $77 million of project financing loan receivable; ● $29 million of contract assets in relation to a production barge; and ● guarantee amounting to $247 million in respect of a bank loan granted to KrisEnergy. In August 2019, trading of KrisEnergy's shares on the Singapore Exchange was suspended as KrisEnergy applied for a debt moratorium to the High Court of Republic of Singapore. Further extension of the debt moratorium was approved till 16 April 2021. On 30 December 2020, the maturity date of KrisEnergy's bank loan was extended to 30 June 2021 and this will be further extended to 30 June 2024 upon successful completion of KrisEnergy's restructuring. A scheme of arrangement ("Scheme") setting out details of the restructuring terms was approved by the Scheme creditors on 14 January 2021. On 11 February 2021, the zero-coupon note holders approved the amendment of the terms of zero-coupon notes. The restructuring is pending final approval from the shareholders of KrisEnergy. Management performed an impairment assessment to estimate the recoverable amount of the Group's exposure in KrisEnergy as at 31 December 2020 on the basis of a successful restructuring. Management reviewed the cash flow projections prepared by its financial advisor who estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority and rights to cash flows of each group of stakeholders. The cash flow estimates were based on forecasted oil prices, determined by taking reference from external information sources, ranging from US$50 to US$62 per barrel for 2021 to 2029. The impairment assessment had also taken into consideration the terms of the restructuring. Arising from the impairment assessment, an impairment loss of $39 million was recognised in 2020 against the carrying amount of the zero-coupon notes. No impairment was recognised against the other exposures as the Group has priority over the cash flows on the assets under the terms of these instruments.	We read recent public announcements made by KrisEnergy to obtain an understanding of the financial position of KrisEnergy and the proposed terms of restructuring. We read relevant agreements between the Group and KrisEnergy. We held discussions with management and the independent financial advisor to understand the relative priority of each group of stakeholders over cash flows from KrisEnergy and the impact of the terms of the restructuring to the recoverability of the Group investments in KrisEnergy. For cash flows prepared by the independent financial advisor, we evaluated the reasonableness of the estimates and assumptions in the cash flow projections, including the estimates of reserves available and estimated future oil prices of US$50 to US$62 per barrel for 2021 to 2029. We assessed the sensitivity of the cash flow projections with respect to key assumptions including discount rate and future oil prices. In respect of the independent financial advisor for the Group, we assessed that they possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of KrisEnergy. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found the key judgments and basis of estimating the available cash flows for the Group's investment in KrisEnergy to be reasonable, on the basis of a successful restructuring that is still pending approval by the shareholders of KrisEnergy. We also found the disclosures in the financial statements in respect of the key judgments and sources of estimation uncertainty to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Impairment assessment of investments in associated companies (cont'd) *Investment in KrisEnergy and related exposures (cont'd)* We focused on this area as the assessment of the recoverable amount involves making projections of cash flows arising from producing assets and assets under development in which several estimates and key assumptions were applied. *Investments in Floatel International Limited ("Floatel")* As disclosed in Note 10(f), as at 31 December 2020, the Group's investment in Floatel amounted to $96 million, after equity accounting for its share of operating loss of Floatel of $83 million and share of impairment losses on the carrying value of Floatel's vessels amounting to $228 million. The Group also recognised $10 million of fair value loss on its investment in preference shares issued by Floatel in 2020. In February 2020, Floatel reported that its liquidity was under pressure and there were conditions which cast significant doubt on Floatel's ability to continue as a going concern. On 5 December 2020, Floatel, the Group, an ad hoc group of holders of Floatel's 9% senior secured 1L Bondholders, other consenting 1L Bondholders and certain 2L Bondholders entered into a lock-up agreement, (the "Lock-Up Agreement") which committed the parties to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group (the "Restructuring"). A successful restructuring is critical in ensuring the long term viability of Floatel's business and consequently the recoverability of the Group's investment in Floatel. The restructuring entails various steps, including the commitment of the Group to use reasonable endeavours to procure the provision and funding of a new US$100,000,000 revolving credit facility ("RCF") for Floatel, as well as the possible provision of credit support for the RCF in the form of a risk participation. On 8 January 2021, bank lenders of Floatel accepted a cash settlement of US$46,000,000 for full settlement of amounts owing to them and release of the charge on Floatel Endurance. On 12 February 2021, the 2L Bondholders approved the restructuring which will facilitate a more expeditious restructuring process. Management has engaged an independent financial advisor to support the review of Floatel's business plan and cash flow projections, as well as the recoverable amount of the Group's investment in Floatel as at 31 December 2020 on the basis of the Restructuring.	We read the public announcements made by Floatel on its financial results for the current financial year as well as those relating to the ongoing restructuring. We discussed with management to obtain an understanding of the restructuring progress of Floatel. We corroborated the information obtained to the reports and analysis from the independent financial advisor and the independent industry advisor, as well as our understanding of the business environment that Floatel is operating in. For the recoverability of the net investment in Floatel, we reviewed the valuation report prepared by the independent financial advisor and held discussions to understand their basis of determining the recoverable amount of the Group's investment in Floatel. For the recoverable amounts of the Floatel vessels, we reviewed the estimated VIU calculation prepared based on industry parameters provided by an independent industry advisor and held discussions to understand their analysis of the market outlook and method of estimating the VIUs. We engaged our valuation expert to evaluate the appropriateness of the discount rate used in the estimation of the recoverable amount of Floatel's vessels as part of the impairment review of the vessels. In respect of the financial advisor and industry advisor engaged by the Group, we assessed that they possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of the Group's investment in Floatel. For the fair value of preference shares, we reviewed the valuation report prepared by the independent financial advisor and assessed the reasonableness of the inputs.

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Impairment assessment of investments in associated companies (cont'd) *Investments in Floatel International Limited ("Floatel")* With respect to the impairment of Floatel vessels, the recoverable amounts of the vessels were determined, with the assistance of an independent industry advisor, based on their VIU, using a DCF model. We focused on this area as the assessment of the recoverability of the Group's investment in Floatel and impairment of vessels held by Floatel required management's judgment in which several estimates and key assumptions were applied.	We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on the procedures performed, we found management's assessment to be consistent with the results of the audit procedures performed on the basis of the Restructuring of Floatel, including the conclusion of the US$100,000,000 RCF from financial institutions. We also found the disclosures in the financial statements in respect of this matter to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
4. Global resolution with criminal authorities in relation to corrupt payments *(Refer to Note 2.28(b)(vi) to the financial statements)* In December 2017, a wholly-owned subsidiary, Keppel Offshore and Marine Ltd (“KOM”) reached a global resolution with the Corrupt Practices Investigation Bureau (“CPIB”) in Singapore, the U.S. Department of Justice (“DOJ”), and the Public Prosecutor’s Office in Brazil, Ministério Público Federal (“MPF”) in relation to corrupt payments made in Brazil by Zwi Skornicki, a former agent of certain Keppel subsidiaries in the O&M division. In December 2020, KOM has successfully complied with its obligations under the Deferred Prosecution Agreement (“DPA”) with the DOJ and the DPA has accordingly concluded. In addition, KOM has also been in compliance with its obligations under the Conditional Warning issued by CPIB and the Leniency Agreement with MPF. As part of the applicable fines payable under the global resolution, a further US$52,777,123 (less any penalties that KOM may pay to specified Brazilian authorities) was payable to CPIB within three years from the date of the Conditional Warning and has been included in accrued expenses since FY 2017. The discussions with the specified Brazilian authorities remain ongoing, and CPIB has agreed to extend this three-year period for a further 12 months until 22 December 2021. In 2020, the Office of the Comptroller General of Brazil ("CGU") published a notice in the Official Gazette ("Notice") to the effect that CGU had initiated an administrative enforcement procedure ("AEP") against KOM and certain subsidiaries, in relation to alleged irregularities under the Brazilian Anti-Corruption Statute. Following the issuance of the Notice, the CGU would carry out further internal investigations and summons may be served. Neither the Notice nor any summons has been served on any of the foregoing entities to date. The Notice did not provide any factual particulars and the Company is therefore currently unable to assess the matter or its impact, if any. The Company understands from CGU that the AEP will not affect the ongoing negotiations with the Brazil authorities, and that the AEP has been suspended pending these ongoing discussions. As part of the global resolution with the authorities, the Group had also committed to strengthening the compliance and governance regime in KOM. Anti-bribery and corruption compliance audits were also performed on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to date were, in general, functioning as intended.	We obtained an understanding of management’s compliance and governance regime, including the progress of its implementation, through enquiries of appropriate personnel within the Group and attendance at the board of directors’ meetings. We read the reporting by KOM to DOJ and CPIB. We discussed with management to understand the results of the anti-bribery and corruption compliance audits performed during the year. We obtained an understanding of the progress of ongoing discussions that the Group is having with the relevant authorities. We discussed the reasonableness and the adequacy of the provision made by management with an external legal counsel appointed by the Group. In respect of the external legal counsel engaged by the Group, we assessed that they possessed the requisite competency and experience in the assessment of the adequacy of provision made by management. Based on our procedures and representations obtained from management, we found management’s assessment of the matter, including the on-going discussions with the specified Brazilian authorities to be appropriate. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found the disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
4. Global resolution with criminal authorities in relation to corrupt payments (cont'd) Based on currently available information, no additional provision was made in relation to the ongoing discussions with the specified Brazilian authorities. We focused on this area because of the management judgment required in determining whether additional provision is required in view of the ongoing discussions with the specified Brazilian authorities.	

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>5. Revenue recognition based on measurement of progress towards performance obligation
(Refer to Notes 2.28(b)(iv) and 24 to the financial statements)

During the year, the Group recognised $1,705 million of revenue relating to its rigbuilding, shipbuilding and repairs, and longterm engineering contracts ("construction contracts"). The Group recognises revenue over time by reference to the Group's progress towards completing the construction of the contract work.

The stage of completion was measured by reference to either the percentage of the physical proportion of the contract work completed or the proportion of contract costs incurred to-date to the estimated total contract costs.

We focused on this area because of the significant management judgment required in:
● the estimation of the physical proportion of the contract work completed for the contracts; and
● the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, and claims.</td><td>In respect of construction contracts where progress was measured based on the percentage of the physical proportion of the contract work completed, we sighted certified progress reports from engineers, performed site visits, and obtained confirmations from project owners to assess the appropriateness of management's estimates of the physical proportion of work completed.

In respect of construction contracts where progress was measured based on the proportion of contract costs incurred to date to the estimated total contract costs, we evaluated the effectiveness of management's controls over the estimation of total costs and assessed the reasonableness of key inputs in the cost estimation. We tested the appropriateness of estimated costs by comparing these against actual costs incurred.

We then recomputed the revenues recognised for the current financial year based on the respective percentage of completion and traced these to the accounting records.

We also considered the adequacy of the Group's disclosures in respect of this matter.

Based on our procedures, we found assumptions made in the measurement of the progress of construction contracts to be reasonable. We also found the disclosures in the financial statements to be adequate.</td></tr>
</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
6. Valuation of properties held for sale *(Refer to Notes 2.28(b)(ix) and 14 to the financial statements)* As at 31 December 2020, the Group has residential properties held for sale of $3,597 million mainly in China, Singapore, Indonesia and Vietnam. Properties held for sale are stated at the lower of cost and net realisable values. The determination of the carrying value and whether to recognise any foreseeable losses for properties held for sale is highly dependent on the estimated cost to complete each development and the estimated selling price. For certain development projects, fair values based on independent valuation reports are used to determine the net realisable value of these properties. We focused on this area as significant judgment is required in making estimates of future selling prices and the estimated cost to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the discount rate and price of comparable plots and properties. Continued unfavourable market conditions in certain of the markets in which the Group operates might exert downward pressure on transaction volumes and residential property prices. This could lead to future trends in these markets departing from known trends based on past experience. There is, therefore, a risk that the estimates of carrying values at the date of these financial statements exceed future selling prices, resulting in losses when the properties are sold. Furthermore, the COVID-19 pandemic has resulted in significant economic uncertainty in the current and future economic environment and there is heightened uncertainty inherent in estimating the impact of the pandemic on future selling prices of the development properties.	We found that, in making its estimates of future selling prices, the Group took into account macroeconomic and real estate price trend information, and the potential financial impact of the COVID-19 pandemic in the estimates. Senior management applied their knowledge of the business in their regular review of these estimates. We corroborated the Group's forecasted selling prices by comparing the forecasted selling price to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held for sale. We compared management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated cost to complete and corroborated the underlying assumptions made with our understanding of past completed projects. For projects where management has used independent valuation reports as a basis to determine the net realisable value, we evaluated the qualifications and competence of the external valuer and considered the valuation methodologies used against those applied by other valuers for similar property type. We tested the reliability of inputs used in the valuation and corroborated key inputs such as the discount rate and price of comparable plots and properties used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers. We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computations of the foreseeable losses. We also considered the adequacy of the disclosures in the financial statements, in describing the allowance for foreseeable losses made for properties held for sale. Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
7. Valuation of investment properties *(Refer to Notes 7 and 34 to the financial statements)* As at 31 December 2020, the Group owns a portfolio of investment properties of $3,674 million comprising mainly office buildings, hotels, retail malls and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam. Investment properties are stated at their fair values based on independent external valuations. We focused on this area as the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied such as the capitalisation rate, discount rate, net initial yield and price of comparable plots and properties. Furthermore, the valuation reports obtained from independent property valuers for certain investment properties have highlighted the heightened uncertainty of the COVID-19 outbreak and material valuation uncertainty, where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.	We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types, and how the impact of the COVID-19 pandemic and market uncertainty has been considered by the independent property valuers in determining the valuation of investment properties. We also considered other alternative valuation methods. We tested the reliability of inputs of the projected cash flows used in the valuation to support lease agreements and other documents. We corroborated the inputs such as the capitalisation rate, net initial yield, discount rate and price of comparable plots used in the valuation methodology by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the reasons for these and, where necessary, held further discussions with the valuers. We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates and the impact of COVID-19 on the valuation of investment properties, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations. The valuers are members of recognised professional bodies for external valuers. We found the valuation methodologies used to be in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
8. Impairment assessment of goodwill arising from acquisition of subsidiary – M1 Limited ("M1") *(Refer to Notes 2.28(iii) and 13 to the financial statements)*	
In February 2019, the Group obtained controlling interest in M1 through an 80% owned subsidiary at a purchase consideration of $1,232 million. A goodwill of $988 million was recognised on acquisition of M1. An annual impairment assessment was performed on the goodwill arising from acquisition of M1 where the recoverable amount of M1 as a Cash-generating unit ("CGU") is estimated. Where the recoverable amount of M1 is determined to be less than the Group's carrying amount of the M1 CGU (including the goodwill), an impairment loss will be recognised. The recoverable value of the M1 CGU as at 31 December 2020 was determined on a VIU basis using a DCF model. The assessment of the VIU of M1 CGU required significant judgment in estimating the underlying assumptions including the revenue growth rate, long term growth rate and discount rate. Based on management's assessment, no impairment loss was recognised as the recoverable amount was higher than the carrying value (including goodwill) of the M1 CGU.	We assessed the appropriateness of the underlying assumptions made by management in their cash flow projections, including the revenue growth rate, long term growth rate and discount rate based on the economic and industry conditions relevant to M1 business. We checked whether the cash flow projections were based on the approved business plan. We involved our valuation expert in evaluating the valuation methodology and the discount rate applied by management. We assessed the sensitivity of the cash flow projections and other key assumptions including discount rate and long term growth rate on the impairment assessment and the impact on the headroom over the carrying value. Based on our procedures and representations obtained from management, we found management's impairment assessment of the goodwill on acquisition of M1 to be appropriate. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found the disclosures in the financial statements to be adequate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEPPEL CORPORATION LIMITED
(continued)

Other information
Management is responsible for the other information. The other information comprises the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and other sections of the Keppel Corporation Limited Annual Report 2020 ("Other Sections of the Annual Report") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act, SFRS(I)s and IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEPPEL CORPORATION LIMITED
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeoh Oon Jin.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 26 February 2021

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

BALANCE SHEETS
As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Share capital	3	**1,305,668**	1,291,722	**1,305,668**	1,291,722
Treasury shares	3	**(13,690)**	(14,009)	**(13,690)**	(14,009)
Reserves	4	**9,436,480**	9,933,140	**8,185,085**	6,772,318
Share capital & reserves		**10,728,458**	11,210,853	**9,477,063**	8,050,031
Non-controlling interests	5	**427,446**	435,178	**-**	-
Total equity		**11,155,904**	11,646,031	**9,477,063**	8,050,031
Represented by:					
Fixed assets	6	**2,715,753**	2,901,845	**5,764**	7,273
Investment properties	7	**3,674,075**	3,022,091	**-**	-
Right-of-use assets	8	**582,706**	759,929	**11,204**	12,833
Subsidiaries	9	**-**	-	**7,962,538**	7,962,528
Associated companies and joint ventures	10	**5,990,613**	6,350,845	**-**	-
Investments	11	**1,229,492**	649,069	**22,196**	19,230
Deferred tax assets	23	**159,427**	76,454	**5,096**	9,256
Long term assets	12	**1,756,399**	1,579,908	**39,828**	14,213
Intangibles	13	**1,608,824**	1,682,981	**-**	-
		17,717,289	17,023,122	**8,046,626**	8,025,333
Current assets					
Stocks	14	**4,959,427**	5,542,755	**-**	-
Contract assets	15	**2,657,231**	3,497,476	**-**	-
Amounts due from:					
- subsidiaries	16	**-**	-	**9,804,710**	7,280,724
- associated companies and joint ventures	16	**493,269**	563,578	**152**	705
Debtors	17	**2,531,075**	2,748,484	**12,273**	8,844
Derivative assets		**124,547**	41,050	**38,206**	18,544
Short term investments	18	**134,634**	121,581	**-**	-
Bank balances, deposits & cash	19	**2,479,715**	1,783,514	**574**	1,047
		13,379,898	14,298,438	**9,855,915**	7,309,864
Assets classified as held for sale	36	**1,008,692**	-	**-**	-
		14,388,590	14,298,438	**9,855,915**	7,309,864
Current liabilities					
Creditors	20	**4,603,677**	4,604,544	**63,808**	78,725
Derivative liabilities		**59,143**	119,481	**30,614**	19,988
Contract liabilities	15	**2,072,303**	1,824,965	**-**	-
Provisions for warranties	21	**39,449**	36,448	**-**	-
Amounts due to:					
- subsidiaries	16	**-**	-	**201,959**	156,867
- associated companies and joint ventures	16	**335,908**	490,286	**-**	-
Term loans	22	**4,432,602**	4,555,237	**3,406,552**	3,400,430
Lease liabilities	8	**69,377**	67,387	**4,198**	4,154
Taxation	28	**358,802**	248,425	**29,155**	31,523
		11,971,261	11,946,773	**3,736,286**	3,691,687
Liabilities directly associated with assets classified as held for sale	36	**115,220**	-	**-**	-
		12,086,481	11,946,773	**3,736,286**	3,691,687
Net current assets		**2,302,109**	2,351,665	**6,119,629**	3,618,177
Non-current liabilities					
Term loans	22	**7,606,594**	6,504,394	**4,529,017**	3,498,203
Lease liabilities	8	**494,527**	530,052	**7,725**	11,498
Deferred tax liabilities	23	**443,547**	399,028	**-**	-
Other non-current liabilities	20	**318,826**	295,282	**152,450**	83,778
		8,863,494	7,728,756	**4,689,192**	3,593,479
Net assets		**11,155,904**	11,646,031	**9,477,063**	8,050,031

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

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2020

	Note	**2020** **$'000**	2019 $'000
Revenue	24	**6,574,342**	7,579,703
Materials and subcontract costs		**(4,591,235)**	(5,266,594)
Staff costs	25	**(1,120,128)**	(1,163,231)
Depreciation and amortisation		**(413,506)**	(375,294)
Impairment loss on financial assets and contract assets	26	**(651,082)**	(74,367)
Other operating income - net		**210,010**	176,284
Operating profit	26	**8,401**	876,501
Investment income	27	**29,346**	64,594
Interest income	27	**162,053**	177,675
Interest expenses	27	**(292,266)**	(312,716)
Share of results of associated companies and joint ventures	10	**(162,221)**	147,413
Profit/(loss) before tax		**(254,687)**	953,467
Taxation	28	**(253,407)**	(192,329)
Profit/(loss) for the year		**(508,094)**	761,138
Attributable to:			
Shareholders of the Company		**(505,860)**	706,975
Non-controlling interests	5	**(2,234)**	54,163
		(508,094)	761,138
Earnings per ordinary share	29		
- basic		**(27.8) cts**	38.9 cts
- diluted		**(27.7) cts**	38.7 cts

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

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2020

	2020	2019
	$'000	$'000
Profit/(loss) for the year	**(508,094)**	761,138
Items that may be reclassified subsequently to profit and loss account:		
Cash flow hedges		
- Fair value changes arising during the year, net of tax	**(100,148)**	(91,161)
- Realised and transferred to profit and loss account	**125,112**	115,750
Foreign exchange translation		
- Exchange difference arising during the year	**135,212**	(100,310)
- Realised and transferred to profit and loss account	**17,247**	7,345
Share of other comprehensive income of associated companies and joint ventures		
- Cash flow hedges	**(27,370)**	(18,898)
- Foreign exchange translation	**69,751**	(76,952)
	219,804	(164,226)
Items that will not be reclassified subsequently to profit and loss account:		
Financial assets, at FVOCI		
- Fair value changes arising during the year	**65,246**	(78,459)
Foreign exchange translation		
- Exchange difference arising during the year	**1,882**	(1,936)
Share of other comprehensive income of associated companies and joint ventures		
- Financial assets, at FVOCI	**(429)**	342
	66,699	(80,053)
Other comprehensive income/(loss) for the year, net of tax	**286,503**	(244,279)
Total comprehensive (loss)/income for the year	**(221,591)**	516,859
Attributable to:		
Shareholders of the Company	**(221,151)**	462,946
Non-controlling interests	**(440)**	53,913
	(221,591)	516,859

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

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2020

	Attributable to owners of the Company							
Group 2020	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
As at 1 January 2020	**1,291,722**	**(14,009)**	**126,099**	**10,470,627**	**(663,586)**	**11,210,853**	**435,178**	**11,646,031**
Total comprehensive income for the year								
Loss for the year	**-**	**-**	**-**	**(505,860)**	**-**	**(505,860)**	**(2,234)**	**(508,094)**
Other comprehensive income *	**-**	**-**	**62,499**	**-**	**222,210**	**284,709**	**1,794**	**286,503**
Total comprehensive income for the year	**-**	**-**	**62,499**	**(505,860)**	**222,210**	**(221,151)**	**(440)**	**(221,591)**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid (Note 30)	**-**	**-**	**-**	**(273,078)**	**-**	**(273,078)**	**-**	**(273,078)**
Share-based payment	**-**	**-**	**36,302**	**-**	**-**	**36,302**	**-**	**36,302**
Dividend paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(24,325)**	**(24,325)**
Purchase of treasury shares	**-**	**(19,040)**	**-**	**-**	**-**	**(19,040)**	**-**	**(19,040)**
Treasury shares reissued pursuant to share plans	**13,946**	**19,359**	**(33,305)**	**-**	**-**	**-**	**-**	**-**
Transfer of statutory, capital and other reserves from revenue reserves	**-**	**-**	**(10,436)**	**11,763**	**(1,327)**	**-**	**-**	**-**
Cash subscribed by non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**16,888**	**16,888**
Contributions to defined benefits plans	**-**	**-**	**(1,474)**	**-**	**-**	**(1,474)**	**6**	**(1,468)**
Other adjustments	**-**	**-**	**(960)**	**-**	**-**	**(960)**	**-**	**(960)**
Total contributions by and distributions to owners	**13,946**	**319**	**(9,873)**	**(261,315)**	**(1,327)**	**(258,250)**	**(7,431)**	**(265,681)**
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	**-**	**-**	**(2,994)**	**-**	**-**	**(2,994)**	**2,334**	**(660)**
Disposal of interest in subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**(2,195)**	**(2,195)**
Total change in ownership interests in subsidiaries	**-**	**-**	**(2,994)**	**-**	**-**	**(2,994)**	**139**	**(2,855)**
Total transactions with owners	**13,946**	**319**	**(12,867)**	**(261,315)**	**(1,327)**	**(261,244)**	**(7,292)**	**(268,536)**
As at 31 December 2020	**1,305,668**	**(13,690)**	**175,731**	**9,703,452**	**(442,703)**	**10,728,458**	**427,446**	**11,155,904**

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2020

	Attributable to owners of the Company							
Group 2019	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
As at 1 January 2019	1,291,722	(45,073)	194,943	10,241,638	(493,669)	11,189,561	306,133	11,495,694
Total comprehensive income for the year								
Profit for the year	-	-	-	706,975	-	706,975	54,163	761,138
Other comprehensive income *	-	-	(74,112)	-	(169,917)	(244,029)	(250)	(244,279)
Total comprehensive income for the year	-	-	(74,112)	706,975	(169,917)	462,946	53,913	516,859
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid (Note 30)	-	-	-	(417,938)	-	(417,938)	-	(417,938)
Share-based payment	-	-	34,991	-	-	34,991	125	35,116
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(11,623)	(11,623)
Purchase of treasury shares	-	(4,543)	-	-	-	(4,543)	-	(4,543)
Treasury shares reissued pursuant to share plans and share option scheme	-	35,607	(35,472)	-	-	135	-	135
Transfer of statutory, capital and other reserves from revenue reserves	-	-	9,821	(9,821)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	1,207	1,207
Contributions to defined benefits plans	-	-	(4,041)	-	-	(4,041)	(415)	(4,456)
Other adjustments	-	-	(31)	-	-	(31)	-	(31)
Total contributions by and distributions to owners	-	31,064	5,268	(427,759)	-	(391,427)	(10,706)	(402,133)
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	-	-	-	-	-	-	308,001	308,001
Acquisition of additional interest in subsidiaries	-	-	-	(50,227)	-	(50,227)	(173,390)	(223,617)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(50,864)	(50,864)
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	-	-	-	2,091	2,091
Total change in ownership interests in subsidiaries	-	-	-	(50,227)	-	(50,227)	85,838	35,611
Total transactions with owners	-	31,064	5,268	(477,986)	-	(441,654)	75,132	(366,522)
As at 31 December 2019	1,291,722	(14,009)	126,099	10,470,627	(663,586)	11,210,853	435,178	11,646,031

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2020

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
Company					
2020					
As at 1 January 2020	**1,291,722**	**(14,009)**	**205,112**	**6,567,206**	**8,050,031**
Total comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**1,681,793**	**1,681,793**
Other comprehensive income	**-**	**-**	**1,055**	**-**	**1,055**
Total comprehensive income for the year	**-**	**-**	**1,055**	**1,681,793**	**1,682,848**
Transactions with owners, recognised directly in equity					
Dividends paid	**-**	**-**	**-**	**(273,078)**	**(273,078)**
Share-based payment	**-**	**-**	**36,302**	**-**	**36,302**
Purchase of treasury shares	**-**	**(19,040)**	**-**	**-**	**(19,040)**
Treasury shares reissued pursuant to share plans	**13,946**	**19,359**	**(33,305)**	**-**	**-**
Total transactions with owners	**13,946**	**319**	**2,997**	**(273,078)**	**(255,816)**
As at 31 December 2020	**1,305,668**	**(13,690)**	**209,164**	**7,975,921**	**9,477,063**
Company					
2019					
As at 1 January 2019	1,291,722	(45,073)	202,141	6,194,448	7,643,238
Total comprehensive income for the year					
Profit for the year	-	-	-	790,696	790,696
Other comprehensive income	-	-	2,273	-	2,273
Total comprehensive income for the year	-	-	2,273	790,696	792,969
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	(417,938)	(417,938)
Share-based payment	-	-	36,170	-	36,170
Purchase of treasury shares	-	(4,543)	-	-	(4,543)
Treasury shares reissued pursuant to share plans and share option scheme	-	35,607	(35,472)	-	135
Total transactions with owners	-	31,064	698	(417,938)	(386,176)
As at 31 December 2019	1,291,722	(14,009)	205,112	6,567,206	8,050,031

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

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2020

	Note	2020 $'000	2019 $'000
OPERATING ACTIVITIES			
Operating profit		**8,401**	876,501
Adjustments:			
Depreciation and amortisation		**413,506**	375,294
Share-based payment expenses		**39,882**	37,255
(Gain)/Loss on sale of fixed assets and an investment property		**1,667**	(6,277)
Gain on disposal of subsidiaries		**(63,995)**	(64,469)
(Gain)/Loss on disposal of associated companies		**(34,419)**	22
Gain from sale of units in associated companies		**(48,010)**	-
Impairment/write-off of fixed and intangible assets		**62,075**	8,432
Impairment of associated companies		**48,686**	35,915
Fair value gain on investment properties		**(265,230)**	(101,020)
(Gain)/Loss from change in interest in associated companies		**1,615**	(27,114)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		**-**	(158,376)
Gain from reclassification of associated companies to fair value through other comprehensive income investments		**(124,769)**	-
Fair value gain on remeasurement of remaining interest in an associated company		**(26,034)**	-
Unrealised foreign exchange differences		**24,990**	17,434
Operational cash flow before changes in working capital		**38,365**	993,597
Working capital changes:			
Stocks		**(349,684)**	(72,104)
Contract assets		**872,481**	(159,551)
Debtors		**(427,146)**	(806,164)
Creditors		**352,164**	(15,610)
Contract liabilities		**272,478**	(77,990)
Investments		**(74,375)**	(274,421)
Intangibles		**(1,859)**	(662)
Amount due to/from associated companies and joint ventures		**(49,486)**	(30,093)
		632,938	(442,998)
Interest received		**132,046**	179,503
Interest paid		**(385,248)**	(298,099)
Net income taxes paid		**(177,284)**	(263,856)
Net cash from/(used in) operating activities		**202,452**	(825,450)
INVESTING ACTIVITIES			
Acquisition of a subsidiary	A	**-**	(1,143,012)
Acquisition and further investment in associated companies and joint ventures		**(743,600)**	(652,576)
Acquisition of fixed assets and investment properties		**(487,640)**	(516,794)
Disposal of subsidiaries	B	**331,761**	27,117
Proceeds from disposal of associated companies and return of capital		**318,141**	106,117
Proceeds from disposal of fixed assets		**3,187**	16,094
(Advances to)/repayment from associated companies and joint ventures		**58,778**	96,625
Dividends received from investments, associated companies and joint ventures		**245,270**	378,422
Net cash used in investing activities		**(274,103)**	(1,688,007)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial year ended 31 December 2020

	Note	2020 $'000	2019 $'000
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		**(450)**	(223,652)
Proceeds from reissuance of treasury shares pursuant to share option scheme		**-**	135
Proceeds from non-controlling shareholders of subsidiaries		**1,881**	1,178
Proceeds from term loans		**2,240,500**	4,392,341
Repayment of term loans		**(1,159,414)**	(1,342,450)
Principal element of lease payments		**(53,413)**	(47,306)
Purchase of treasury shares		**(19,040)**	(4,543)
Dividend paid to shareholders of the Company		**(273,078)**	(417,938)
Dividend paid to non-controlling shareholders of subsidiaries		**(24,325)**	(11,623)
Net cash from financing activities		**712,661**	2,346,142
Net increase/(decrease) in cash and cash equivalents		**641,010**	(167,315)
Cash and cash equivalents as at beginning of year		**1,777,244**	1,971,844
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(9,781)**	(27,285)
Cash and cash equivalents as at end of year	C	**2,408,473**	1,777,244

Reconciliation of liabilities arising from financing activities

2020

			Non-cash changes					
	1 January 2020	Net proceeds/ (payment) of principal	Reclassified as liabilities directly associated with assets classified as held for sale	Addition during the year	Remeasurement of lease liabilities	Disposal of subsidiaries	Foreign exchange movement	31 December 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Term loans	11,059,631	1,081,086	(91,967)	-	-	-	(9,554)	12,039,196
Lease liabilities	597,439	(53,413)	-	25,668	22,385	-	(28,175)	563,904

2019

			Non-cash changes					
	1 January 2019	Net proceeds/ (payment) of principal	Adoption SFRS(I) 16	Addition during the year	Acquisition of subsidiaries	Disposal of subsidiaries	Foreign exchange movement	31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Term loans	7,548,509	3,049,891	-	-	451,418	-	9,813	11,059,631
Lease liabilities	-	(47,306)	573,363	47,508	44,771	(6,713)	(14,184)	597,439

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

Notes to Consolidated Statement of Cash Flows

A. Acquisition of a subsidiary

During the financial year, net assets of subsidiaries acquired at their fair values were as follows:

	2020 $'000	2019 $'000
Fixed assets and investment properties	-	772,654
Right-of-use assets	-	44,324
Intangible assets	-	610,516
Stocks	-	34,745
Contract assets	-	163,121
Debtors and other assets	-	197,211
Bank balances and cash	-	88,991
Creditors and other liabilities	-	(241,555)
Borrowings and lease liabilities	-	(496,189)
Current and deferred taxation	-	(251,498)
Non-controlling interests consolidated	-	(2,091)
Total identifiable net assets at fair value	-	920,229
Non-controlling interests measured at fair value	-	(308,001)
Amount previously accounted for as an associated company	-	(210,137)
Goodwill arising from acquisition	-	988,288
Gain on remeasurement of previously held equity interest at fair value at acquisition date	-	(158,376)
Net assets acquired	-	1,232,003
Total purchase consideration	-	1,232,003
Less: Bank balances and cash acquired	-	(88,991)
Cash outflow on acquisition	-	1,143,012

Acquisition in prior year relates to the Group's 80% owned subsidiary, Konnectivity Pte Ltd, which acquired approximately 81% equity interest in M1 Limited. The Group's wholly-owned subsidiary, Keppel Telecommunications & Transportation Ltd, holds the remaining 19% equity interest in M1 Limited.

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

Notes to Consolidated Statement of Cash Flows (cont'd)

B. Disposal of Subsidiaries

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	2020 $'000	2019 $'000
Fixed assets and investment properties	**(192)**	(80,973)
Right-of-use assets	**-**	(4,433)
Stocks	**(293,591)**	(95,065)
Debtors and other assets	**(10,377)**	(17,350)
Associated companies	**(158,670)**	-
Bank balances and cash	**(5,352)**	(26,053)
Creditors and other liabilities	**251,693**	41,357
Borrowings and lease liabilities	**-**	6,713
Current and deferred taxation	**-**	1,891
Non-controlling interests deconsolidated	**2,195**	50,099
	(214,294)	(123,814)
Amount accounted for as an associated company	**59,927**	26,984
Net assets disposed of	**(154,367)**	(96,930)
Net profit on disposal	**(63,995)**	(64,469)
Realisation of foreign currency translation reserve	**(2,950)**	(7,335)
Sale proceeds	**(221,312)**	(168,634)
Less: Bank balances and cash disposed	**5,352**	26,053
Less: (Deferred proceeds received)/proceeds receivable	**(115,801)**	115,464
Cash inflow on disposal	**(331,761)**	(27,117)

During the year, disposal relates to the First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, Jiangyin Evergro Properties Co., Ltd (JEP) and Chengdu Hilltop Development Co Ltd (CHD). First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation, while JEP owns a residential and commercial mixed-use sited located in Jiangyin, China and CHD owns Hill Crest Villas on a 24.9 hectare site located in Mumashan, Chengdu China. During the year, the Group also received deferred proceeds from FY2019 sale of 70% interest in Dong Nai Waterfront City LLC.

Disposal in the prior year relates to the sale of 70% interest in Dong Nai Waterfront City LLC, Keppel Logistics (Foshan Sanshui Port) Company Ltd and Keppel Logistics (Hong Kong) Ltd.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2020 $'000	2019 $'000
Bank balances, deposits and cash	**2,479,715**	1,783,514
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost, claims and liabilities	**(71,242)**	(6,270)
	2,408,473	1,777,244

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore production facilities and drilling rigs design, construction, fabrication and repair, ship conversions and repair and specialised shipbuilding;
- power generation, renewables, environmental engineering and infrastructure operation and maintenance;
- property development and investment, as well as master development;
- provision of telecommunications services, retail sales of telecommunications equipment and accessories, development and operation of data centres, and provision of logistics solutions; and
- management of private funds and listed real estate investment and business trusts.

The financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet and statement of changes in equity of the Company at 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 26 February 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). All references to SFRS(I)s and IFRSs are referred to collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of New and Revised Standards

The Group adopted the new/revised SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 Accounting Policies, *Changes in Accounting Estimates and Errors (Definition of Material)*
- Amendments to SFRS(I) 3 *Business Combinations (Definition of a Business)*
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*
- Amendments to SFRS(I) 16 *Covid-19-Related Rent Concessions*
- Amendments to Conceptual Framework for Financial Reporting

The adoption of the above new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

<u>Interest Rate Benchmark Reform</u>

In accordance with the transition provisions, the Group has adopted the amendments to SFRS(I) 9 and SFRS(I) 7 effective 1 January 2020 retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by inter-bank offered rate (IBOR) reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. The reliefs will cease to apply when the uncertainties arising from interest rate benchmark reform are no longer present.

Note 2.28(a)(iii) provides information about the uncertainty arising from IBOR reform for hedging relationships for which the Group has applied the reliefs. No changes were required to any of the amounts recognised in the current or prior period as a result of these amendments.

2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets transferred, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2.4 Fixed Assets

Fixed assets are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, if any. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditure is added to the carrying amount only when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Buildings on leasehold land	Over period of lease (ranging from 10 to 50 years)
Vessels & floating docks	10 to 30 years
Plant, machinery & equipment	3 to 30 years
Networks and related application systems	5 to 25 years
Furniture, fittings & office equipment	2 to 10 years
Cranes	5 to 30 years
Small equipment and tools	2 to 20 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long term capital appreciation or for a currently indeterminate use. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers, except for significant investment properties which are revalued on a half-yearly basis. Changes in fair value are recognised in the profit and loss account.

The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

2.6 Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

2.7 Associated Companies and Joint Ventures

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

A joint venture is an entity, not being a subsidiary, over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company or a joint venture, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company or joint venture is included in the consolidated profit and loss account and consolidated statement of comprehensive income respectively. The Group's share of net assets of the associated company or joint venture is included in the consolidated balance sheet.

When the Group’s investment in an associated company or a joint venture is held by, or is held indirectly through, a subsidiary that is a venture capital organisation, or a mutual fund, unit trust and similar entities, the Group may elect to measure that investment at fair value through profit or loss. This election is made separately for each associated company or joint venture, at initial recognition of the associated company or joint venture.

Any excess of the cost of acquisition over the Group’s share of net identifiable assets, liabilities and contingent liabilities of the associated company or joint venture recognised at the date of acquisition measured at their fair values is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group’s share of the net identifiable assets, liabilities and contingent liabilities measured at their fair values over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account as a bargain purchase gain.

2.8 Intangibles

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net identifiable assets acquired and the liabilities assumed measured at their fair values at acquisition date. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

Spectrum Rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licenses or access codes. These intangible assets are measured initially at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Spectrum rights are amortised on a straight-line basis over the estimated economic useful life of 4 to 17 years.

Brand

The brand was acquired as part of a business combination completed in the prior financial year. The brand value will be amortised over the useful life which is estimated to be 30 years.

Customer Contracts and Customer Relationships

Customer contracts and customer relationships are identified and recognised separately from goodwill. The cost of customer contracts and relationships is at their fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 2 to 20 years.

Other Intangible Assets

Other intangible assets include development expenditure and internet protocol (IP) address, initially recognised at cost and subsequently carried at cost less accumulated amortisation. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 3 to 20 years.

Other intangible assets also include management rights which is initially recognised at cost upon acquisition and subsequently carried at cost less accumulated impairment losses, if any. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

2.9 Service Concession Arrangement

The Group has an existing service concession arrangement with a governing agency (the grantor) to design, build, own and operate a desalination plant in Singapore. Under the service concession arrangement, the Group will operate the plant for 25 years. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. Such service concession arrangement falls within the scope of SFRS(I) INT 12 *Service Concession Arrangements*.

The Group constructs the plant (construction services) used to provide public services and operates and maintains the plant (operation services) for the concession period as specified in the contract. The Group recognises and measures revenue in accordance with SFRS(I) 15 for the services it performs.

The Group recognises a financial asset arising from the provision of the construction services when it has a contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised amount using the effective interest method.

2.10 Financial Assets

The Group classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Purchases and sale of financial assets are recognised on the trade date when the Group commits to purchase or sell the assets.

At initial recognition, the Group measures a financial asset at its fair value including, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit and loss account.

(i) Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade, intercompany and other receivables (excluding prepayments) and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the profit and loss account when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the profit and loss account using the effective interest rate method.

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in the profit and loss account in the period in which it arises.

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the profit and loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. Interest income from these financial assets is recognised in the profit and loss account using the effective interest rate method.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in the profit and loss account in the period in which the changes arise. For equity investments where the Group has elected to recognise changes in fair value in OCI, movements in fair values are presented as "fair value changes" in OCI. Dividends from equity investments are recognised in the profit and loss account.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in the profit and loss account. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the profit and loss account.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in the profit and loss account if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sale proceeds would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.11 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in the profit and loss account.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various transactions. The Group 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.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil (“HSFO”) and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group’s key counterparty. The fair value of electricity future contracts is determined based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group’s bankers.

2.12 Investments

Investments include equity investments classified as FVPL and FVOCI and debt investments classified as FVPL. See further in Note 2.10.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices are the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

2.13 Stocks

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

2.14 Contract Assets and Contract Liabilities

For contract where the customer is invoiced on a milestone payment schedule or over the period of the contract, a contract asset is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the Group.

2.15 Impairment of Assets

Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company or joint venture is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets

Tangible and intangible assets are tested for impairment whenever there is any indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

2.16 Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently carried at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

2.18 Leases

When a group company is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented as a separate line on the balance sheets. Right-of-use assets which meets the definition of an investment property is presented within “Investment Properties” and accounted for in accordance with Note 2.5.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments include the following:
- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option, if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liabilities are presented as a separate line on the balance sheets.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:
- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group’s assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises these lease payments in profit or loss in the periods that triggered such lease payments. Details of the variable lease payments are disclosed in Note 8.

Rent concessions

The Group has elected to apply the optional practical expedient under Amendments to SFRS(I) 16 *Leases (Covid-19-Related Rent Concessions)*.

Under the practical expedient, the Group, as a lessee, has elected not to assess whether a rent concession is a lease modification, if all the following conditions are met:
- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

<u>When a group company is the lessor</u>

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

2.19 Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.20 Revenue

Revenue consists of:
- Revenue recognised on rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts;
- Sale of goods;
- Rendering of services;
- Rental income from investment properties;
- Investment and fee income; and
- Dividend income.

Revenue recognition

The Group enters into rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The contract work, except for overseas property construction contracts, has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the contract work. For overseas property construction contracts, the Group does not have enforceable rights to payment arising from the contractual terms. Revenue from overseas property construction contracts is recognised at a point in time when the rights to payment become enforceable.

The measure of progress for rigbuilding contracts, and shipbuilding and repair contracts, is determined based on the estimation of the physical proportion of the contract work completed for the contracts with reference to engineers' estimates. The measure of progress for property construction and long term engineering contracts is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue from the rendering of services including electricity supply, logistic services, operations and maintenance under service concession arrangements, and telecommunication services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

Dividend income is recognised in the profit and loss account when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

2.21 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.22 Borrowing Costs

Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

For Singapore trading properties which the Group recognises revenue over time, borrowing costs on the portion of the property not ready for transfer of control to the purchasers are capitalised until the time when control is capable of being transferred to the purchasers.

2.23 Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued, or to the treasury shares account when treasury shares are re-issued to the employee.

2.24 Income Taxes

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset/liability is realised/settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheets date, and based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

2.25 Foreign Currencies

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (“functional currency”).

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries, associated companies and joint ventures that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. Profit or loss of foreign subsidiaries, associated companies and joint ventures are translated into Singapore

Dollars using the average exchange rates for the financial year. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign subsidiaries, associated companies and joint ventures. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in Foreign Exchange Translation Account until disposal.

Disposal or partial disposal of a foreign operation

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associated company that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associated companies or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.26 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.

When shares are reacquired by the Company, the amount of consideration paid and any directly attributable transaction cost is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in non-distributable capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 Segment Reporting

The Group has five main segments, of which there are six reportable operating segments, namely Offshore & Marine, Infrastructure & Others, Urban Development, Connectivity, Asset Management and Corporate & Others. Management monitors the results of each of the main segments for the purpose of making decisions on resource allocation and performance assessment.

2.28 Critical Accounting Judgments and Estimates

(a) Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, there is no instance of application of judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

(i) Control over Keppel REIT

The Group has approximately 49% (2019: approximately 49%) gross ownership interest of units in Keppel REIT as at 31 December 2020. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it does not have control over Keppel REIT but continues to have significant influence over the investment.

(ii) Control over KrisEnergy Limited

The Group has approximately 40% (2019: approximately 40%) gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2020. The management assessed whether the Group has control over KrisEnergy based on whether it has the practical ability to direct the relevant activities of KrisEnergy. In exercising its judgment, management considers the relative size and dispersion of the shareholdings owned by the other shareholders. Taking into consideration the approximately 20% interest held by two other shareholders of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy but continues to have significant influence over the investment.

(iii) Interest rate benchmark reform Phase 1 relief

Following the global financial crisis, the reform and replacement of benchmark interest rates such as the Singapore Swap Offer Rate ("SOR"), USD London Interbank Offered Rate ("LIBOR") and other inter-bank offered rates ("IBORs") has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

To transition existing contracts and agreements that reference IBORs to replacement benchmark rates, adjustments for term differences and credit differences might need to be applied to enable the two benchmark rates to be economically equivalent on transition.

The greatest change will be amendments to the contractual terms of the floating-rate loans as well as the associated swaps and the corresponding update of the hedge designation. Amendments will also be made to the contractual terms of certain receivables that are IBOR-referenced.

Relief applied

The Group has applied the following reliefs that were introduced by the amendments made to SFRS(I) 9 *Financial Instruments*:

a. When considering the 'highly probable' requirement, the Group has assumed that the IBOR interest rate on which the Group's hedged debt is based does not change as a result of the reform;
b. In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the IBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by the reform; and
c. The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Assumptions made

In calculating the change in fair value attributable to the hedged risk of floating-rate loan, the Group has made the following assumptions that reflect its current expectations:

a. Existing floating-rate loans will progressively move to the replacement benchmark rates from 2021 onwards and the spread adjustment between the current and replacement benchmark rates will be similar to the spread adjustment included in the interest rate swap used as the hedging instrument; and
b. No other material changes to the terms of the floating-rate loans, other than the transition to the replacement benchmark rates, are anticipated.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(i) Coronavirus Disease 2019 ("COVID-19") and volatility in oil prices

The evolving situation of the outbreak of the COVID-19 and volatility in oil prices, including the sharp reduction in global oil demand, could impact the assessment of the carrying amounts of the Group's assets and liabilities. As these events and conditions have significant financial reporting implications, Accounting and Corporate Regulatory Authority of Singapore ("ACRA") had published financial reporting practice guidance notes in May and December 2020 highlighting key focus areas when preparing and reviewing the financial statements, especially in areas where estimates, assumptions and judgment are required. In the assessment for the current year, management has carried out a review to assess the assumptions used in the assessment of the carrying values of certain assets of the Group. Management has exercised judgment in determining the significant assumptions used and has relied on information currently available, including the COVID-19 official updates from the authorities, the experts' consensus on global oil prices and the work performed by independent advisers on certain assets, in the assessment of the appropriateness of the carrying values of the Group's assets, including but not limited to the following assets as at 31 December 2020:

- Recoverability of contract assets and receivable balances in relation to offshore & marine construction contracts with Sete Brasil and other customers
- Valuation of investment properties
- Estimation of net realisable value of stocks
- Impairment of non-financial assets
- Investments in associated companies and joint ventures, including KrisEnergy Limited and Floatel International Limited and related exposures

As the COVID-19 situation continues to evolve, the Group will proactively implement measures in mitigating the potential impact on the Group. Should the COVID-19 situation take a longer than expected period to recover and/or the recovery of the long term oil prices, dayrates or utilisation rates take a longer period or to a lower level than expected, the assessment of the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial years.

(ii) Recoverability of contract asset and receivable balances in relation to offshore & marine construction contracts

Contracts with Sete Brasil ("Sete")

The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd ("Magni") to purchase four Sete subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. The EPC Contracts and related agreements entered into in relation to these four rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US$260 million from Sete and this amount has been included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.

In December 2019, Petrobras issued a press release to communicate their Board's approval on the continuation of four charter agreements, and for Magni and their operator Etesco to step in as the new party to the agreements. Since then, the Group has been in constructive discussions with Magni to finalise the construction contracts for the two rigs and with Sete to close out the condition precedents in the Settlement Agreement. As a result of the global COVID-19 pandemic and the extended time required for Magni to secure financing, finalisation of the agreements between the various parties have been delayed. On 12 November 2020, Petrobras issued a press release that their mediation agreement deadline with Sete has been extended to 31 January 2021 for Sete to conclude their sale transaction. As of the date of these financial statements, Magni has yet to secure the full financing required to complete the sale transaction with Sete.

On 26 January 2021, Petrobras issued a media release to inform that it had received notification from Sete that it will not be able to comply with the conditions in the mediation agreement by the (extended) due date of 31 January 2021 and Sete had requested to begin a new negotiation with Petrobras. The Executive Board of Petrobras has authorised this request from Sete, in search of a joint solution with Sete.

Notwithstanding that the deadline to complete the mediation agreement has not been extended, the Group believes that Petrobras, in approving a new negotiation, will continue to seek for solutions on these rigs with the relevant stakeholders which may yield several other alternative arrangements between the stakeholders. The Group will also be in active discussions with Sete and Magni as Sete enters into the new negotiation with Petrobras.

Management estimated the net present value of the cash flows relating to the construction contract for two rigs with Magni. In addition, management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts with Sete, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan.

Arising from the above assessment, the loss allowance for trade debtors of $183,000,000 (2019: $183,000,000) and the provision for related contract costs of $245,000,000 (2019: $245,000,000) made in prior years remain adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to EPC contracts with Sete.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000 as at 31 December 2020 (31 December 2019: $476,000,000).

The above assessment had been made with the following key assumptions:

(i) Petrobras will continue to require the rigs for execution of its business plans and will charter them at the dayrates and tenure previously agreed with Sete;
(ii) Magni will be able to secure financing to complete the purchase of the rigs with Sete and complete the construction contract with the Group at the terms previously discussed with Magni; and
(iii) The future cost of construction of the rigs are not materially different from management's current estimation.

At the date of these financial statements, the commencement of a new negotiation between Petrobras and Sete has been authorised by the Executive Board of Petrobras. Should the conclusion of the negotiation result in significant changes to the key assumptions above, additional material provision may be required, including adjustments to the net carrying amounts (net of total cumulative losses as described above) relating to the Sete contracts amounting to $113,645,000 as at 31 December 2020.

Other contracts

As at 31 December 2020, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks. In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise the right to retain payments received to date and retain title to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements, amounting to $848,117,000 as at 31 December 2020 (2019: $778,734,000) of which $772,443,000 (2019: $638,973,000) is secured on the rigs and $75,674,000 (2019: $139,761,000) is unsecured but the Group has obtained parental guarantee from the customers.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates. Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects and of rigs delivered on financing arrangements to determine if a provision for expected loss is necessary.

The global economic environment has been and continues to be significantly affected by COVID-19 and the oil and gas industry in particular, has experienced an unprecedented and very difficult period as a result of lower expected demands. The Group remains cognizant of these developments and have been closely monitoring the market and industry developments relating to utilisation rates, dayrates, oil price outlook and other relevant information.

For the above contract assets and secured trade receivables, in the event that the customers are unable to fulfil their contractual obligations, management has considered the most likely outcome for the rigs delivered or under construction is for the Group to take possession of the asset and charter it out to work with an operator. The value of the rig on this basis would be based on an estimation of the Value-in-use (“VIU”) of the rig, i.e. through estimating the net present value of cash flows from operating the rig over the useful life of the asset.

Management has engaged independent professional firms to assist in their assessment on whether the VIU of the rigs would exceed the carrying values of contract assets and trade receivables as at 31 December 2020. The VIU model used by the independent firm is consistent with prior years and is based on Discounted Cash Flow calculations that cover each class of rig. In addition to the independent firm responsible for the valuation based on VIU calculations, management has also engaged a separate industry expert to independently provide a view of the market outlook, assumptions and parameters which are used in the valuations based on estimation of VIU. Key inputs into the estimation of the VIU include dayrates and cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the rigs would decrease if the expected income from operating the rigs decline, or discount rates were higher, or the estimated commencement of deployment were delayed.

Management has also appointed an independent advisor to conduct an assessment of the recoverability of unsecured receivables as at 31 December 2020.

Accordingly, the Group recognised an expected credit loss allowance of $430,842,000 (2019: Nil) on contract assets, and $169,611,000 (2019: Nil) on long term receivables during the financial year ended 31 December 2020 as follows:

	Contract assets	Financing to customers		Total
		Secured	Unsecured	
	$'000	$'000	$'000	$'000
As at 31 December 2020				
Gross balance	2,933,715	871,605	138,595	3,943,915
Less: Expected credit loss				
Balance, 1 January	21,000	-	-	21,000
Currency alignment	-	(4,634)	(2,894)	(7,528)
Impairment charged	430,842	103,796	65,815	600,453
Reclassification (Note 15)	(19,301)	-	-	(19,301)
Balance, 31 December	432,541	99,162	62,921	594,624
Net balance	2,501,174	772,443	75,674	3,349,291
As at 31 December 2019				
Gross balance	3,345,020	638,973	139,761	4,123,754
Less: Expected credit loss				
Balance, 1 January and 31 December	21,000	-	-	21,000
Net balance	3,324,020	638,973	139,761	4,102,754

The valuations of the rigs based on estimated VIU are most sensitive to discount rates and dayrates.

- A discount rate of 7% has been used in the valuation as at 31 December 2020 (31 December 2019: 6.8%). An increase of 1% of the discount rate would increase the expected credit loss by approximately S$7,000,000 (31 December 2019: Nil).
- A decrease in dayrates of US$5,000 per day across the entire asset useful life of 25 years would not result in any further expected credit loss (31 December 2019: Nil).

(iii) Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units ("CGUs"). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. Management performed impairment tests on fixed assets (Note 6), investments in subsidiaries (Note 9), investments in associated companies and joint ventures (Note 10), and intangibles (Note 13) as at 31 December 2020.

Management has performed the impairment assessment of its investments in KrisEnergy Limited ("KrisEnergy") and Floatel International Limited ("Floatel") and related exposures on the basis of the restructuring steps taken by these investees. Refer to Note 10(c) and Note 10(f) respectively for more details on the impairment assessment of Group's investments in KrisEnergy and Floatel.

Management has also performed an impairment assessment of the goodwill arising from acquisition of M1 Limited. Details of the impairment testing is disclosed in Note 13.

(iv) Revenue recognition and contract cost

The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the physical proportion of the contract work completed for the contracts; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 24.

(v) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

(vi) Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

EIG Energy Fund XIV, L.P., et al. v. Keppel Offshore & Marine Ltd., (United States District Court, Southern District of New York)

In February 2018, the Company's subsidiary, Keppel Offshore & Marine Ltd ("KOM") was served a summons by eight investment funds ("Plaintiffs") managed by EIG Management Company, LLC ("EIG") where a civil action was commenced by the Plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act ("RICO") in the United States District Court, Southern District of New York. The Plaintiffs sought damages for its loss of investment of US$221 million in Sete, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

This new lawsuit came after an earlier civil action commenced by eight of EIG's managed funds in the United States District Court, District of Columbia against, among others, the Company and KOM. The case was dismissed by the Court on 30 March 2017.

In March 2018, KOM submitted a letter pursuant to the Court's rules seeking permission to file a motion to dismiss the Complaint. In April 2018, in response to KOM's letter, the Plaintiffs filed the First Amended Complaint which added, among other things, a state law claim for aiding and abetting fraud.

In July 2018, KOM filed a motion to dismiss the First Amended Complaint. The Plaintiffs filed their brief in opposition to the motion in August 2018, and KOM filed its reply brief in August 2018.

In May 2020, the Court issued an order granting in part and denying in part KOM's motion to dismiss. The Court dismissed the Plaintiffs' civil RICO conspiracy claim but found that the First Amended Complaint adequately pleaded an aiding and abetting fraud claim under New York state law and denied KOM's motion to dismiss that claim.

Consequently, Plaintiffs currently seek damages of US$221,000,000 (without the earlier treble damage claim of US$663 million under RICO in respect of which KOM has been successful in dismissing the claim), plus punitive damages, interest, attorneys' fees, costs and disbursements, based on their remaining claim for aiding and abetting fraud.

Management is of the view that the remaining claim for aiding and abetting fraud is without merit and KOM will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of this remaining claim and hence, the potential amount of loss cannot currently be assessed.

Termination of Two Mid-Water Semisubmersible Drilling Rig Contracts

As disclosed in Note 2.28(b)(ix), a subsidiary of Keppel Offshore & Marine Limited ("KOM subsidiary") terminated two contracts with subsidiaries of a customer for the construction of two mid-water semisubmersible drilling rig for harsh environment use:

(i) In June 2020, the buyer under the first of these contracts ("First Contract") alleged a breach of contract by the KOM subsidiary and purportedly terminated the First Contract and sought recovery of the payments already made to the KOM subsidiary with interest. The allegations by the buyer were refuted and the purported termination of the contract was rejected by the KOM subsidiary. The buyer subsequently failed to pay an instalment due under the First Contract. Non-payment of any instalment by the customer is a default in accordance with the First Contract, entitling the KOM subsidiary to terminate the First Contract, retain all payments received to date (approximately US$54 million), and seek compensation for the work done to date and claim ownership of the rig. The KOM subsidiary had therefore issued a notice of termination of the First Contract to the buyer and commenced arbitration to enforce its rights under the First Contract against the buyer.

(ii) In December 2020, the KOM subsidiary issued a notice of termination of the second of these contracts ("Second Contract") and commenced arbitration to enforce its rights under the Second Contract against the buyer, which rights include the right to retain the amounts already paid by the buyer to date of approximately US$43 million and to seek reimbursement of the KOM subsidiary's costs of the project to the date of termination.

    Subsequent to the issuance of this notice of termination, the KOM subsidiary has received a notice from the buyer purporting to terminate the Second Contract, alleging breaches under the Second Contract. As it had already terminated the Second Contract, the KOM subsidiary's position is that the notice of termination can have no effect. In any event, the KOM subsidiary refutes the abovementioned allegations by the buyer in the notice.

The Group is working with legal advisors to enforce its rights and will continue to evaluate the potential financial impact in consultation with its advisors. Based on currently available information, no provision was made in respect of the recovery of the payments already made to the Group by the two buyers.

Global resolution with criminal authorities in relation to corrupt payments

In 2017, KOM reached a global resolution with the criminal authorities in the United States of America, Brazil and Singapore in relation to corrupt payments made in relation to KOM's various projects with Petrobras and Sete Brasil in Brazil, which were made with knowledge or approval of former KOM executives. Fines in an aggregate amount of US$422,216,980, or equivalent to approximately S$570 million, paid/payable had been allocated between the three jurisdictions.

As part of the global resolution, KOM accepted a Conditional Warning from the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, and entered into a Deferred Prosecution Agreement ("DPA") with the U.S. Department of Justice ("DOJ"), while Keppel FELS Brasil S.A., a wholly owned subsidiary of KOM, entered into a Leniency Agreement with the Public Prosecutor's Office in Brazil, the Ministerio Publico Federal ("MPF") which became effective following the approval of the Fifth Chamber for Coordination and Review of the MPF in April 2018. In addition, Keppel Offshore & Marine USA, Inc ("KOM USA"), also a wholly owned subsidiary of KOM, pleaded guilty to one count of conspiracy to violate the U.S. Foreign Corrupt Practices Act and entered into a Plea Agreement with the DOJ.

KOM has successfully complied with its obligations under the DPA and the DPA has accordingly concluded. KOM has also been in compliance with its obligations under the Conditional Warning issued by the CPIB and the Leniency Agreement entered into with the MPF. As part of the applicable fines payable under the global resolution, a sum of US$52,777,122.50 (less any penalties that KOM may pay to specified Brazilian authorities) was payable to CPIB within three years from the date of the Conditional Warning and has been included in accrued expenses since FY 2017. The discussions with the specified Brazilian authorities remain ongoing, and CPIB has agreed to extend this three-year period for a further 12 months until 22 December 2021.

It has been brought to the Company's attention that the Office of the Comptroller General of Brazil ("CGU") has published a notice in the Official Gazette ("Notice") to the effect that CGU has initiated an administrative enforcement procedure ("AEP") against KOM, Prismatic Services Ltd., Keppel Fels Ltd., Keppel FELS Brasil S.A., and BrasFELS S.A., in relation to alleged irregularities under the Brazilian Anti-Corruption Statute, and appointed two CGU officials to form a panel to preside over the proceedings. The Company has been advised that, following the issuance of the Notice, the CGU would carry out further internal investigations, and the panel has to thereafter decide whether any summons is to be served on the defendants, and if so, the defendants will then have 30 days thereafter to file a defence. Neither the Notice nor any summons has been served on any of the foregoing entities to-date.

The Notice does not provide any factual particulars and the Company is therefore currently unable to assess the matter or its impact, if any. The Company understands from CGU that the AEP will not affect the ongoing negotiations with the Brazil authorities, and that the AEP has been suspended pending these ongoing discussions.

Over the course of the DPA reporting period, Keppel Group continued its remediation efforts and implemented significant compliance enhancements across its businesses. KOM's successful completion of the DPA reflects Keppel Group's ongoing commitment to ethics, integrity, and robust controls in all its business operations. In 2019, KOM successfully achieved global certification for the ISO 37001 Anti-Bribery Management System, and Keppel is progressively implementing the same standard throughout the Group.

Anti-bribery and corruption compliance audits were also performed on entities within the KOM Group. These audits revealed enhanced policies and procedures put in place to-date were, in general, functioning as intended. The results of the audits performed in 2020 were satisfactory with no adverse findings requiring follow-up actions.

Based on currently available information, no additional provision was made in relation to the ongoing discussions with the specified Brazilian authorities.

(vii) Useful lives of network and related application systems

The cost of network and related application systems is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimated the useful lives of these fixed assets to be within 5 to 25 years. These are common life expectancies applied in the telecommunications industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's network and related application systems at the end of the reporting period are disclosed in Note 6 to the financial statements.

(viii) Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in profit and loss account, determined annually by independent professional valuers on the highest and best use basis except for significant investment properties which are revalued on a half-yearly basis.

For the purpose of financial statements for the year ended 31 December 2020, valuations were obtained from the valuers for the Group's investment properties, and the resultant fair value changes were recognised in the profit and loss account.

In determining the fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, price of comparable plots and properties, net initial yield and discount rate. The valuation reports obtained from independent valuers for certain properties have highlighted the heightened uncertainty of the COVID-19 outbreak and material valuation uncertainty where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.

In relying on the valuation reports, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions. The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Notes 7 and 34.

(ix) Estimating net realisable value of stocks

The net realisable value of stocks represent the estimated selling price for these stocks less all estimated cost of completion and costs necessary to make the sale.

As at 31 December 2020, stocks under work-in-progress amounted to $1,072,890,000 (after a provision of $41,508,000 recognised in FY 2020 and $50,000,000 in prior years). This amount included a balance of $447,337,000, which were transferred from contract assets during FY2020 as described in Note 2.28(b)(vi) – *Termination of Two Mid-Water Semisubmersible Drilling Rig Contracts*:

The assessment of carrying value of these stocks were performed in conjunction with the recoverability assessment of contract assets based on a VIU approach as described above in Note 2.28(b)(ii).

Based on the results of the assessments, the Group recognised an impairment provision of $41,508,000 on stocks under work-in-progress during the financial year ended 31 December 2020.

The valuation of these stocks under work-in-progress based on estimated VIU are most sensitive to discount rates and dayrates.

- An increase of 1% of the discount rate would result in an impairment of approximately $158,000,000 (31 December 2019: Nil).
- A decrease in dayrates of US$5,000 per day across the entire asset life of 25 years would result in an impairment of approximately $21,000,000 (31 December 2019: Nil).

For properties held for sale, provision is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimates and assumptions used are subject to risk and uncertainty in view of the economic uncertainty brought about by the COVID-19 pandemic. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

3. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2020	2019	**2020**	2019
Balance at 1 January	**1,818,394,180**	1,818,394,180	**(2,014,736)**	(5,936,044)
Issue of shares under share plan	**2,163,587**	-	**-**	-
Treasury shares transferred pursuant to share option scheme	**-**	-	**-**	44,000
Treasury shares transferred pursuant to share plans	**-**	-	**2,829,890**	4,647,308
Treasury shares purchased	**-**	-	**(3,866,628)**	(770,000)
Balance at 31 December	**1,820,557,767**	1,818,394,180	**(3,051,474)**	(2,014,736)

	Amount ($'000)			
	Issued Share Capital		Treasury Shares	
	2020	2019	**2020**	2019
Balance at 1 January	**1,291,722**	1,291,722	**(14,009)**	(45,073)
Issue of shares under share plan	**13,946**	-	**-**	-
Treasury shares transferred pursuant to share option scheme	**-**	-	**-**	334
Treasury shares transferred pursuant to share plans	**-**	-	**19,359**	35,273
Treasury shares purchased			**(19,040)**	(4,543)
Balance at 31 December	**1,305,668**	1,291,722	**(13,690)**	(14,009)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, 4,340,777 (2019: 4,266,708) Shares under the KCL Restricted Share Plan ("KCL RSP") and 652,700 (2019: 380,600) Shares under the KCL Performance Share Plan ("KCL PSP") were vested.

During the financial year, the Company transferred 2,829,890 (2019: 4,691,308) treasury shares to employees under vesting of Shares released under the KCL Share Plans. The Company also purchased 3,866,628 (2019: 770,000) treasury shares in the Company in the open market during the financial year. The total amount paid was $19,040,000 (2019: $4,543,000). Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the financial year.

KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Till Bernhard Vestring (Chairman)
Lee Boon Yang
Danny Teoh
Teo Siong Seng

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average closing prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2020		2019	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**910,900**	**$6.89**	1,890,185	$6.74
Exercised	**-**	**-**	(44,000)	$3.07
Cancelled	**-**	**-**	(935,285)	$6.77
Expired	**(910,900)**	**$6.89**	-	-
Balance at 31 December	**-**	**-**	910,900	$6.89
Exercisable at 31 December	**-**	**-**	910,900	$6.89

As at 31 December 2020, there were no unexercised options for unissued ordinary shares under the KCL Share Options Scheme.

In 2019, the weighted average share price at the date of exercise for options exercised was $6.03. The options outstanding as at 31 December 2019 had a weighted average exercise price of $6.89 and a weighted average remaining contractual life of 0.1 year.

KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

Details of the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP, the KCL PSP – Transformation Incentive Plan ("KCL PSP-TIP") and the KCL PSP – M1 Transformation Incentive Plan ("KCL PSP-M1 TIP") are as follows:

	KCL RSP	**KCL RSP-Deferred Shares**	**KCL PSP**
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity	-	(a) Absolute Total Shareholder's Return (b) Return on Capital Employed (c) Net Profit

	KCL RSP	KCL RSP-Deferred Shares	KCL PSP
Final Award	0% to 100% of the contingent award granted, depending on achievement of pre-determined targets	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfilment of service requirements	Awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements

	KCL PSP-TIP	KCL PSP-M1 TIP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a six-year performance period	Two separate awards of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year and six-year performance period respectively
Performance Conditions	(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement	(a) Net Profit (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Net Promoter Score (d) Individual Performance Achievement
Final Award	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest at the end of the six-year performance period subject to fulfilment of service requirements	If pre-determined targets are achieved, the two separate awards will vest at the end of the three-year and six-year performance period subject to fulfilment of service requirements

Movements in the number of shares under the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP, the KCL PSP-TIP, and the KCL PSP-M1 TIP are as follows:

	2020				2019		
	KCL RSP-Deferred Shares	**KCL PSP**	**KCL PSP-TIP**	**KCL PSP-M1 TIP**	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP
Contingent awards / Awards (KCL RSP-Deferred Shares)							
Balance at 1 January	**-**	**3,885,000**	**5,585,967**	**-**	-	2,895,000	5,965,967
Granted	**5,318,164**	**1,585,000**	**1,280,000**	**423,500**	4,234,171	1,635,000	-
Adjustments upon released	**(1,709)**	**(417,300)**	**-**	**-**	-	(264,400)	-
Released	**(5,316,455)**	**(652,700)**	**-**	**-**	(4,234,171)	(380,600)	-
Cancelled	**-**	**(100,000)**	**(343,796)**	**-**	-	-	(380,000)
Balance at 31 December	**-**	**4,300,000**	**6,522,171**	**423,500**	-	3,885,000	5,585,967

	2020		2019	
	KCL RSP	**KCL RSP-Deferred Shares**	KCL RSP	KCL RSP-Deferred Shares
Awards released but not vested:				
Balance at 1 January	**26,241**	**3,912,564**	1,630,118	2,586,237
Released	**-**	**5,316,455**	-	4,234,171
Vested	**(25,641)**	**(4,315,136)**	(1,565,032)	(2,701,676)
Cancelled	**(600)**	**(244,813)**	(38,845)	(203,511)
Other adjustments	**-**	**-**	-	(2,657)
Balance at 31 December	**-**	**4,669,070**	26,241	3,912,564

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of Shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2020, there were no awards released but not vested (2019: 26,241) under the KCL RSP and 4,669,070 (2019: 3,912,564) Shares under the KCL RSP-Deferred Shares that were released but not vested. At the end of the financial year, the number of contingent award of Shares granted but not released was 4,300,000 (2019: 3,885,000) under the KCL PSP, 6,522,171 (2019: 5,585,967) under the KCL PSP-TIP, and 423,500 (2019: Nil) under the KCL PSP-M1 TIP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could range from zero to a maximum of 6,450,000 under the KCL PSP, zero to a maximum of 9,783,257 under the KCL PSP-TIP and zero to a maximum of 635,250 under the KCL PSP-M1 TIP.

The fair values of the contingent award of Shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 17 February 2020 (2019: 15 February 2019 and 18 April 2019), the Company granted awards of 5,318,164 (2019: 3,908,536 and 325,635) Shares under the KCL RSP-Deferred Shares and the estimated fair value of the Shares granted were $6.48 (2019: $5.84 and $6.51). On 31 March 2020 (2019: 30 April 2019), the Company granted contingent awards of 1,585,000 (2019: 1,635,000) Shares under the KCL PSP and the estimated fair value of the Shares granted was $3.69 (2019: $5.60). On 28 February 2020, the Company granted contingent awards of 1,280,000 Shares under the KCL PSP-TIP and the estimated fair value of the Shares granted was $1.92. On 17 February 2020, the Company granted contingent awards of 423,500 Shares under the KCL PSP-M1 TIP and the estimated fair value of the Shares granted was $6.31 and $5.72.

The significant inputs into the model are as follows:

	2020			
	KCL RSP-Deferred Shares	**KCL PSP**	**KCL PSP-TIP**	**KCL PSP-M1 TIP**
Date of grant	**17.02.2020**	**31.03.2020**	**28.02.2020**	**17.02.2020**
Prevailing share price at date of grant	**$6.72**	**$5.29**	**$6.34**	**$6.72**
Expected volatility of the Company	**23.89%**	**26.02%**	**24.07%**	**23.89%**
Expected term	**0.00 - 2.00 years**	**2.92 years**	**1.99 years**	**2.00 and 5.00 years**
Risk free rate	**1.48% - 1.50%**	**0.87%**	**1.28%**	**1.50% and 1.53%**
Expected dividend yield	*	*	*	*

	2019		
	KCL RSP-Deferred Shares	KCL RSP-Deferred Shares	KCL PSP
Date of grant	15.02.2019	18.04.2019	30.04.2019
Prevailing share price at date of grant	$6.08	$6.74	$6.77
Expected volatility of the Company	21.29%	21.24%	21.29%
Expected term	0.00 - 2.00 years	0.00 - 1.86 years	2.84 years
Risk free rate	1.94% - 1.95%	1.90% - 1.93%	1.92%
Expected dividend yield	*	*	*

* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

4. RESERVES

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Capital reserves				
Share option and share plans reserve	**190,711**	210,412	**190,711**	187,032
Fair value reserve	**47,470**	(17,300)	**22,196**	19,230
Hedging reserve	**(218,544)**	(192,864)	**(1,911)**	-
Bonus issue by subsidiaries	**40,000**	40,000	**-**	-
Others	**116,094**	85,851	**(1,832)**	(1,150)
	175,731	126,099	**209,164**	205,112
Revenue reserves	**9,703,452**	10,470,627	**7,975,921**	6,567,206
Foreign exchange translation account	**(442,703)**	(663,586)	**-**	-
	9,436,480	9,933,140	**8,185,085**	6,772,318

Share option and share plans reserve amounting to $23,380,000 as at 31 December 2020 was reclassified to the "Others" category within Capital Reserves.

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity. Movements in hedging reserve by risk categories are as follows:

Group	Foreign exchange risk $'000	Interest rate risk $'000	Price risk $'000	Total $'000
2020				
As at 1 January	**(10,425)**	**(89,236)**	**(93,203)**	**(192,864)**
Transfer of hedging reserve from revenue reserve	**(109)**	**-**	**(23,165)**	**(23,274)**
Fair value changes arising during the year, net of tax	**(50,212)**	**(119,894)**	**69,958**	**(100,148)**
Realised and transferred to profit and loss account				
- Revenue	**(2,317)**	**-**	**-**	**(2,317)**
- Materials and subcontract costs	**5,179**	**(319)**	**82,097**	**86,957**
- Other operating income – net	**15,319**	**848**	**-**	**16,167**
- Interest expenses	**-**	**26,424**	**-**	**26,424**
- Exchange difference	**(2,119)**	**-**	**-**	**(2,119)**
Share of associated companies and joint ventures' fair value gains	**(3,937)**	**(23,433)**	**-**	**(27,370)**
As at 31 December	**(48,621)**	**(205,610)**	**35,687**	**(218,544)**
2019				
As at 1 January	(27,498)	(18,628)	(152,690)	(198,816)
Fair value changes arising during the year, net of tax	7,474	(84,976)	(13,659)	(91,161)
Realised and transferred to profit and loss account				
- Revenue	18,700	-	-	18,700
- Materials and subcontract costs	(2,301)	-	73,146	70,845
- Other operating income – net	(8,274)	-	-	(8,274)
- Interest expenses	-	34,479	-	34,479
Share of associated companies and joint ventures' fair value gains	1,213	(20,111)	-	(18,898)
Less: Non-controlling interests	261	-	-	261
As at 31 December	(10,425)	(89,236)	(93,203)	(192,864)

The changes in fair value of the hedging instruments approximate the changes in fair value of the hedged items, which resulted in minimal hedge ineffectiveness recognised in profit or loss.

5. NON-CONTROLLING INTERESTS

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest		Carrying amount of NCI		Profit after tax allocated to NCI	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Konnectivity Pte. Ltd.	**20%**	20%	**306,897**	310,858	**9,182**	9,308
Keppel Telecommunications & Transportation Ltd	**-**	-	**-**	-	**-**	739
Other subsidiaries with immaterial NCI			**120,549**	124,320	**(11,416)**	44,116
Total			**427,446**	435,178	**(2,234)**	54,163

Summarised financial information before inter-group elimination

	Konnectivity Pte. Ltd.	
	2020	2019
	$'000	$'000
Non-current assets	**2,396,955**	2,433,048
Current assets	**413,821**	488,817
Non-current liabilities	**331,564**	481,089
Current liabilities	**577,638**	508,007
Net assets	**1,901,574**	1,932,769
Less: NCI	**(367,088)**	(378,477)
	1,534,486	1,554,292
Revenue	**1,074,090**	950,002
Profit for the year	**51,544**	62,306
Total comprehensive income	**51,339**	77,305
Net cash flow from operations	**292,801**	194,627
Total comprehensive income allocated to NCI	**9,149**	11,729
Dividends paid to NCI	**13,110**	8,900

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2020	2019
	$'000	$'000
Amounts paid/payable on changes in ownership interest in subsidiaries	**(660)**	(223,617)
Non-controlling interest acquired	**(2,334)**	173,390
Total amount recognised in equity reserves	**(2,994)**	(50,227)

6. FIXED ASSETS

Group	Freehold Land & Buildings	Buildings on Leasehold Land	Vessels & Floating Docks	Networks & Related Application Systems	Plant, Machinery, Equipment & Others(1)	Capital Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2020							
Cost							
At 1 January	**114,791**	**1,968,811**	**533,604**	**645,963**	**2,162,118**	**137,572**	**5,562,859**
Additions	**374**	**3,263**	**14,585**	**72,296**	**86,801**	**44,102**	**221,421**
Disposals	**-**	**(1,341)**	**(1,876)**	**(2,360)**	**(22,867)**	**(627)**	**(29,071)**
Write-off	**-**	**-**	**-**	**-**	**(3,029)**	**(11)**	**(3,040)**
Subsidiaries acquired	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Subsidiaries disposed	**-**	**-**	**-**	**-**	**(621)**	**-**	**(621)**
Reclassification							
- ROU asset	**-**	**(6,281)**	**-**	**-**	**(142)**	**-**	**(6,423)**
- Stocks	**-**	**-**	**-**	**-**	**-**	**7,778**	**7,778**
- Other fixed assets categories	**859**	**10,379**	**(11,384)**	**8,420**	**2,352**	**(10,626)**	**-**
- Asset held for sale (Note 36)	**-**	**(58,764)**	**-**	**-**	**(623)**	**-**	**(59,387)**
Exchange differences	**2,089**	**(2,073)**	**(7,990)**	**-**	**(15,249)**	**1,069**	**(22,154)**
At 31 December	**118,113**	**1,913,994**	**526,939**	**724,319**	**2,208,740**	**179,257**	**5,671,362**
Accumulated Depreciation							
At 1 January	**66,035**	**884,340**	**159,877**	**63,476**	**1,440,840**	**46,446**	**2,661,014**
Depreciation charge	**2,869**	**50,002**	**15,582**	**91,823**	**134,710**	**-**	**294,986**
Disposals	**-**	**(1,214)**	**(1,876)**	**(226)**	**(20,901)**	**-**	**(24,217)**
Impairment	**-**	**34,573**	**-**	**-**	**1,595**	**-**	**36,168**
Write-off	**-**	**-**	**-**	**-**	**(2,070)**	**-**	**(2,070)**
Subsidiaries disposed	**-**	**-**	**-**	**-**	**(429)**	**-**	**(429)**
Reclassification							
- ROU asset	**-**	**6,849**	**-**	**-**	**(42)**	**-**	**6,807**
- Stocks	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Other fixed assets categories	**(4)**	**456**	**6,592**	**-**	**(326)**	**(6,718)**	**-**
- Asset held for sale (Note 36)	**-**	**(4,701)**	**-**	**-**	**(526)**	**-**	**(5,227)**
Exchange differences	**1,486**	**(2,068)**	**(3,875)**	**(3)**	**(7,881)**	**918**	**(11,423)**
At 31 December	**70,386**	**968,237**	**176,300**	**155,070**	**1,544,970**	**40,646**	**2,955,609**
Net Book Value	**47,727**	**945,757**	**350,639**	**569,249**	**663,770**	**138,611**	**2,715,753**

Included in freehold land & buildings are freehold land amounting to $6,427,000 (2019: $7,295,000).

Certain fixed assets with carrying amount of $119,016,000 (2019: $123,940,000) are mortgaged to banks for loan facilities (Note 22).

Interest capitalised during the financial year amounted to Nil (2019: $436,000).

Each rigbuilding, shipbuilding and repair facilities in the Energy & Environment segment has been identified as individual CGUs. The recoverable amounts of these CGUs were determined using value-in-use models that incorporated cash flow projections based on financial forecasts approved by management. Management had determined the forecasted cash flows based on past performance and its current expectations of market development. These cash flows were discounted at discount rates ranging from 6% to 11% (2019: 7% to 12%) per annum, depending on the location of the facilities.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

During the year, the Group recognised an impairment loss of $19,694,000 (2019: Nil) for property, plant and equipment in the Energy & Environment segment, which was based on the difference between the recoverable amount and the net book value of the fixed assets.

During the year, the Group recognised an impairment loss of $6,919,000 (2019: $4,910,000) in the Urban Development segment, which was based on the difference between the recoverable amount and the net book value of a fixed asset. The recoverable amount was based on fair value determined using the income approach.

During the year, the Group recognised an impairment loss of $9,555,000 (2019: $3,514,000) on certain buildings and equipment in the Connectivity segment, due to lower recoverable amounts subsequent to sustained losses generated from these assets, as a result of weaker economic outlook which adversely affected fair values and expected returns of these assets. The recoverable amounts were assessed to be fair value less costs of disposal.

Group	Freehold Land & Buildings	Buildings on Leasehold Land	Vessels & Floating Docks	Networks & Related Application Systems	Plant, Machinery, Equipment & Others[1]	Capital Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019							
Cost							
At 1 January	114,301	1,877,691	355,159	-	2,037,569	347,618	4,732,338
Additions	247	5,723	333	57,575	76,791	71,322	211,991
Disposals	(165)	(2,549)	(393)	(11,069)	(24,388)	(16)	(38,580)
Write-off	-	(120)	-	-	(3,883)	-	(4,003)
Subsidiaries acquired	-	73,042	-	546,496	103,805	49,311	772,654
Subsidiaries disposed	-	(102,844)	-	-	(31,349)	(200)	(134,393)
Reclassification							
- Investment properties	-	58,764	-	-	-	-	58,764
- Other fixed assets categories	210	72,534	184,778	52,961	17,359	(327,842)	-
Exchange differences	198	(13,430)	(6,273)	-	(13,786)	(2,621)	(35,912)
At 31 December	114,791	1,968,811	533,604	645,963	2,162,118	137,572	5,562,859
Accumulated Depreciation							
At 1 January	62,927	856,048	151,155	-	1,369,949	46,819	2,486,898
Depreciation charge	3,167	54,820	12,097	68,606	127,315	-	266,005
Disposals	(160)	(1,627)	(393)	(5,130)	(22,287)	-	(29,597)
Impairment	-	7,456	-	-	893	75	8,424
Write-off	-	(120)	-	-	(3,875)	-	(3,995)
Subsidiaries disposed	-	(30,597)	-	-	(22,823)	-	(53,420)
Reclassification							
- Other fixed assets categories	(135)	2,357	-	-	(2,222)	-	-
Exchange differences	236	(3,997)	(2,982)	-	(6,110)	(448)	(13,301)
At 31 December	66,035	884,340	159,877	63,476	1,440,840	46,446	2,661,014
Net Book Value	48,756	1,084,471	373,727	582,487	721,278	91,126	2,901,845

(1) Others comprise furniture, fittings and office equipment, cranes and small equipment and tools.

Company	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others[(2)] $'000	Capital Work-in-Progress $'000	Total $'000
2020				
Cost				
At 1 January	**1,233**	**17,538**	**-**	**18,771**
Additions	**-**	**552**	**-**	**552**
Disposals	**-**	**(29)**	**-**	**(29)**
Write-off	**-**	**(22)**	**-**	**(22)**
At 31 December	**1,233**	**18,039**	**-**	**19,272**
Accumulated Depreciation				
At 1 January	**1,233**	**10,265**	**-**	**11,498**
Depreciation charge	**-**	**2,047**	**-**	**2,047**
Disposals	**-**	**(29)**	**-**	**(29)**
Write-off	**-**	**(8)**	**-**	**(8)**
At 31 December	**1,233**	**12,275**	**-**	**13,508**
Net Book Value	**-**	**5,764**	**-**	**5,764**
2019				
Cost				
At 1 January	1,233	8,791	6,139	16,163
Additions	-	2,617	-	2,617
Disposals	-	(9)	-	(9)
Reclassification to other fixed asset categories	-	6,139	(6,139)	-
At 31 December	1,233	17,538	-	18,771
Accumulated Depreciation				
At 1 January	1,233	8,254	-	9,487
Depreciation charge	-	2,020	-	2,020
Disposals	-	(9)	-	(9)
At 31 December	1,233	10,265	-	11,498
Net Book Value	-	7,273	-	7,273

(2) Others comprise furniture, fittings and office equipment.

7. INVESTMENT PROPERTIES

	Group	
	2020	2019
	$'000	$'000
At 1 January	**3,022,091**	2,857,145
Development expenditure	**266,219**	304,803
Fair value gain (Note 26)	**268,430**	101,020
Disposal	**-**	(834)
Reclassification		
- Assets held for sale (Note 36)	**(650,062)**	-
- Stocks (Note 14)	**714,733**	-
- Fixed assets (Note 6)	**-**	(58,764)
- Right-of-use assets (Note 8)	**-**	(158,357)
Exchange differences	**52,664**	(22,922)
At 31 December	**3,674,075**	3,022,091

The Group's investment properties (including integral plant and machinery) are stated at management's assessments based on the following valuations (open market value basis) by independent firms of professional valuers as at 31 December 2020:

- Cushman & Wakefield VHS Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Cushman & Wakefield Limited and Beijing Colliers International Real Estate Valuation Co., Ltd for properties in China;
- Colliers International Vietnam for properties in Vietnam;
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia; and
- Cushman & Wakefield India Pvt Ltd for a property in India.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised within development expenditure during the financial year amounted to $24,526,000 (2019: $12,751,000).

The Group has mortgaged certain investment properties of carrying value amounting to $1,815,790,000 as at 31 December 2020 (2019: $828,355,000) to banks for loan facilities (Note 22).

In 2020, the Group reclassified $714,733,000 from properties held for sale to investment properties upon change of use of the asset from property trading to holding for capital gain and/or rental yield.

In 2019, the Group reclassified from investment properties to fixed assets and right-of-use assets for the owner-occupied portion of the property amounting to $58,764,000 and $158,357,000 respectively.

8. RIGHT-OF-USE ASSETS (LEASES)

Leases

The Group as lessee

Leasehold land & building

The Group leases several lands, offices, retail stores and shipyards for use in its operations.

Plant, machinery, equipment & others

The Group leases equipment and vehicles for office and operation use, mainly in the Energy & Environment segment.

Base station sites

The Group leases base station sites to facilitate transmission of telecommunication services.

There are no externally imposed covenants on these lease arrangements.

Right-of-use assets

Group	Leasehold Land & Building $'000	Plant, Machinery, Equipment & Others[1] $'000	Base Station Sites $'000	Total $'000
2020				
Net Book Value				
At 1 January	**735,348**	**9,376**	**15,205**	**759,929**
Additions	**12,752**	**1,103**	**14,100**	**27,955**
Depreciation	**(56,373)**	**(3,620)**	**(5,378)**	**(65,371)**
Impairment loss	**(2,879)**	**-**	**-**	**(2,879)**
Disposal	**-**	**(27)**	**-**	**(27)**
Write-off	**(570)**	**(1,342)**	**-**	**(1,912)**
Remeasurement	**22,637**	**-**	**(252)**	**22,385**
Reclassification				
- Fixed assets (Note 6)	**13,230**	**-**	**-**	**13,230**
- Assets held for sale (Note 36)	**(154,281)**	**-**	**-**	**(154,281)**
Exchange differences	**(15,881)**	**(442)**	**-**	**(16,323)**
At 31 December	**553,983**	**5,048**	**23,675**	**582,706**

Group	Leasehold Land & Building $'000	Plant, Machinery, Equipment & Others[1] $'000	Base Station Sites $'000	Total $'000
2019				
Net Book Value				
At 1 January	-	-	-	-
Adoption of SFRS(I) 16	583,181	8,945	-	592,126
Additions	43,522	3,669	760	47,951
Depreciation	(55,054)	(3,453)	(5,538)	(64,045)
Subsidiaries acquired	24,101	240	19,983	44,324
Subsidiaries disposed	(4,433)	-	-	(4,433)
Reclassification				
- Investment properties (Note 7)	158,357	-	-	158,357
Exchange differences	(14,326)	(25)	-	(14,351)
At 31 December	735,348	9,376	15,205	759,929

[1] Others comprise furniture, fittings, office equipment and motor vehicles.

The right-of-use asset relating to the leasehold land presented under investment properties (Note 7) is stated at fair value and has a carrying amount at balance sheet date of $7,916,000 (2019: $9,703,000).

Total cash outflow for all the leases was $85,747,000 (2019: $83,038,000), comprising repayment of principal of $53,413,000 (2019: $47,306,000) and interest payment of $32,334,000 (2019: $35,732,000).

Certain right-of-use assets with carrying amount of $11,105,000 (2019: $11,689,000) are mortgaged to banks for loan facilities (Note 22).

Company	Leasehold Land & Building $'000	Plant, Machinery, Equipment & Others[1] $'000	Total $'000
2020			
Net Book Value			
At 1 January	**12,620**	**213**	**12,833**
Depreciation	**(3,807)**	**(68)**	**(3,875)**
Additions	**2,218**	**28**	**2,246**
At 31 December	**11,031**	**173**	**11,204**

	Leasehold Land & Building $'000	Plant, Machinery, Equipment & Others[1] $'000	Total $'000
2019			
Net Book Value			
At 1 January	-	-	-
Adoption of SFRS(I) 16	15,902	279	16,181
Depreciation	(3,282)	(66)	(3,348)
At 31 December	12,620	213	12,833

[1] Others comprise office equipment.

Total cash outflow for all the leases was $4,201,000 (2019: $4,197,000), comprising repayment of principal of $3,916,000 (2019: $3,822,000) and interest payment of $285,000 (2019: $375,000).

	Group	
	2020	2019
	$'000	$'000
Lease expense not capitalised in lease liabilities		
Short-term leases	**22,582**	29,987
Low-value leases	**892**	1,992
Variable lease payments which do not depend on an index or rate	**317**	327

As at 31 December 2020, future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities include variable lease payments, $496,808,000 (2019: $623,194,000) for extension options and $55,678,000 (2019: Nil) for committed leases which have yet to commenced.

The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.3% to 3.0% (2019: 0.3% to 3.0%), on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to $317,000 for the financial year ended 31 December 2020 (2019: $327,000). The extension options are for certain properties of the Group. The Group negotiates extension options to optimise operational flexibility in terms of managing these assets in the Group's operations.

The following table details the liquidity analysis for lease liabilities of the Group and the Company based on contractual undiscounted cash flows.

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Within one year	**96,104**	79,224	**4,127**	4,140
Within one to two years	**86,291**	116,712	**4,052**	4,047
Within two to five years	**193,279**	209,894	**4,016**	8,021
After five years	**478,179**	452,642	**-**	-
Total	**853,853**	858,472	**12,195**	16,208

The Group as lessor

The Group leases out commercial space to non-related parties under non-cancellable operating leases. At the end of the reporting period, the Group's undiscounted future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	Group	
	2020	2019
	$'000	$'000
Within one year	**64,501**	92,565
In the second year	**43,041**	76,988
In the third year	**38,305**	37,549
In the fourth year	**36,316**	30,409
In the fifth year	**21,869**	24,071
After the fifth year	**59,601**	50,821
Total	**263,633**	312,403

9. SUBSIDIARIES

	Company	
	2020	2019
	$'000	$'000
Quoted shares, at cost		
Market value: $5,800,000 (2019: $6,204,000)	**493**	493
Unquoted shares, at cost	**8,442,614**	8,442,604
	8,443,107	8,443,097
Provision for impairment	**(480,569)**	(480,569)
	7,962,538	7,962,528

Movements in the provision for impairment of subsidiaries are as follows:

	Company	
	2020	2019
	$'000	$'000
At 1 January	**480,569**	351,785
Charge to profit and loss account	**-**	128,784
At 31 December	**480,569**	480,569

Impairment of $128,784,000 made in 2019 mainly relates to an investment holding subsidiary that holds oil & gas equity investments. Impairment loss was made arising from the impairment exercise performed (Note 10). Due to the economic downturn in oil & gas industry, recoverable amount of the equity investments was projected to be below the Company's cost of investment. Management had performed an assessment on the recoverable amount based on the cash flow estimates of the underlying assets.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 39.

10. ASSOCIATED COMPANIES AND JOINT VENTURES

	Group 2020 $'000	2019 $'000
Quoted shares, at cost		
Market value: $2,945,022,000 (2019: $3,508,132,000)	**2,703,470**	3,279,240
Unquoted shares, at cost	**2,746,346**	2,372,316
Loan receivable from associated company	**156,553**	-
	5,606,369	5,651,556
Provision for impairment	**(152,509)**	(197,392)
	5,453,860	5,454,164
Share of reserves	**10,884**	238,251
Carrying amount of equity interest	**5,464,744**	5,692,415
Notes issued by associated companies (net of provision for impairment)	**280,084**	319,284
Advances to associated companies and joint ventures	**245,785**	339,146
	5,990,613	6,350,845

Notes issued by an associated company of $245,000,000 are unsecured and will mature in 2040. The remaining Notes are denominated in SGD, secured and will mature in 2024. Interest is charged at rates ranging from 0% to 17.5% (2019: 0% to 17.5%) per annum.

Advances to associated companies and joint ventures are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 1.1% to 3.0% (2019: 2.5% to 7.0%) per annum on interest-bearing advances.

Movements in the provision for impairment of associated companies and joint ventures are as follows:

	Group 2020 $'000	2019 $'000
At 1 January	**197,392**	161,367
Impairment loss	**9,486**	35,915
Disposal	**(18,733)**	-
Reclassification to FVOCI	**(35,640)**	-
Exchange differences	**4**	110
At 31 December	**152,509**	197,392

Impairment loss made during the year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of certain associated companies.

The carrying amount of the Group's material associated companies, all of which are equity accounted for, are as follows:

		2020 $'000	2019 $'000
Keppel REIT	(a)	**1,898,249**	1,960,518
Keppel Infrastructure Trust	(b)	**-**	301,669
KrisEnergy Limited	(c)	**35,084**	74,284
Keppel DC REIT	(d)	**420,124**	449,964
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	(e)	**636,366**	570,384
Floatel International Limited	(f)	**95,668**	311,000
Other associated companies and joint ventures		**2,905,122**	2,683,026
		5,990,613	6,350,845

The summarised financial information of the material associated companies, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

(a) Keppel REIT

	2020 $'000	2019 $'000
Current assets	**175,433**	142,317
Non-current assets	**7,588,935**	7,307,046
Total assets	**7,764,368**	7,449,363
Current liabilities	**223,179**	159,690
Non-current liabilities	**2,321,056**	2,125,893
Total liabilities	**2,544,235**	2,285,583
Net assets	**5,220,133**	5,163,780
Less: Non-controlling interests	**(721,783)**	(578,931)
	4,498,350	4,584,849
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets	**2,206,891**	2,245,659
Other adjustments	**(308,642)**	(285,141)
Carrying amount of equity interest	**1,898,249**	1,960,518
Revenue	**170,223**	164,053
Profit after tax	**279**	141,670
Other comprehensive (loss)/income	**24,911**	(82,772)
Total comprehensive income	**25,190**	58,898
Fair value of ownership interest (if listed) **	**1,872,365**	2,044,903
Dividends received	**69,808**	90,144

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy)*

(b) Keppel Infrastructure Trust ("KIT")

The Group has 18.2% direct ownership interest in KIT as at 31 December 2020. KIT's business is conducted through its Trustee-Manager, Keppel Infrastructure Funds Management ("KIFM"), a wholly owned subsidiary of Keppel Capital Holdings Pte Ltd ("KC") which is in turn a wholly owned subsidiary of Keppel Corporation Limited.

During the year, the Group assessed that it no longer has significant influence over KIT due to a reduction in board representation, as well as KC's undertaking to the Trustee-Manager to grant the other unitholders of KIT the right to endorse or re-endorse the appointment of the directors of KIFM at the annual general meetings of KIT. Accordingly, KIT has been reclassified from an associated company to an investment carried at fair value through other comprehensive income (Note 11) on 1 March 2020 and a mark-to-market gain of $130,547,000 was recorded upon the reclassification.

Summarised financial information of KIT, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements for the comparative period were as follows:

	2019 $'000
Current assets	1,029,248
Non-current assets	3,974,027
Total assets	5,003,275
Current liabilities	1,706,097
Non-current liabilities	1,583,009
Total liabilities	3,289,106
Net assets	1,714,169
Less: Non-controlling interests	(389,763)
	1,324,406
Proportion of the Group's ownership	18%
Group's share of net assets	241,042
Other adjustments	60,627
Carrying amount of equity interest	301,669
Revenue	1,566,715
Profit after tax	10,194
Other comprehensive loss	(92,591)
Total comprehensive loss	(82,397)
Fair value of ownership interest (if listed) **	490,886
Dividends received	30,134

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy)*

(c) KrisEnergy Limited*

	2020 **$'000**	2019 $'000
Current assets	**118,213**	174,986
Non-current assets	**535,774**	699,330
Total assets	**653,987**	874,316
Current liabilities	**871,927**	878,467
Non-current liabilities	**151,626**	82,323
Total liabilities	**1,023,553**	960,790
Net liabilities	**(369,566)**	(86,474)
Proportion of the Group's ownership	**40%**	40%
Group's share of net assets	**-**	-
Carrying amount of equity interest	**-**	-
Notes issued by associated company	**35,084**	74,284
	35,084	74,284
Revenue	**102,855**	148,591
Loss after tax	**(294,931)**	(220,060)
Other comprehensive income/(loss)	**(36)**	176
Total comprehensive loss	**(294,967)**	(219,884)
Fair value of ownership interest (if listed) **	**n.a.**	n.a.
Dividends received	**-**	-

** As at the date of approval of these financial statements, the most recent available financial information on which equity accounting for the current year can be practically applied are those financial information from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.*

*** KrisEnergy Limited had suspended trading of its securities on the Singapore Exchange Securities Ltd with effect from 14 August 2019 (the last closing price before trading suspension was S$0.03 per share).*

Investments in KrisEnergy Limited and related exposures

		2020 **$'000**	2019 $'000
Equity interest		**-**	-
Zero-coupon notes		**35,084**	74,284
Carrying amount		**35,084**	74,284
Other related exposures:			
Warrants	Note 11	**-**	-
Loan receivable	Note 12	**77,193**	-
Contract assets [1]	Note 15	**29,225**	20,541
Guarantee [2]	Note 32	**247,340**	262,825

[1] In relation to a construction contract for a production barge for KrisEnergy.
[2] In relation to a bilateral agreement between the Group and a bank, on the bank loan granted to KrisEnergy.

On 14 August 2019, KrisEnergy has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50). It has also requested a suspension of trading of its securities on Singapore Exchange Securities Trading Ltd ("SGX"). At the date of these financial statements, the moratorium has been further extended to 16 April 2021.

In April 2020, the Group entered into a credit facility agreement with two wholly-owned indirect subsidiaries of KrisEnergy (the "Borrowers"), with the Group agreeing to grant a project financing loan in two or more tranches for an aggregate principal amount not exceeding US$87 million (the "CBA Loan Facility") to the Borrowers. As at 31 December 2020, the total aggregate amount of funds drawn down by the Borrowers through the CBA Loan Facility was US$57,700,000.

KrisEnergy published an initial restructuring proposal on 16 June 2020, followed by the publication of the final restructuring proposal on 21 August 2020. The final restructuring proposal is to be implemented via the four inter-conditional processes that require the consent of the requisite majority of each respective group of creditors and shareholders:

- reaching an agreement for an extension of secured Revolving Credit Facility ("RCF") with the lender;
- conversion of debts and claims into equity for unsecured creditors under the Scheme of Arrangement ("Scheme");
- partial conversion of claims into equity for Zero Coupon Noteholders under the Consent Solicitation Exercise ("CSE")
- requisite approval from the shareholders for the issuance of new shares in the restructuring proposal in Extraordinary General Meeting ("EGM")

On 30 December 2020, the RCF maturity date was extended for an initial period of 6 months to 30 June 2021 with a further extension to 30 June 2024 upon successful completion of restructuring. A Scheme was released by KrisEnergy on 20 November 2020 setting out the details of the proposed restructuring terms. On 14 January 2021, the unsecured creditors of KrisEnergy approved the Scheme through a Singapore court supervised process. The Scheme was effective on 15 February 2021, following the lodgment of a copy of the order of the Court approving the Scheme with the Registrar of Companies. The CSE process for KrisEnergy's zero coupon note holders that was launched on 20 January 2021 has been approved on 11 February 2021. As at the date of these financial statements, the final component of the restructuring which is the EGM to seek KrisEnergy shareholders' approval for the issuance of new shares pursuant to the Scheme and the CSE has not yet taken place.

Management performed an impairment assessment to estimate the recoverable amount of the Group's exposures in KrisEnergy as at 31 December 2020. Management reviewed the cash flow projections prepared by its financial advisor who estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights. The cash flow estimates were based on forecasted oil prices, determined by taking reference from external information sources, ranging from US$50 to US$62 per barrel for 2021 to 2029 (2019: US$63 to U$70 per barrel for 2020 to 2028). The impairment assessment has taken into consideration the terms of restructuring.

Based on the impairment assessment, an impairment provision of $39,200,000 was recognised for the year ended 31 December 2020, and the carrying amount of the Group's investment in the zero-coupon notes was reduced to $35,084,000. No impairment allowance was made against the loan receivable, contract assets and no liabilities were recorded for the Group's guarantee given to the bank for the loan granted to KrisEnergy as the Group has priority over the cash flows on the assets of KrisEnergy. In the financial year ended 31 December 2019, management had performed a similar assessment and recognised an impairment charge of $37,000,000 on the equity investment.

The estimates and assumptions used are subject to risk and uncertainty. If the oil prices were to decrease by 2% across the forecasted period of 2021 to 2029, the estimated cash available from producing assets and forecasted production from assets under development would decrease, and this would result in an additional impairment of $34,400,000.

(d) Keppel DC REIT

	2020 $'000	2019 $'000
Current assets	**304,561**	279,952
Non-current assets	**3,045,267**	2,648,042
Total assets	**3,349,828**	2,927,994
Current liabilities	**233,618**	108,157
Non-current liabilities	**1,133,968**	917,289
Total liabilities	**1,367,586**	1,025,446
Net assets	**1,982,242**	1,902,548
Less: Non-controlling interests	**(37,590)**	(34,530)
	1,944,652	1,868,018
Proportion of the Group's ownership	**21%**	23%
Group's share of net assets	**407,405**	434,688
Other adjustments	**12,719**	15,276
Carrying amount of equity interest	**420,124**	449,964
Revenue	**265,571**	194,826
Profit after tax	**171,728**	111,108
Other comprehensive (loss)/income	**7,491**	(33,789)
Total comprehensive income	**179,219**	77,319
Fair value of ownership interest (if listed) **	**961,363**	790,198
Dividends received	**22,367**	31,898

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

(e) Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited

	2020 $'000	2019 $'000
Current assets	**1,173,770**	1,073,996
Non-current assets	**490,242**	478,339
Total assets	**1,664,012**	1,552,335
Current liabilities	**308,518**	324,787
Non-current liabilities	**26,475**	29,261
Total liabilities	**334,993**	354,048
Net assets	**1,329,019**	1,198,287
Less: Non-controlling interests	**-**	-
	1,329,019	1,198,287
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**664,510**	599,144
Other adjustments	**(28,144)**	(28,760)
Carrying amount of equity interest	**636,366**	570,384
Revenue	**575,559**	475,001
Profit after tax	**147,871**	155,705
Other comprehensive income	**-**	-
Total comprehensive income	**147,871**	155,705
Dividends received	**38,471**	27,351

(f) Floatel International Limited

		2020 $'000	2019 $'000
Current assets		**109,865**	137,367
Non-current assets		**1,017,819**	1,655,424
Total assets		**1,127,684**	1,792,791
Current liabilities		**883,371**	79,669
Non-current liabilities		**366,279**	1,105,306
Total liabilities		**1,249,650**	1,184,975
Net assets		**(121,966)**	607,816
		(121,966)	607,816
Proportion of the Group's ownership		**50%**	50%
Group's share of net assets		**(60,885)**	303,422
Other adjustments		**-**	7,578
Carrying amount of equity interest		**(60,885)**	311,000
Loan receivable		**156,553**	-
		95,668	311,000
Revenue		**112,384**	250,286
Loss after tax		**(730,863)**	(100,572)
Other comprehensive loss		**(19,419)**	(1,039)
Total comprehensive loss		**(750,282)**	(101,611)
Dividends received		**-**	-

Investments in Floatel International Limited

		2020 $'000	2019 $'000
Equity interest		**-**	311,000
Loan receivable		**95,668**	-
Carrying amount		**95,668**	311,000
Other related exposures:			
Preference shares	Note 11	**-**	10,449
Loan receivable	Note 12	**-**	155,425

In February 2020, Floatel reported that its financial situation is unsustainable as liquidity is under pressure. There is a material uncertainty as to whether Floatel will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which casts significant doubt on Floatel's ability to continue as a going concern. The long term viability of Floatel's business depends on it finding a solution to its financial situation.

On 5 December 2020, at the expiry of the forbearance under a Forbearance Agreement entered into between Floatel and certain bondholders, Floatel entered into a Lock-Up Agreement with FELS Offshore Pte Ltd (the member of the Group with the equity interest in Floatel), an ad hoc group (the "AHG") of holders of Floatel's 9% senior secured 1L Bondholders, and other consenting 1L Bondholders holding in aggregate over 56% by value of the 1L Bonds and 2L Bondholders holding in aggregate close to 13% of the 2L Bonds (the "Lock-Up Agreement"). The Lock-Up Agreement commits Floatel, the Group, the AHG and any acceding 1L Bondholders and 2L

Bondholders to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group (the "Restructuring"). As part of the Lock-Up Agreement, FELS Offshore Pte Ltd has committed to use reasonable endeavours to procure the provision and funding of a new US$100,000,000 revolving credit facility ("RCF") for Floatel and another member of the Group may provide credit support for the RCF in the form of a risk participation.

On 16 December 2020, Floatel announced an increased level of support of the Lock-Up Agreement by the 1L (more than ⅔) and 2L Bondholders. In addition, the terms of new warrants to be issued were also agreed in a revised Lock-Up Agreement on 14 December 2020.

On 8 January 2021, bank lenders of Floatel agreed to accept a cash settlement of US$46,000,000 less Lenders' advisory fees for full settlement of amounts owing to them and release of the charge on one of the five vessels owned by Floatel.

On 12 February 2021, the 2L Bondholders approved the restructuring.

As the loan from the relevant member of the Group to Floatel is considered as part of the Group's net investment in Floatel (i.e. settlement is neither planned nor foreseen), management has continued to equity account for its share of loss in Floatel's results against the carrying value of the loan to Floatel, after reducing the carrying value of the equity investment in Floatel to zero as of 30 June 2020. For the financial year ended 31 December 2020, the Group has recognised a total share of operating loss from Floatel of $82,779,000 and share of impairment loss of vessels of $228,107,000. The latter was estimated based on industry parameters provided by an independent industry advisor and adopted in the VIU calculation of the vessels. In addition, the carrying value of preference shares, based on the fair value assessment conducted by an independent financial advisor using the dividend discount model had similarly been written down to Nil as at 31 December 2020.

The Group has considered that the recovery of its net investment in Floatel is dependent on Floatel successfully carrying out the Restructuring and continuing operation of its fleet of vessels. Management has retained an independent financial advisor to support the review of Floatel's business plan and cash flow projections. In the event that the Restructuring of Floatel fails to go through, Floatel would not have adequate cash from its operations and cash on hand to continue as a going concern beyond year 2021 and in this scenario the Group's investment in Floatel is not expected to be recoverable.

As at the date of these financial statements, the Restructuring is progressing positively and the Group is in advanced stages of discussion with financial institutions to provide the US$100,000,000 RCF.

Aggregate information about the Group's investments in other associated companies and joint ventures are as follows:

	2020 **$'000**	2019 $'000
Share of results	**42,459**	143,006
Share of other comprehensive income/(loss)	**17,903**	(12,439)
Share of total comprehensive income	**60,362**	130,567

Information relating to significant associated companies and joint ventures, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 39.

11. INVESTMENTS

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Investments at fair value through other comprehensive income ("OCI"):				
- Quoted equity shares	**504,612**	12,336	**-**	-
- Unquoted equity shares	**212,609**	107,396	**22,196**	19,230
- Unquoted property funds	**105,070**	95,227	**-**	-
Total investments at fair value through OCI	**822,291**	214,959	**22,196**	19,230
Investments at fair value through profit or loss:				
- Quoted equity shares	**66,014**	82,399	**-**	-
- Unquoted equity shares	**319,300**	330,143	**-**	-
- Unquoted - others	**21,887**	21,568	**-**	-
Total investments at fair value through profit or loss	**407,201**	434,110	**-**	-
Total investments	**1,229,492**	649,069	**22,196**	19,230

The breakdown of the investments at fair value through other comprehensive income is as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Quoted equity units in a public infrastructure trust managed by a related company	**495,432**	-	**-**	-
Unquoted property funds managed by a related company	**105,070**	95,227	**-**	-
Unquoted equity shares in real estate industry	**76,693**	39,381	**22,196**	19,230
Quoted and unquoted equity shares in oil and gas industry	**32,139**	39,477	**-**	-
Others	**112,957**	40,874	**-**	-
	822,291	214,959	**22,196**	19,230

Quoted equity units in a public infrastructure trust refers to the Group's investment in Keppel Infrastructure Trust which was reclassified from associated company (Note 10(b)) to an investment carried at fair value through other comprehensive income arising from loss of significant influence during the current financial year.

Unquoted investments included a bond amounting to $21,887,000 (2019: $21,568,000) bearing interest at 4% (2019: 4%) per annum which is maturing in 2027.

Unquoted equity shares included preference shares issued by Floatel International Limited, an associated company (Note 10(f)) which was written down to Nil (2019: $10,449,000).

12. LONG TERM ASSETS

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Staff loans	**100**	277	**2**	50
Derivative assets	**48,723**	14,791	**39,288**	11,918
Contract assets	**73,458**	99,523	**-**	-
Call option	**156,643**	157,518	**-**	-
Service concession receivable	**362,366**	351,041	**-**	-
Trade receivables	**875,810**	638,973	**-**	-
Long term receivables and others	**254,753**	327,925	**540**	2,279
	1,771,853	1,590,048	**39,830**	14,247
Less: Amounts due within one year and included in debtors (Note 17)	**(15,454)**	(10,140)	**(2)**	(34)
	1,756,399	1,579,908	**39,828**	14,213

Included in staff loans are interest-free advances to directors of related corporations amounting to $2,000 (2019: $30,000) under an approved car loan scheme.

Contract assets primarily relate to the Group's right to consideration for development units delivered to customers under the pay-and-stay scheme, as well as for handset and equipment delivered and accepted by customers but not yet billed at the reporting date. As at 1 January 2019, the Group did not have a non-current contract assets balance.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties LLP (formerly known as Ocean Properties Private Limited) to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of $1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2020, the fair value was determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 841-year leasehold and 90-year leasehold (2019: based on the remaining 842-year leasehold and 91-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 34.

The service concession receivable relates to a service concession arrangement with a governing agency of the Government of Singapore (the grantor) to design, build, own and operate a desalination plant in Singapore, which has a capacity to produce 137,000 cubic metres of fresh drinking water per day. The plant has officially commenced operations on 29 June 2020. The Group has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period of 25 years irrespective of the output produced. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. In arriving at the carrying value of the service concession arrangement as at the end of the reporting year, effective interest rates of 4.08% (2019: 4.22%) per annum were used to discount the future expected cash flows.

Trade receivables are related to financing arrangements for delivered rigs where the Group has retained title. $369,508,000 (2019: $125,444,000) is due from one customer and bears floating interest at LIBOR plus a margin, and repayable in 2024 and 2025. The remainder is due from another customer, bears fixed interest and repayable in February 2024, December 2029 and on demand. The customer has options for early repayment. During the year, the Group recognised an expected credit loss allowance of $169,611,000 (2019: Nil) on the trade receivables as detailed in Note 2.28(b)(ii). As at 1 January 2019, the Group did not have a long term trade receivables balance.

Long term receivables are largely repayable after three years (2019: five years) and bears effective interest ranging from 4.00% to 15.00% (2019: 2.00% to 12.00%) per annum.

Included in other receivables is an unsecured, interest-free advance to an investee which matures on 31 December 2024. For the financial year ended 31 December 2020, the Group recognised $21,979,000 (2019: Nil) allowance for doubtful debt after taking into account the financial condition of the investee.

Included in other receivables is a secured loan receivable from KrisEnergy Limited, an associated company, repayable on 30 April 2024 and bears a fixed interest rate of 15.00% per annum, as disclosed in Note 10(c).

Included in other receivables are claims receivable which represents claims from customer for long term contracts. For the financial year ended 31 December 2020, the Group has written-back $3,893,000 (31 December 2019: recognised $15,021,000) of loss allowance on claims receivable arising from the unwinding of discounting effects due to changes to the expected timing of receipt.

In 2019, included in the other receivables is an unsecured, interest-bearing USD loan amounting to $155,425,000 which is repayable in 2025 by Floatel International Limited, an associated company. During the financial year ended 31 December 2020, this loan was reclassified to investment in associated company as it is considered as part of the Group's net investment in Floatel, as disclosed in Note 10(f).

13. INTANGIBLES

	Goodwill $'000	Development Expenditure $'000	Brand $'000	Spectrum Rights $'000	Customer Contracts and Relationships $'000	Others $'000	Total $'000
Group							
2020							
At 1 January	**1,047,558**	**16,811**	**269,853**	**141,935**	**189,025**	**17,799**	**1,682,981**
Additions	**-**	**1,558**	**-**	**301**	**-**	**-**	**1,859**
Impairment loss	**-**	**-**	**-**	**-**	**(23,015)**	**-**	**(23,015)**
Amortisation	**-**	**(1,456)**	**(9,252)**	**(17,683)**	**(24,670)**	**(88)**	**(53,149)**
Exchange differences	**-**	**(164)**	**-**	**-**	**312**	**-**	**148**
At 31 December	**1,047,558**	**16,749**	**260,601**	**124,553**	**141,652**	**17,711**	**1,608,824**
Cost	**1,047,558**	**38,258**	**277,563**	**130,031**	**227,598**	**17,873**	**1,738,881**
Accumulated amortisation	**-**	**(21,509)**	**(16,962)**	**(5,478)**	**(85,946)**	**(162)**	**(130,057)**
	1,047,558	**16,749**	**260,601**	**124,553**	**141,652**	**17,711**	**1,608,824**

	Goodwill $'000	Development Expenditure $'000	Brand $'000	Spectrum Rights $'000	Customer Contracts and Relationships $'000	Others $'000	Total $'000
Group							
2019							
At 1 January	59,270	18,017	-	-	34,963	16,757	129,007
Additions	-	662	-	-	-	-	662
Acquisition of a subsidiary	988,288	-	277,563	156,670	175,167	1,116	1,598,804
Amortisation	-	(1,693)	(7,710)	(14,735)	(21,032)	(74)	(45,244)
Exchange differences	-	(175)	-	-	(73)	-	(248)
At 31 December	1,047,558	16,811	269,853	141,935	189,025	17,799	1,682,981
Cost	1,047,558	36,885	277,563	156,670	228,334	17,873	1,764,883
Accumulated amortisation	-	(20,074)	(7,710)	(14,735)	(39,309)	(74)	(81,902)
	1,047,558	16,811	269,853	141,935	189,025	17,799	1,682,981

Impairment testing of goodwill

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs").

Out of the total goodwill of $1,047,558,000, goodwill allocated from the acquisition of M1 Limited amounted to $988,288,000.

During the year, the Group recognised an impairment loss of $23,015,000 (2019: Nil) on customer relationship in the Energy & Environment segment. In view that the subsidiary has been making losses since acquisition and the adverse global economic environment which was significantly affected by COVID-19, the recoverability of the intangible asset - customer relationship was uncertain. Accordingly, the intangible asset - customer relationship was fully impaired.

In 2019, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% equity interest in M1 Limited. The Group's wholly-owned subsidiary, Keppel Telecommunications and Transportation Ltd holds the remaining 19% equity interest in M1 Limited.

The recoverable amount of M1 as a CGU was determined based on its value-in-use using a discounted cash flow model based on cash flow projections by management covering a 5-year period, and cash flows beyond the 5-year period were extrapolated using a terminal growth rate of 1.46% (2019: 1.47%), premised on the estimated long term growth rate for the country where the CGU operates. Cash flows were discounted using a discount rate of 7% (2019: 8%) per annum.

The recoverable amount was estimated to be higher than the carrying value of the M1 CGU. Accordingly, no impairment of goodwill was recognised in 2020 and 2019. The calculation of value-in-use for the CGU is sensitive to the terminal growth rate and the discount rate applied. Any possible reasonable change in the terminal growth rate and discount rate used in the calculation of the value-in-use amount would not cause any impairment to goodwill.

14. STOCKS

		Group	
		2020	2019
		$'000	$'000
Consumable materials and supplies		**190,370**	141,876
Finished products for sale		**99,087**	114,854
Work-in-progress (net of provision)		**1,072,890**	653,814
Properties held for sale	(a)	**3,597,080**	4,632,211
		4,959,427	5,542,755

For work-in-progress balances, the Group determines the estimated net realisable value based on arrangements to market the work-in-progress and discounted cash flow models. The work-in-progress balance includes contract assets which were reclassified to stocks during the year, as disclosed in Note 15. The provision for consumable materials, finished products for sale and supplies work-in-progress to write down its carrying value to its net realisable value at the end of the financial year was $146,202,000 (2019: $100,530,000). See Note 2.28(b)(ix) for further disclosures on key estimates made in estimating NRV of the Group's work-in-progress.

(a) Properties held for sale

	Group	
	2020	2019
	$'000	$'000
Properties under development		
Land cost	**1,988,513**	2,770,384
Development cost incurred to date	**622,565**	585,200
Related overhead expenditure	**196,676**	252,501
	2,807,754	3,608,085
Completed properties held for sale	**809,313**	1,049,343
	3,617,067	4,657,428
Provision for properties held for sale	**(19,987)**	(25,217)
	3,597,080	4,632,211

Movements in the provision for properties held for sale are as follows:

	Group	
	2020	2019
	$'000	$'000
At 1 January	**25,217**	28,156
Charge to profit and loss account	**2,252**	-
Exchange differences	**(127)**	34
Amount written off	**(1,253)**	(2,973)
Subsidiary disposed	**(6,102)**	-
At 31 December	**19,987**	25,217

The provision for properties held for sale is arrived at after taking into account estimated selling prices and estimated total construction costs. Estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. Estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

During the year, properties amounting to $274,452,000 (2019: Nil) in value and included in the above balances were mortgaged to the banks as securities for borrowings as referred to in Note 22.

During the year, the Group reclassified $714,733,000 from properties held for sale to investment properties due to change of use of the assets from property trading to holding for capital gain and/or rental yield. The Group also reclassified $11,999,000 from property held for sale to fixed asset and $4,221,000 from fixed asset to property held for sale due to change in use of the assets.

Interest capitalised during the financial year amounted to $19,980,000 (2019: $24,258,000) at rates of 0.80% to 2.50% (2019: 2.18% to 3.97%) per annum for Singapore properties and 3.00% to 7.00% (2019: 2.74% to 7.00%) per annum for overseas properties.

15. CONTRACT ASSETS/LIABILITIES

	Group		
	31 December		1 January
	2020	2019	2019
	$'000	$'000	$'000
Contract assets	**2,657,231**	3,497,476	3,212,712
Contract liabilities	**2,072,303**	1,824,965	1,918,547

During the year, contract assets amounting to $447,337,000 (net of the expected credit loss allowance of $19,301,000), as described in Note 2.28(b)(ix), were reclassified to stocks – work-in-progress.

Contract assets relating to certain rig building contracts where the scheduled dates of the rigs have been deferred and have higher counter-party risks amounted to $1,653,547,000 (2019: $1,431,744,000). See Note 2.28(b)(ii) – *Other contracts* for further disclosures on key estimates used in estimating the expected credit loss on these contract assets.

Contract liabilities included proceeds received from sale of properties of $971,638,000 (2019: $847,317,000). Remaining contract liabilities of $1,100,665,000 (2019: $977,648,000) are recorded when receipts from customers exceed the value of work transferred where the customer is invoiced on a milestone payment schedule.

Revenue recognised during the financial year ended 31 December 2020 in relation to contract liability balance at 1 January 2020 was $816,736,000 (2019: $583,878,000).

The aggregate amount of the transaction price allocated to the remaining performance obligation is $5,490,832,000 (2019: $5,568,204,000) and the Group expects to recognise this revenue over the next 1 to 4 years (2019: 1 to 5 years).

Movements in the allowance for expected credit loss for contract assets are as follows:

	Group		
	31 December		1 January
	2020	2019	2019
	$'000	$'000	$'000
At 1 January	**21,000**	21,000	21,000
Charge to profit and loss account (Note 26)	**430,842**	-	-
Reclassified to stocks - work-in-progress (Note 14)	**(19,301)**	-	-
At 31 December	**432,541**	21,000	21,000

16. AMOUNTS DUE FROM / TO

	Company 2020 $'000	Company 2019 $'000
Subsidiaries		
Amounts due from		
- trade	**112,547**	88,028
- advances	**9,698,763**	7,199,296
	9,811,310	7,287,324
Allowance for expected credit loss	**(6,600)**	(6,600)
	9,804,710	7,280,724
Amounts due to		
- trade	**4,138**	6,045
- advances	**197,821**	150,822
	201,959	156,867

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 4.00% (2019: up to 4.00%) per annum on interest-bearing advances.

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Associated Companies and Joint Ventures				
Amounts due from				
- trade	**160,987**	140,502	**152**	705
- advances	**349,170**	439,556	**-**	-
	510,157	580,058	**152**	705
Allowance for expected credit loss	**(16,888)**	(16,480)	**-**	-
	493,269	563,578	**152**	705
Amounts due to				
- trade	**49,213**	78,187	**-**	-
- advances	**286,695**	412,099	**-**	-
	335,908	490,286	**-**	-

Movements in the allowance for expected credit loss are as follows:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
At 1 January	**16,480**	15,998	**-**	-
Charge to profit and loss account	**408**	482	**-**	-
At 31 December	**16,888**	16,480	**-**	-

Advances to and from associated companies and joint ventures are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.09% to 15.00% (2019: 0.75% to 11.50%) per annum on interest-bearing advances.

17. DEBTORS

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Trade debtors	**1,806,269**	1,947,537	**7**	1
Allowance for expected credit loss	**(241,871)**	(261,680)	**-**	-
	1,564,398	1,685,857	**7**	1
Long term receivables due within one year (Note 12)	**15,454**	10,140	**2**	34
Sundry debtors	**271,238**	238,128	**1,042**	464
Prepayments	**159,834**	210,550	**85**	87
Tax recoverable	**5,029**	6,057	**-**	-
Value Added Tax receivable	**174,904**	107,177	**370**	-
Interest receivable	**17,043**	14,002	**21**	21
Deposits paid	**23,995**	30,600	**374**	380
Recoverable accounts	**39,142**	49,493	**8,166**	7,702
Accrued receivables	**225,951**	219,599	**2,206**	155
Purchase consideration receivable from disposal of a subsidiary	**-**	115,801	**-**	-
Advances to subcontractors	**48,037**	50,406	**-**	-
Advances to non-controlling shareholders of subsidiaries	**3,524**	26,528	**-**	-
	984,151	1,078,481	**12,266**	8,843
Allowance for expected credit loss	**(17,474)**	(15,854)	**-**	-
	966,677	1,062,627	**12,266**	8,843
Total	**2,531,075**	2,748,484	**12,273**	8,844

Movements in the allowance for expected credit loss are as follows:

At 1 January	**277,534**	264,017	**-**	-
Charge to profit and loss account	**29,989**	16,015	**-**	-
Amount written off	**(43,707)**	(7,443)	**-**	-
Subsidiary acquired	**-**	9,225	**-**	-
Subsidiaries disposed	**(257)**	(4,296)	**-**	-
Exchange differences	**(4,034)**	16	**-**	-
Reclassified to assets held for sale	**(180)**	-	**-**	-
Total	**259,345**	277,534	**-**	-

As at 1 January 2019, the Group's net trade debtors amounted to $1,584,149,000.

18. SHORT TERM INVESTMENTS

	Group 2020 $'000	Group 2019 $'000
Total investments at fair value through other comprehensive income:		
Quoted equity shares	**35,802**	27,821
Investments at fair value through profit or loss:		
Quoted equity shares	**78,492**	74,300
Unquoted debt instrument	**20,340**	19,460
Total investments at fair value through profit or loss	**98,832**	93,760
Total short term investments	**134,634**	121,581

Investments at fair value through other comprehensive income are mainly in the oil and gas industry listed in Singapore.

19. BANK BALANCES, DEPOSITS & CASH

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Bank balances and cash	**1,211,166**	843,519	**574**	1,047
Fixed deposits with banks	**933,606**	760,421	**-**	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost, claims and liabilities	**71,242**	6,270	**-**	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**263,701**	173,304	**-**	-
	2,479,715	1,783,514	**574**	1,047

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 6 months (2019: 1 day to 6 months). This comprises Singapore Dollars fixed deposits of $148,389,000 (2019: $75,752,000) at interest rates substantially ranging from 0.05% to 0.19% (2019: 0.75% to 1.98%) per annum, and foreign currency fixed deposits of $785,217,000 (2019: $684,669,000) at interest rates substantially ranging from 0.01% to 6.80% (2019: 0.01% to 7.20%) per annum.

The bank balances at 31 December 2020 include an amount of $107,000 (2019: $384,000) pledged to a bank in relation to certain banking arrangement.

Cash and cash equivalents of $763,958,000 (2019: $470,497,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

20. CREDITORS

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Trade creditors	**746,994**	854,892	**1,433**	4,816
Customers' advances and deposits	**130,551**	117,673	**-**	-
Sundry creditors	**975,910**	650,300	**3,562**	3,124
Accrued expenses	**2,356,154**	2,595,432	**31,620**	40,749
Advances from non-controlling shareholders	**149,593**	149,200	**-**	-
Retention monies	**199,245**	179,982	**-**	-
Interest payables	**45,230**	57,065	**27,193**	30,036
	4,603,677	4,604,544	**63,808**	78,725
Other non-current liabilities:				
Accrued expenses	**94,164**	168,176	**24,114**	25,000
Derivative liabilities	**224,662**	127,106	**128,336**	58,778
	318,826	295,282	**152,450**	83,778

The carrying amount of the non-current liabilities approximates their fair value.

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.80% to 4.94% (2019: 1.83% to 4.94%) per annum on interest-bearing advances.

21. PROVISIONS FOR WARRANTIES

	Group	
	2020	2019
	$'000	$'000
At 1 January	**36,448**	69,614
(Write-back)/Charge to profit and loss account	**2,352**	(14,365)
Amount utilised	**(13)**	(18,601)
Exchange differences	**662**	(200)
At 31 December	**39,449**	36,448

22. TERM LOANS

		2020		2019	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000
Group					
Keppel Corporation Medium Term Notes	(a)	**-**	**2,653,932**	500,000	1,900,000
Keppel Land Medium Term Notes	(b)	**-**	**629,617**	99,904	629,507
Keppel Telecommunications & Transportation Medium Term Notes	(c)	**-**	**100,000**	-	100,000
Keppel GMTN Floating Rate Notes	(d)	**-**	**-**	273,240	-
Bank and other loans					
- secured	(e)	**110,485**	**596,215**	98,599	310,859
- unsecured	(f)	**4,322,117**	**3,626,830**	3,583,494	3,564,028
		4,432,602	**7,606,594**	4,555,237	6,504,394

		2020		2019	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000
Company					
Keppel Corporation Medium Term Notes	(a)	**-**	**2,653,932**	500,000	1,900,000
Unsecured bank loans	(f)	**3,406,552**	**1,875,085**	2,900,430	1,598,203
		3,406,552	**4,529,017**	3,400,430	3,498,203

(a) At the end of the financial year, notes issued under the US$5,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to $2,653,932,000 (2019: $2,400,000,000). The notes denominated in Singapore Dollars, US Dollars and Japanese Yen, are unsecured and comprised fixed rate notes due from 2022 to 2042 (2019: from 2020 to 2042) with interest rates ranging from 0.88% to 4.00% (2019: 3.00% to 4.00%) per annum.

(b) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to $329,767,000 (2019: $399,737,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due in 2023 (2019: 2020 to 2023), with interest rates ranging from 2.68% to 2.84% (2019: 2.68% to 2.84%) per annum.

At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to $299,850,000 (2019: $329,674,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2022 to 2024 (2019: 2022 to 2024) with interest rates ranging from 3.80% to 3.90% (2019: 3.80% to 3.90%) per annum.

(c) At the end of the financial year, notes issued under the S$500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to $100,000,000 (2019: $100,000,000). The fixed rates notes, due in 2024, are unsecured and carried an interest rate of 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to

September 2024 (2019: 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024).

(d) As at 31 December 2019, there were US$200,000,000 notes issued under the US$2,000,000,000 Euro Medium Term Note Programme by Keppel GMTN Pte Ltd that amounted to $273,240,000. The floating rate notes due in 2020 were unsecured and bore interest rate payable quarterly at 3-month US Dollar London Interbank Offered Rate plus 0.89% per annum and ranging from 2.92% to 3.69% per annum. The notes were repaid in April 2020 and no notes were issued thereafter.

(e) The secured bank loans consist of:

- A term loan of $50,000,000 drawn down by a subsidiary. The term loan is repayable in 2023 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 0.90% to 2.28% per annum.

- A term loan of $43,950,000 drawn down by a subsidiary. The term loan is repayable in 2032 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.

- A term loan of $41,726,000 drawn down by a subsidiary. The term loan is repayable in 2033 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.

- A term loan of $276,279,000 drawn down by a subsidiary. The term loan is repayable in 2035 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 4.31% per annum.

- Other secured bank loans totalling $294,745,000 (2019: $268,446,000) comprised $84,088,000 (2019: Nil) of loans denominated in Singapore Dollars and $210,657,000 (2019: $268,446,000) of foreign currency loans. They are repayable within one to seven (2019: one to eight) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 0.70% to 13.25% (2019: 1.82% to 12.50%) per annum.

(f) The unsecured bank and other loans of the Group totalling $7,948,947,000 (2019: $7,147,522,000) comprised $4,972,916,000 (2019: $5,113,132,000) of loans denominated in Singapore Dollars and $2,976,031,000 (2019: $2,034,390,000) of foreign currency loans. They are repayable within one to eleven (2019: one to twelve) years. Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 0.58% to 3.08% (2019: 1.08% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 8.58% (2019: 0.96% to 9.41%) per annum.

The unsecured bank loans of the Company totalling $5,281,637,000 (2019: $4,498,633,000) comprised $3,142,000,000 (2019: $3,186,162,000) of loans denominated in Singapore Dollars and $2,139,637,000 (2019: $1,312,471,000) of foreign currency loans. They are repayable within one to five years (2019: one to five years). Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 0.58% to 3.08% (2019: 1.08% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 3.24% (2019: 0.96% to 3.24%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,220,363,000 (2019: $963,984,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $12,014,024,000 (2019: $10,875,283,000) and $7,845,496,000 (2019: $6,723,252,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using discount rates based upon the borrowing rates which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Years after year-end:				
After one but within two years	**2,036,433**	1,191,134	**1,000,000**	550,000
After two but within five years	**4,038,732**	4,048,673	**2,379,017**	1,798,203
After five years	**1,531,429**	1,264,587	**1,150,000**	1,150,000
	7,606,594	6,504,394	**4,529,017**	3,498,203

23. DEFERRED TAXATION

	Group	
	2020	2019
	$'000	$'000
Deferred tax liabilities	**443,547**	399,028
Deferred tax assets	**(159,427)**	(76,454)
Net deferred tax liabilities	**284,120**	322,574

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of $61,237,000 (2019: $76,713,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of $890,221,000 (2019: $927,729,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses amounting to $212,649,000 (2019: $208,632,000) can be carried forward for a period of one to ten years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

Included in the deferred tax assets are deferred tax credits recognised in 2020 amounting to approximately $74 million arising from expected credit losses on contract assets in relation to completed rigs from certain offshore & marine construction contracts (Note 2.28(b)(ii)). The Group has been actively seeking to deploy, including charter or sale of these completed rigs which in turn provide greater certainty of the crystallisation of the expected credit losses. Such cumulative expected credit losses are claimable as tax losses, when realised, and utilised against any taxable profits of the claimant or may be transferred to other Singapore incorporated related companies of the Group via group tax relief. The Group expects that there are sufficient taxable profits within the Group to utilise such tax losses within the next 2 to 3 years.

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Charged /(credited) to profit or loss $'000	Charged /(credited) to other comprehensive income $'000	Subsidiaries disposed $'000	Subsidiaries acquired $'000	Reclassification $'000	Exchange Differences $'000	Adoption of SFRS(I) 16 $'000	At 31 December $'000
Group									
2020									
Deferred Tax Liabilities									
Accelerated tax depreciation	**295,789**	**9,906**	**-**	**-**	**-**	**(4,197)**	**(67)**	**-**	**301,431**
Investment properties valuation	**75,175**	**38,354**	**-**	**-**	**-**	**(148)**	**3,316**	**-**	**116,697**
Offshore income & others	**79,430**	**2,377**	**73**	**-**	**-**	**-**	**893**	**-**	**82,773**
Total	**450,394**	**50,637**	**73**	**-**	**-**	**(4,345)**	**4,142**	**-**	**500,901**
Deferred Tax Assets									
Other provisions	**(18,043)**	**(94,206)**	**(212)**	**-**	**-**	**-**	**(642)**	**-**	**(113,103)**
Unutilised tax benefits	**(88,146)**	**8,972**	**-**	**-**	**-**	**(4,701)**	**(338)**	**-**	**(84,213)**
Lease liabilities	**(21,631)**	**(51)**	**-**	**-**	**-**	**-**	**2,217**	**-**	**(19,465)**
Total	**(127,820)**	**(85,285)**	**(212)**	**-**	**-**	**(4,701)**	**1,237**	**-**	**(216,781)**
Net Deferred Tax Liabilities	**322,574**	**(34,648)**	**(139)**	**-**	**-**	**(9,046)**	**5,379**	**-**	**284,120**
2019									
Deferred Tax Liabilities									
Accelerated tax depreciation	116,707	(20,122)	-	(2,307)	203,666	23	(108)	(2,070)	295,789
Investment properties valuation	49,843	26,857	-	-	-	-	(1,525)	-	75,175
Offshore income & others	80,163	(81)	(23)	-	-	(294)	(335)	-	79,430
Total	246,713	6,654	(23)	(2,307)	203,666	(271)	(1,968)	(2,070)	450,394
Deferred Tax Assets									
Other provisions	(34,740)	16,726	4	-	-	78	(111)	-	(18,043)
Unutilised tax benefits	(97,316)	5,667	-	-	-	1,196	2,307	-	(88,146)
Lease liabilities	-	(2,567)	-	580	-	(1,454)	860	(19,050)	(21,631)
Total	(132,056)	19,826	4	580	-	(180)	3,056	(19,050)	(127,820)
Net Deferred Tax Liabilities	114,657	26,480	(19)	(1,727)	203,666	(451)	1,088	(21,120)	322,574

24. REVENUE

	Group	
	2020	2019
	$'000	$'000
Revenue from contracts with customers		
Revenue from construction contracts	**1,705,056**	2,418,931
Sale of property	**1,176,590**	1,207,359
Sale of goods	**396,346**	373,728
Sale of electricity, utilities and gases	**1,912,901**	2,172,045
Revenue from telecommunication services	**714,894**	620,475
Revenue from other services rendered	**575,234**	661,233
	6,481,021	7,453,771
Other sources of revenue		
Rental income from investment properties	**93,321**	122,500
Others	**-**	3,432
	6,574,342	7,579,703

Sales are made with credit terms that are consistent with market practice.

25. STAFF COSTS

	Group	
	2020	2019
	$'000	$'000
Wages and salaries	**893,717**	924,839
Employer's contribution to Central Provident Fund	**77,722**	86,486
Share plans granted to Director and employees	**39,882**	37,255
Other staff benefits	**108,807**	114,651
	1,120,128	1,163,231

26. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2020	2019
	$'000	$'000
Included in materials and subcontract costs:		
Fair value (gain)/loss on		
- investments	**-**	(4,462)
- forward foreign exchange contracts	**(3,430)**	13,675
Cost of stocks & contract assets recognised as expense	**1,051,028**	1,094,686
Direct operating expenses		
- investment properties that generated rental income	**36,473**	42,258
Included in staff costs:		
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	**9,728**	11,471
- post-employment benefits	**92**	105
- share plans granted	**10,203**	9,943
Included in impairment loss on financial assets and contract assets:		
Allowance for expected credit loss (Note 12 & 17)	**219,668**	31,036
Bad debts written-off	**572**	43,331
Allowance for expected credit loss for contract assets (Note 15)	**430,842**	-
Included in other operating income - net:		
Government grant income	**(155,284)**	(3,034)
Impairment/write-off of fixed and intangible assets	**62,075**	8,432
Impairment of associated companies (Note 10)	**48,686**	35,915
Provision for stocks	**50,502**	7,571
Fair value gain on investment properties * (Note 7)	**(265,230)**	(101,020)
Fair value (gain)/loss on		
- investments	**61,023**	15,328
- forward foreign exchange contracts	**(11,578)**	2,028
Gain on differences in foreign exchange	**(29,806)**	(39,632)
(Profit)/Loss on sale of fixed assets and an investment property	**1,667**	(6,277)
Profit on sale of investments	**-**	(164)
Gain on disposal of subsidiaries	**(63,995)**	(64,469)
(Gain)/Loss on disposal of associated companies	**(34,419)**	22
Gain from sale of units in associated companies	**(48,010)**	-
(Gain)/Loss from change in interest in associated companies	**1,615**	(27,114)
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	**-**	(158,376)
Fair value gain on remeasurement of remaining interest in an associated company	**(26,034)**	-
Gain from reclassification of associated companies to investments carried at fair value through other comprehensive income	**(124,769)**	-
Fees and other remuneration to Directors of the Company	**2,323**	2,537
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**3,753**	2,332
Auditors' remuneration		
- auditors of the Company	**3,545**	3,343
- other auditors of subsidiaries	**2,099**	1,833
Non-audit fees paid to		
- auditors of the Company	**1,730**	611
- other auditors of subsidiaries	**178**	150

Government grant income of $105,327,000 (2019: Nil) was recognised during the financial year under the Jobs Support Scheme ("JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

** The effect of rental guarantee of $3,200,000 to be provided to Keppel REIT, an associated company, as part of the sale consideration for Keppel Bay Tower Pte. Ltd was included in the fair value gain on Keppel Bay Tower. Details of the divestment transaction are disclosed in Note 36.*

27. INVESTMENT INCOME, INTEREST INCOME AND INTEREST EXPENSES

	Group	
	2020	2019
	$'000	$'000
Investment income from:		
Shares - quoted	**20,763**	42
Shares - unquoted	**8,583**	64,552
	29,346	64,594
Interest income from:		
Bonds, debentures, deposits and others	**81,112**	101,548
Associated companies and joint ventures	**66,745**	63,664
Service concession arrangement	**14,196**	12,463
	162,053	177,675
Interest expenses on notes, loans and overdrafts	**(260,126)**	(277,143)
Interest expenses on lease liabilities	**(31,964)**	(35,732)
Fair value gain on interest rate caps and swaps	**(176)**	159
	(292,266)	(312,716)

28. TAXATION

(a) Income tax expense

	Group	
	2020	2019
	$'000	$'000
Tax expense comprised:		
Current tax	**181,889**	175,880
Adjustment for prior year's tax	**(14,168)**	(88,696)
Others	**14,779**	5,934
	182,500	93,118
Deferred tax (Note 23)		
Current deferred tax	**(57,355)**	26,480
Adjustment for prior year's tax	**22,707**	-
	(34,648)	26,480
Land appreciation tax:		
Current year	**105,555**	72,731
	253,407	192,329

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	2020	2019
	$'000	$'000
Profit/(Loss) before tax	**(254,687)**	953,467
Share of (profit)/loss of associated companies and joint ventures, net of tax	**162,221**	(147,413)
Profit/(Loss) before tax and share of profit of associated companies and joint ventures	**(92,466)**	806,054
Tax calculated at tax rate of 17% (2019: 17%)	**(15,719)**	137,029
Income not subject to tax	**(102,858)**	(89,266)
Expenses not deductible for tax purposes	**216,061**	125,067
Unrecognised tax benefits	**37,444**	32,169
Effect of different tax rates in other countries	**30,774**	21,478
Adjustment for prior year's tax	**8,539**	(88,696)
Effects of changes in tax rates	**-**	-
Land appreciation tax	**105,555**	72,731
Effect of tax reduction on land appreciation tax	**(26,389)**	(18,183)
	253,407	192,329

(b) Movement in current income tax liabilities

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
At 1 January	**248,425**	297,922	**31,523**	43,519
Exchange differences	**3,528**	(6,506)	**-**	-
Tax expense	**181,889**	175,880	**5,744**	15,800
Adjustment for prior year's tax	**(14,168)**	(88,696)	**(13,900)**	(27,796)
Land appreciation tax	**105,555**	72,731	**-**	-
Net income taxes paid	**(177,284)**	(263,856)	**5,788**	-
Subsidiaries acquired	**-**	47,832	**-**	-
Subsidiaries disposed	**-**	(164)	**-**	-
Reclassification				
- tax recoverable and others	**19,803**	12,831	**-**	-
- deferred tax	**(4,701)**	451		
- liabilities directly associated with assets classified as held for sale	**(4,245)**	-	**-**	-
At 31 December	**358,802**	248,425	**29,155**	31,523

29. EARNINGS PER ORDINARY SHARE

	Group			
	2020		2019	
	$'000		$'000	
	Basic	**Diluted**	Basic	Diluted
Net profit/(loss) attributable to shareholders	**(505,860)**	**(505,860)**	706,975	706,975
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,818,398**	**1,818,398**	1,815,701	1,815,701
Adjustment for dilutive potential ordinary shares	**-**	**9,267**	-	9,668
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,818,398**	**1,827,665**	1,815,701	1,825,369
Earnings per ordinary share	**(27.8) cts**	**(27.7) cts**	38.9 cts	38.7 cts

30. DIVIDENDS

A final cash dividend of 7.0 cents per share tax exempt one-tier (2019: final cash dividend of 12.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2020 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim cash dividend of 3.0 cents per share tax exempt one-tier (2019: interim cash dividend of 8.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2020 will be 10.0 cents per share (2019: 20.0 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 12.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	218,462
An interim cash dividend of 3.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	54,616
	273,078

In the prior year, total distributions of $417,938,000 were made.

31. COMMITMENTS

(a) Capital commitments

	Group 2020 $'000	Group 2019 $'000
Capital expenditure/commitments not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	**179,635**	130,682
- for purchase of other fixed assets	**6,426**	6,777
- for purchase/subscription of shares mainly in property development companies	**165,437**	329,685
- for commitments to private funds	**1,235,373**	357,634
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	**931,732**	155,213
- for purchase of other fixed assets	**265,833**	246,436
- for purchase/subscription of shares mainly in property development companies	**58,450**	175,658
	2,842,886	1,402,085
Less: Non-controlling shareholders' share	**(36,962)**	(33,225)
	2,805,924	1,368,860

There was no significant future capital expenditure/commitment for the Company.

(b) Lessee's lease commitments

The Group has adopted SFRS(I) 16 *Leases* on 1 January 2019. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised on balance sheet. The right-of-use assets and lease liabilities are disclosed in Note 8.

32. CONTINGENT LIABILITIES AND GUARANTEES (UNSECURED)

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	**730,002**	615,611	**823,419**	1,685,269
Bank guarantees	**299,082**	73,319	**-**	-
Share of lease rental guarantees granted by associated companies and joint ventures	**172,518**	-	**-**	-
	1,201,602	688,930	**823,419**	1,685,269

See Note 2.28(b)(vi) for further disclosures relating to the Group's claims and litigations.

Included in the above guarantees is a bilateral agreement between the Group and a bank which guaranteed a bank loan granted to KrisEnergy Limited, an associated company, amounting to $247,340,000 (2019: $262,825,000). The guarantee is secured on the assets of KrisEnergy Limited. See further details in Note 10(c).

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant related party transactions as follows:

	Group	
	2020	2019
	$'000	$'000
Sales of goods and/or services to		
- associated companies and joint ventures	**187,708**	246,684
- other related parties	**77,721**	73,164
	265,429	319,848
Purchase of goods and/or services from		
- associated companies and joint ventures	**255,347**	145,853
- other related parties	**130,038**	126,981
	385,385	272,834
Treasury transactions with		
- associated companies and joint ventures	**22,368**	36,378

34. FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk

(i) Currency risk

The Group has receivables and payables denominated in foreign currencies via US Dollars, Renminbi and other currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts, cross currency swap agreements and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $4,704,600,000 (2019: $4,333,439,000). The net positive fair value of forward foreign exchange contracts is $39,872,000 (2019: net positive fair value of $3,796,000) comprising assets of $76,769,000 (2019: $30,022,000) and liabilities of $36,897,000 (2019: $26,226,000). These amounts are recognised as derivative assets and derivative liabilities. As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $4,704,600,000 (2019: $4,205,443,000). The net positive fair value of forward foreign exchange contracts is $39,872,000 (2019: net positive fair value of $4,839,000) comprising assets of $76,769,000 (2019: $30,022,000) and liabilities of $36,897,000 (2019: $25,183,000). These amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Group has outstanding cross currency swap agreements with notional amounts totalling $930,757,000 (2019: $361,644,000). The net negative fair value of cross currency swap agreements is $32,952,000 (2019: net negative fair value of $13,002,000) comprising assets of $15,870,000 (2019: $7,918,000) and liabilities of $48,822,000 (2019: $20,920,000). These amounts are recognised as derivative assets and derivative liabilities.

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2020				2019			
	USD	**RMB**	**BRL**	**Others**	USD	RMB	BRL	Others
	$'000	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000
Group								
Financial Assets								
Debtors	**40,209**	**759**	**312,242**	**137,781**	535,178	1,629	318,767	119,434
Investments	**410,654**	**-**	**-**	**197,823**	439,487	-	-	149,314
Bank balances, deposits & cash	**89,452**	**613**	**37**	**18,949**	47,303	41,209	53	38,380
	540,315	**1,372**	**312,279**	**354,553**	1,021,968	42,838	318,820	307,128
Financial Liabilities								
Creditors	**40,885**	**1,105**	**19,538**	**11,381**	136,595	1,052	18,542	12,362
Term loans	**1,787,903**	**-**	**-**	**148,939**	997,104	9,683	-	180,882
Lease Liabilities	**-**	**157**	**-**	**-**	-	215	-	726
	1,828,788	**1,262**	**19,538**	**160,320**	1,133,699	10,950	18,542	193,970

	2020			2019		
	USD	**RMB**	**Others**	USD	RMB	Others
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Company						
Financial Assets						
Debtors	**1,274**	**71**	**-**	579	54	-
Investments	**-**	**-**	**-**	-	-	-
Bank balances, deposits & cash	**-**	**163**	**6**	612	219	1
	1,274	**234**	**6**	1,191	273	1
Financial Liabilities						
Creditors	**4,454**	**163**	**75**	4,333	207	10
Term loans	**1,784,895**	**-**	**97,662**	965,903	9,683	89,370
Lease Liabilities	**-**	**157**	**-**	-	215	-
	1,789,349	**320**	**97,737**	970,236	10,105	89,380

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2019: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		**Equity**	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Group				
USD against SGD				
- Strengthened	**(72,729)**	(13,259)	**8,161**	7,631
- Weakened	**72,729**	13,259	**(8,161)**	(7,631)
RMB against SGD				
- Strengthened	**6**	1,594	**-**	-
- Weakened	**(6)**	(1,594)	**-**	-
BRL against SGD				
- Strengthened	**12,149**	12,462	**-**	-
- Weakened	**(12,149)**	(12,462)	**-**	-
Company				
USD against SGD				
- Strengthened	**(89,604)**	(48,801)	**-**	-
- Weakened	**89,604**	48,801	**-**	-
RMB against SGD				
- Strengthened	**(4)**	(474)	**-**	-
- Weakened	**4**	474	**-**	-

(ii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its Singapore dollar and US dollar variable rate term loans (Note 22). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $3,750,209,000 (2019: $2,489,733,000) whereby it receives variable rates equal to SOR and LIBOR (2019: SOR and LIBOR) and pays fixed rates of between 0.19% and 3.62% (2019: 1.41% and 3.62%) on the notional amount. These interest rate swap agreements are held for hedging interest rate risk arising from variable rate borrowings, with interest rates ranging from 1-month to 6-month SOR and 1-month to 6-month USD-LIBOR. This amounts to 25% (2019: 22%) of the Group's total amount of borrowings excluding notional amounts of $667,720,000 (2019: nil) relating to highly probable future borrowings.

The net negative fair value of interest rate swaps for the Group is $175,861,000 (2019: net negative fair value of $108,661,000) comprising assets of $583,000 (2019: $444,000) and liabilities of $176,444,000 (2019: $109,105,000). These amounts are recognised as derivative assets and derivative liabilities.

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2019: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $22,950,000 (2019: $24,025,000) as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, HSFO 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling $476,200,000 (2019: $690,044,000) and $37,602,000 (2019: $63,885,000) respectively. The net positive fair value of HSFO forward contracts for the Group is $53,373,000 (2019: net negative fair value of $96,885,000) comprising assets of $70,890,000 (2019: $7,592,000) and liabilities of $17,517,000 (2019: $104,477,000). These amounts are recognised as derivative assets and derivative liabilities. The net positive fair value of Dated Brent forward contracts for the Group of $5,071,000 (2019: net negative fair value of $2,361,000) comprising assets of $7,253,000 (2019: $2,305,000) and liabilities of $2,182,000 (2019: $4,666,000). These amounts are recognised as derivative assets and derivative liabilities.

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts with notional amounts totalling $43,492,000 (2019: $142,980,000). The net negative fair value of electricity futures contracts is $187,000 (2019: net positive fair value of $5,447,000) comprising assets of $1,763,000 (2019: $7,560,000) and liabilities of $1,950,000 (2019: $2,113,000). These amounts are recognised as derivative assets and derivative liabilities.

The Group is exposed to equity securities price risk arising from equity investments classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis for price risk

If prices for HSFO and Dated Brent increase/decrease by 5% (2019: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $26,479,000 (2019: $29,658,000) and $2,118,000 (2019: $3,075,000) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (2019: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $2,154,000 (2019: $6,877,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2019: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $7,226,000 (2019: $7,835,000) as a result of higher/lower fair value gains on investments at fair value through profit or loss, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $27,021,000 (2019: $2,008,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

<u>Credit Risk</u>

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The Group assesses on a forward looking basis the ECLs associated with its financial assets which are mainly debtors, amounts due from associated companies and joint ventures and bank balances, deposits and cash.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to debtors under SFRS(I) 9 as at 31 December 2020 that have not been assessed on a contract-by-contract basis are set out in the provision matrix as follows:

		Trade receivables				
	Contract assets	Current $'000	1 to 3 months $'000	3 to 6 months $'000	> 6 months $'000	Total $'000
Energy & Environment						
Expected loss rate	-	**2.3%**	**10.0%**	**21.6%**	**30.5%**	
Gross carrying amount	-	**85,649**	**20,470**	**1,583**	**5,893**	**113,595**
Loss allowance	-	**1,932**	**2,052**	**342**	**1,798**	**6,124**
Connectivity						
Expected loss rate	**1.4%**	**0.4%**	**2.7%**	**19.7%**	**29.3%**	
Gross carrying amount	**177,642**	**123,005**	**42,643**	**14,665**	**24,851**	**382,806**
Loss allowance	**2,402**	**543**	**1,165**	**2,894**	**7,281**	**14,285**

For the remaining subsidiaries which transact with low volume of customers and customers are monitored individually for credit loss assessment, the receivables (including concession service receivable and contract assets) are assessed individually for lifetime expected credit losses at each reporting date. In calculating the expected credit loss, the Group uses a probability-weighted amount that is determined by evaluating a range of possible outcomes. The possible outcomes include an unbiased estimate of the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

Individual customer will be evaluated periodically for its credit risk and the credit risk assessment is based on historical, current and forward-looking information such as:

- Historical financial and default rate of the customer
- Any publicly available information on the customer
- Any macro-economic or geopolitical information relevant to the customer
- Any other objectively supportable information on the quality and abilities of the customer's management relevant for its performance

Urban Development
For investment properties, the Group manages credit risks arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposits, and/or banker's guarantees. The Group also has a policy of regular review of debt collection and rental contracts are entered into with customers with an appropriate credit history.

In measuring the ECL, trade debtors and contract assets are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors and contract assets are written off when there is no reasonable expectation of recovery.

Debtors and amounts due from associated companies and joint ventures that are neither past due nor impaired are substantially companies with good collection track record with the Group or have strong financial capacity.

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and hence does not expect significant credit losses.

Asset Management
The Group minimises credit risk by dealing with companies with good payment track record and by placing cash balances with financial institutions.

In respect of credit exposure to the associated companies and joint ventures, the Group minimises credit risk through regular monitoring of the associated companies and joint ventures' financial standing.

As at 31 December 2020 and 2019, there are no significant financial assets that are past due and/or impaired.

<u>Liquidity Risk</u>

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury Department also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 22. The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Group				
2020				
Gross-settled forward foreign exchange contracts				
- Receipts	**2,609,428**	**2,029,812**	**122,527**	**-**
- Payments	**(2,604,977)**	**(1,990,822)**	**(116,080)**	**-**
Net-settled HSFO forward contracts				
- Receipts	**61,533**	**9,035**	**322**	**-**
- Payments	**(13,667)**	**(3,840)**	**(10)**	**-**
Net-settled Dated Brent forward contracts				
- Receipts	**7,253**	**-**	**-**	**-**
- Payments	**(2,182)**	**-**	**-**	**-**
Net-settled electricity futures contracts				
- Receipts	**1,685**	**78**	**-**	**-**
- Payments	**(1,851)**	**(99)**	**-**	**-**
Borrowings	**(4,664,730)**	**(2,218,566)**	**(4,351,381)**	**(1,924,124)**
2019				
Gross-settled forward foreign exchange contracts				
- Receipts	3,113,245	773,921	478,026	-
- Payments	(3,107,938)	(766,231)	(468,296)	-
Net-settled HSFO forward contracts				
- Receipts	5,583	1,808	200	-
- Payments	(91,720)	(11,095)	(1,661)	-
Net-settled Dated Brent forward contracts				
- Receipts	2,305	-	-	-
- Payments	(3,581)	(1,085)	-	-
Net-settled electricity futures contracts				
- Receipts	6,701	859	-	-
- Payments	(1,639)	(474)	-	-
Borrowings	(4,775,144)	(1,403,358)	(4,359,758)	(1,597,868)

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Company				
2020				
Gross-settled forward foreign exchange contracts				
- Receipts	**2,609,428**	**2,029,812**	**122,527**	**-**
- Payments	**(2,604,977)**	**(1,990,822)**	**(116,080)**	**-**
Borrowings	**(3,538,694)**	**(1,106,646)**	**(2,586,867)**	**(1,412,822)**
2019				
Gross-settled forward foreign exchange contracts				
- Receipts	2,986,032	773,921	478,026	-
- Payments	(2,979,943)	(766,231)	(468,296)	-
Borrowings	(3,525,789)	(656,062)	(1,986,035)	(1,455,148)

In addition to the above, creditors (Note 20) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital undertakings for the financial year ended 31 December 2020. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to total equity not exceeding ratios ranging from 2.00 to 3.00 times.

Management monitors capital risk based on the Group's net gearing. Net gearing is calculated as net debt divided by total equity. Net debt is calculated as total term loans (Note 22) and total lease liabilities (Note 8) less bank balances, deposits & cash (Note 19).

	Group	
	2020 **$'000**	2019 $'000
Net debt	**10,123,385**	9,873,556
Total equity	**11,155,904**	11,646,031
Net gearing ratio	**0.91x**	0.85x

Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2020				
Financial assets				
Derivative financial instruments	**-**	**173,270**	**-**	**173,270**
Call option	**-**	**-**	**156,643**	**156,643**
Investments				
- Investments at fair value through other comprehensive income	**504,611**	**-**	**317,680**	**822,291**
- Investments at fair value through profit or loss	**66,014**	**102,749**	**238,438**	**407,201**
Short term investments				
- Investments at fair value through other comprehensive income	**35,802**	**-**	**-**	**35,802**
- Investments at fair value through profit or loss	**78,492**	**20,340**	**-**	**98,832**
	684,919	**296,359**	**712,761**	**1,694,039**
Financial liabilities				
Derivative financial instruments	**-**	**283,805**	**-**	**283,805**
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	**-**	**-**	**1,166,637**	**1,166,637**
- Commercial, under construction	**-**	**-**	**2,507,438**	**2,507,438**
- Assets classified as held for sale	**-**	**650,062**	**-**	**650,062**
	-	**650,062**	**3,674,075**	**4,324,137**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2019				
Financial assets				
Derivative financial instruments	-	55,841	-	55,841
Call option	-	-	157,518	157,518
Investments				
- Investments at fair value through other comprehensive income	12,336	-	202,623	214,959
- Investments at fair value through profit or loss	82,399	54,975	296,736	434,110
Short term investments				
- Investments at fair value through other comprehensive income	27,821	-	-	27,821
- Investments at fair value through profit or loss	74,300	19,460	-	93,760
	196,856	130,276	656,877	984,009
Financial liabilities				
Derivative financial instruments	-	246,587	-	246,587
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,667,822	1,667,822
- Commercial, under construction	-	-	1,354,269	1,354,269
	-	-	3,022,091	3,022,091

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2020				
Financial assets				
Derivative financial instruments	**-**	**77,494**	**-**	**77,494**
Investments				
- Investments at fair value through other comprehensive income	**-**	**-**	**22,196**	**22,196**
	-	**77,494**	**22,196**	**99,690**
Financial liabilities				
Derivative financial instruments	**-**	**158,950**	**-**	**158,950**
2019				
Financial assets				
Derivative financial instruments	-	30,462	-	30,462
Investments				
- Investments at fair value through other comprehensive income	-	-	19,230	19,230
	-	30,462	19,230	49,692
Financial liabilities				
Derivative financial instruments	-	78,766	-	78,766

There have been no significant transfers between Level 1, Level 2 and Level 3 for the Group and Company in 2020 and 2019.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group		**Company**	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
At 1 January	**656,877**	520,356	**19,230**	16,957
Subsidiaries acquired	**-**	23,884	**-**	-
Purchases	**73,091**	225,294	**-**	-
Sales	**(19,224)**	(39,171)	**-**	-
Fair value gain/(loss) recognised in other comprehensive income	**60,350**	(73,059)	**2,966**	2,273
Fair value gain/(loss) recognised in profit or loss	**(36,852)**	18,197	**-**	-
Reclassification				
- Associates/Joint Ventures	**(44,750)**	-	**-**	-
- Others	**(559)**	(865)	**-**	-
Exchange differences	**(978)**	366	**-**	-
Distribution	**(1,965)**	(10,366)	**-**	-
Return on capital	**(3,429)**	(7,759)	**-**	-
Capitalisation of interest on advances extended to an investee	**30,200**	-	**-**	-
At 31 December	**712,761**	656,877	**22,196**	19,230

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2020	2019
	$'000	$'000
At 1 January	**3,022,091**	2,857,145
Development expenditure	**266,219**	304,803
Fair value gain	**268,430**	101,020
Disposal	**-**	(834)
Reclassification		
- Assets held for sale	**(650,062)**	-
- Stocks & WIP	**714,733**	-
- Fixed assets	**-**	(217,121)
Exchange differences	**52,664**	(22,922)
At 31 December	**3,674,075**	3,022,091

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2020 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	556,118	Net asset value, discounted cash flow and binomial option pricing, market comparative	Net asset value*	Not applicable
			Discount rate	8.00%
			Growth rate	6.24%
			Cost of equity	15.85%
			Adjusted market multiple	1.4x
Call option	156,643	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$1,600 to $3,721
			Capitalisation rate	3.50%
Investment Properties				
- Commercial and residential, completed	1,166,637	Investment method, discounted cash flow method and/or direct comparison method;	Discount rate	7.25% to 12.50%
			Capitalisation rate	4.25% to 10.50%
			Net initial yield	6.20%
		Residual method	Transacted price of comparable properties (psm)	$4,914 to $6,615
		Capitalisation method	Transacted price of comparable properties (psf)	$2,835 to $3,046
			Terminal capitalization rate	9.00%
- Commercial, under construction	2,507,438	Direct comparison method, discounted cash flow method, and/or residual value method	Transacted price of comparable land plots (psm)	$7,930 to $18,770
			Gross development value ($'million)	$527 to $2,042
			Discount rate	12.50% to 18.00%

** Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investments and investment properties stated at fair value.*

Description	Fair value as at 31 December 2019 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	499,359	Net asset value, discounted cash flow, and/or market comparative	Net asset value*	Not applicable
			Discount rate	11%
			Adjusted market multiple	1.4x
			Terminal growth rate	2.5%
Call option	157,518	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,200 to $2,865
			Capitalisation rate	3.5%
Investment Properties				
- Commercial and residential, completed	1,667,822	Investment method, discounted cash flow method and/or direct comparison method;	Discount rate	5.60% to 12.76%
			Capitalisation rate	3.75% to 9.00%
			Net initial yield	3.93% to 5.85%
		Residual Method	Price of comparable land plots (psm)	$5,032 to $6,773
			Transacted price of comparable properties (psf)	$1,616 to $3,502
- Commercial, under construction	1,354,269	Direct comparison method, discounted cash flow method, and/or residual value method	Price of comparable land plots (psm)	$8,121 to $19,219
			Gross development value ($'million)	$510 to $1,897

** Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.*

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of investments at fair value through other comprehensive income on a quarterly basis.

Valuation process of investment properties is described in Note 7.

35. SEGMENT ANALYSIS

The Group is organised into business units based on their products and services. On 28 May 2020, the Group unveiled its Vision 2030 to drive its strategy as one integrated business providing solutions for sustainable urbanisation. As part of Vision 2030, the Group reorganised its businesses under five main segments, namely Energy & Environment, Urban Development, Connectivity, Asset Management, and Corporate & Others. The objective of the reorganisation was for the Group to streamline and focus its business units on the key business areas. The revised segment reporting will now comprise five main segments with six reportable operating segments as follows:

(i) **Energy & Environment**
The Energy & Environment segment is focused on business areas relating to the safe and efficient harvesting of energy sources, serving the offshore & marine industry with an array of vessel solutions and services, renewables, and providing cities with power, as well as solutions for waste and water & wastewater treatment. The segment comprises two reportable operating segments, being Offshore & Marine and Infrastructure & Others.

Offshore & Marine - Principal activities include offshore production facilities and drilling rigs design, construction, fabrication and repair, ship conversions and repair and specialised shipbuilding. The operating segment has operations in Brazil, China, Singapore, United States and other countries.

Infrastructure & Others - Principal activities include power generation, renewables, environmental engineering and infrastructure operation and maintenance. The operating segment has operations in China, Singapore, Switzerland, United Kingdom, and other countries.

(ii) **Urban Development**
Principal activities include property development and investment, as well as master development. The segment has operations in China, India, Indonesia, Singapore, Vietnam and other countries.

(iii) **Connectivity**
Principal activities include the provision of telecommunications services, retail sales of telecommunications equipment and accessories, development and operation of data centres and provision of logistics solutions. The segment has operations in China, Singapore and other countries. Keppel Logistics ("KLOG") contributed about 2% and 4% of the Group's total revenue and net loss respectively for the financial year ended 31 December 2020. KLOG accounted for about 1% of the Group's total assets and total liabilities as at 31 December 2020.

(iv) **Asset Management**
Principal activities include management of private funds and listed real estate investment and business trusts. The segment operates mainly in Singapore.

(v) **Corporate & Others**
The Corporate & Others segment consists mainly of treasury operations, research & development, investment holding and provision of management and other support services.

Management monitors the results of each of the above main segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable operating segments is presented in the following table, with the segment information for the prior year ended 31 December 2019 restated to reflect the change in composition of the reportable segments.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2020

	Energy & Environment			Urban Development	Connectivity	Asset Management	Corporate & Others	Elimination	Total
	Offshore & Marine	Infrastructure & Others	Subtotal						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue									
External sales	1,573,455	2,369,889	3,943,344	1,275,473	1,220,011	134,784	730	-	6,574,342
Inter-segment sales	526	10,335	10,861	9,407	5,280	295	76,422	(102,265)	-
Total	1,573,981	2,380,224	3,954,205	1,284,880	1,225,291	135,079	77,152	(102,265)	6,574,342
Segment Results									
Operating profit	(909,633)	87,263	(822,370)	605,488	46,010	273,601	(93,891)	(437)	8,401
Investment income	3,449	-	3,449	1,035	175	23,273	1,414	-	29,346
Interest income	60,429	61,414	121,843	39,518	1,972	6,001	393,668	(400,949)	162,053
Interest expenses	(196,885)	(9,859)	(206,744)	(56,055)	(33,224)	(39,700)	(357,929)	401,386	(292,266)
Share of results of associated companies and joint ventures	(330,421)	(16,594)	(347,015)	129,917	13,689	40,476	712	-	(162,221)
Profit before tax	(1,373,061)	122,224	(1,250,837)	719,903	28,622	303,651	(56,026)	-	(254,687)
Taxation	93,667	(28,262)	65,405	(278,745)	(13,917)	(26,169)	19	-	(253,407)
Profit for the year	(1,279,394)	93,962	(1,185,432)	441,158	14,705	277,482	(56,007)	-	(508,094)
Attributable to:									
Shareholders of Company	(1,274,847)	94,178	(1,180,669)	437,796	13,244	279,525	(55,756)	-	(505,860)
Non-controlling interests	(4,547)	(216)	(4,763)	3,362	1,461	(2,043)	(251)	-	(2,234)
	(1,279,394)	93,962	(1,185,432)	441,158	14,705	277,482	(56,007)	-	(508,094)
External revenue from contracts with customers									
- At a point in time	112,699	10,644	123,343	1,032,449	380,812	12,388	100	-	1,549,092
- Over time	1,460,756	2,359,245	3,820,001	159,962	829,570	122,396	-	-	4,931,929
	1,573,455	2,369,889	3,943,344	1,192,411	1,210,382	134,784	100	-	6,481,021
Other sources of revenue	-	-	-	83,062	9,629	-	630	-	93,321
Total	1,573,455	2,369,889	3,943,344	1,275,473	1,220,011	134,784	730	-	6,574,342
Other Information									
Segment assets	8,777,983	2,484,217	11,262,200	14,516,978	4,020,059	3,974,802	11,359,061	(13,027,221)	32,105,879
Segment liabilities	9,436,503	1,960,318	11,396,821	7,956,375	2,819,371	1,868,694	9,935,935	(13,027,221)	20,949,975
Net assets	(658,520)	523,899	(134,621)	6,560,603	1,200,688	2,106,108	1,423,126	-	11,155,904

Investment in associated companies and joint ventures	**360,838**	**205,170**	**566,008**	**2,300,945**	**203,330**	**2,920,330**	**-**	**-**	**5,990,613**
Additions to non-current assets	**61,835**	**91,090**	**152,925**	**537,537**	**156,757**	**384,483**	**1,397**	**-**	**1,233,099**
Depreciation and amortisation	**119,566**	**31,312**	**150,878**	**39,461**	**213,461**	**2,655**	**7,051**	**-**	**413,506**
Impairment loss/(write-back of impairment loss) on non-financial assets	**521,411**	**42,225**	**563,636**	**9,184**	**27,853**	**(8,487)**	**(81)**	**-**	**592,105**
Allowance for expected credit loss and bad debt written-off	**186,818**	**1,385**	**188,203**	**22,902**	**9,153**	**-**	**(18)**	**-**	**220,240**

GEOGRAPHICAL INFORMATION

	Singapore	China/ Hong Kong	Brazil	Other Far East & ASEAN Countries	Other Countries	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External sales	**4,563,849**	**1,161,182**	**47,252**	**258,109**	**543,950**	**-**	**6,574,342**
Non-current assets	**8,400,031**	**3,660,816**	**240,893**	**1,878,137**	**392,094**	**-**	**14,571,971**

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2020.

INFORMATION ABOUT A MAJOR CUSTOMER
No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2020.

Note: Pricing of inter-segment goods and services is at fair market value.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2019

	Energy & Environment			Urban Development	Connectivity	Asset Management	Corporate & Others	Elimination	Total
	Offshore & Marine	Infrastructure & Others	Subtotal						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue									
External sales	2,219,397	2,749,175	4,968,572	1,336,236	1,128,158	144,922	1,815	-	7,579,703
Inter-segment sales	321	13,436	13,757	11,187	1,840	13	93,693	(120,490)	-
Total	2,219,718	2,762,611	4,982,329	1,347,423	1,129,998	144,935	95,508	(120,490)	7,579,703
Segment Results									
Operating profit	76,848	38,585	115,433	507,174	210,342	120,034	(76,602)	120	876,501
Investment income	4,988	-	4,988	215	1,410	47,920	10,061	-	64,594
Interest income	74,444	64,911	139,355	48,697	1,982	955	352,570	(365,884)	177,675
Interest expenses	(195,664)	(11,230)	(206,894)	(62,430)	(47,058)	(39,467)	(322,631)	365,764	(312,716)
Share of results of associated companies and joint ventures	(56,823)	(116,894)	(173,717)	181,963	29,452	109,715	-	-	147,413
Profit before tax	(96,207)	(24,628)	(120,835)	675,619	196,128	239,157	(36,602)	-	953,467
Taxation	32,515	(13,848)	18,667	(175,406)	(22,592)	(25,527)	12,529	-	(192,329)
Profit for the year	(63,692)	(38,476)	(102,168)	500,213	173,536	213,630	(24,073)	-	761,138
Attributable to:									
Shareholders of Company	(63,190)	(38,304)	(101,494)	483,235	135,693	214,373	(24,832)	-	706,975
Non-controlling interests	(502)	(172)	(674)	16,978	37,843	(743)	759	-	54,163
	(63,692)	(38,476)	(102,168)	500,213	173,536	213,630	(24,073)	-	761,138
External revenue from contracts with customers									
- At a point in time	96,643	12,383	109,026	999,497	340,149	32,915	1,312	-	1,482,899
- Over time	2,122,754	2,736,792	4,859,546	223,302	779,348	108,676	-	-	5,970,872
	2,219,397	2,749,175	4,968,572	1,222,799	1,119,497	141,591	1,312	-	7,453,771
Other sources of revenue	-	-	-	113,437	8,661	3,331	503	-	125,932
Total	2,219,397	2,749,175	4,968,572	1,336,236	1,128,158	144,922	1,815	-	7,579,703
Other Information									
Segment assets	9,491,154	2,189,734	11,680,888	13,819,442	4,246,087	3,591,131	9,102,783	(11,118,771)	31,321,560
Segment liabilities	8,787,599	1,798,314	10,585,913	6,408,601	2,909,821	1,826,692	9,063,273	(11,118,771)	19,675,529
Net assets	703,555	391,420	1,094,975	7,410,841	1,336,266	1,764,439	39,510	-	11,646,031

Investment in associated companies and joint ventures	645,946	215,377	861,323	2,176,732	170,507	3,140,738	1,545	-	6,350,845
Additions to non-current assets	95,440	13,640	109,080	622,622	105,691	357,098	10,101	-	1,204,592
Depreciation and amortisation	121,126	31,222	152,348	38,275	174,900	2,761	7,010	-	375,294
Impairment loss/(write-back of impairment loss) of non-financial assets	6,827	37,769	44,596	4,908	3,729	(1,315)	-	-	51,918
Allowance for expected credit loss and bad debt written-off	9,115	15,602	24,717	385	5,652	547	43,066	-	74,367

GEOGRAPHICAL INFORMATION

	Singapore	China/ Hong Kong	Brazil	Other Far East & ASEAN Countries	Other Countries	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External sales	5,704,097	1,005,803	83,769	429,351	356,683	-	7,579,703
Non-current assets	8,741,671	3,111,521	286,862	1,891,462	686,175	-	14,717,691

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019.

INFORMATION ABOUT A MAJOR CUSTOMER
No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019.

Note: Pricing of inter-segment goods and services is at fair market value.

36. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

(i) Chengdu Hilltop Development Co Ltd ("CHD")
On 10 November 2020, the Company announced that its indirect wholly-owned subsidiary, Hillwest Pte Ltd, is divesting 100% of the equity interest in CHD to Chengdu Longfor Development Co Ltd, with the divestment occurring in two tranches. The first tranche divestment comprising 50% equity interest in CHD has been completed as at 31 December 2020. The transfer of the remaining 50% interest was completed on 4 February 2021 (Note 38).

(ii) Dong Nai Waterfront City LLC ("DNWC")
On 1 December 2020, the Company announced that its indirect wholly-owned subsidiary, Portsville Pte. Ltd., is divesting its remaining 30% interest in DNWC to Nam Long Investment Corporation. The divestment is expected to be completed in the first half of 2021, conditional upon certain conditions precedent being fulfilled, including but not limited to, the issuance of a new Enterprise Registration Certificate by the relevant Vietnamese authorities.

(iii) Keppel Bay Tower Pte. Ltd. ("KBTPL")
On 23 December 2020, Agathese Pte. Ltd. and Keppel Land (Singapore) Pte. Ltd., both indirect wholly-owned subsidiaries of the Company, entered into a sale and purchase agreement with RBC Investor Services Trust Singapore Limited (acting in its capacity as trustee of Keppel Real Estate Investment Trust ("Keppel REIT")), to divest 100% of the issued and paid-up share capital of KBTPL to Keppel REIT.

The transaction is subject to and conditional upon, among others, the approval of the Unitholders of Keppel REIT at an extraordinary general meeting, and approvals from the relevant authorities. Upon approval, the transaction is expected to be completed in the second quarter of 2021.

(iv) First King Properties Limited ("First King")
On 24 December 2020, the Company announced that its indirect wholly-owned subsidiary, West Gem Properties Limited, is divesting its 100% equity interest in First King to ZGC King William Holdings Limited. The divestment was completed on 29 January 2021 (Note 38).

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations,* the assets and liabilities of KBTPL and First King have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale", and the investments in CHD and DNWC that are accounted for as associated companies have been presented as "assets classified as held for sale" in the consolidated balance sheet as at 31 December 2020. Details of the assets classified as held for sale and liabilities directly associated with assets classified as held for sale are as follows:

	As at 31 December 2020 $'000
Assets classified as held for sale	
Fixed assets	54,160
Investment properties	650,062
Right-of-use assets	154,281
Associated companies	125,882
Debtors	7,999
Bank balances, deposits & cash	16,308
	1,008,692
Liabilities directly associated with assets classified as held for sale	
Creditors	7,987
Term loans	91,967
Taxation	4,245
Deferred tax liabilities	4,345
Other non-current liabilities	6,676
	115,220

The assets and liabilities classified as held for sale are included in Urban Development for the purpose of segmental reporting.

37. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, the following new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: *Interest Rate Benchmark Reform - Phase 2* (effective for annual periods beginning on or after 1 January 2021)

  Hedge relationships
  As described in Note 2.2, the Group adopted the 'Phase 1' amendments on 1 January 2020 which provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

  The 'Phase 2' amendments, which will become effective for the Group for the annual period beginning 1 January 2021, address issues arising during interest rate benchmark reform, including specifying when the 'Phase 1' amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted.

  Financial instruments and lease liabilities

  For financial instruments measured using amortised cost measurement, the 'Phase 2' amendments provide a practical expedient which require changes to the basis for determining the contractual cash flows required by interest rate benchmark reform to be reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. This practical expedient exists for lease liabilities as well. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment - Proceeds before Intended Use* (effective for annual periods beginning on or after 1 January 2022)

  The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

  Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract* (effective for annual periods beginning on or after 1 January 2022)

  An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

- Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2023)

  The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

  The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The management anticipates that the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

38. SUBSEQUENT EVENTS

(i) On 28 January 2021, the Group announced that, amidst the global energy transition and major disruptions facing the oil industry, it will carry out a comprehensive transformation of its wholly-owned subsidiary, Keppel Offshore & Marine Ltd ("KOM"), to better align it to the Group's Vision 2030 and to create a more competitive KOM that is well-placed to support the energy transition. As part of the transformation, KOM's business will be reorganised into three parts, being a Rig Co and a Development Co ("Dev Co"), which will be transient entities created to hold assets including its approximately S$2.9 billion worth of completed and uncompleted rig assets, and an Operating Co ("Op Co") comprising the rest of KOM. This reorganisation into distinct parts provides better clarity for the Group to focus on the requisite resources to deliver on the respective plans.

KOM's completed rigs will be placed under the Rig Co, which will put the completed rigs to work, or sell them if there are suitable opportunities. Uncompleted rigs will come under the Dev Co, which will focus on completing the rigs, while prudently managing cashflow. Op Co will progressively transit to a developer and integrator role, focusing on design, engineering and procurement, exit the offshore rig building business and progressively exit low value adding repairs including other activities with low bottom line contribution. Op Co will seek opportunities in floating infrastructure and infrastructure-like projects that can deliver predictable streams of cashflow, including renewables projects such as offshore wind farms and solar farms, gas solutions, production assets and new energy solutions such as hydrogen and tidal energy.

The reorganisation has commenced and the transformation is expected to be executed over the next two to three years. Reflecting its new focus, KOM will carry out a rebranding exercise and refine its vision and purpose.

(ii) On 29 January 2021, the Group completed the divestment of its 100% equity interest in First King Properties Limited ("First King") at a consideration of GBP73.6 million (approximately $131.1 million). The consideration was arrived on a willing-buyer and willing-seller basis. The assets and liabilities of First King have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" on the balance sheet as at 31 December 2020 (Note 36).

(iii) On 1 February 2021, Myanmar declared a one year State of Emergency. The situation in Myanmar and international reactions (including economic sanctions, if any) remain fluid. The impact on the economy, foreign investments and the Group's investments in Myanmar remain unclear at the date of this financial report. The Group will continue to assess the impact of the State of Emergency on the Group's investments in Myanmar.

As at 31 December 2020, the Group has a hospitality asset and an investment in a joint venture whose primary business is in property investment with a carrying value of $107 million and $22 million respectively in Myanmar. These two investments accounted for about 0.4% and 1.2% of the Group's total assets and net assets respectively

(iv) On 4 February 2021, the Group completed the divestment of its remaining 50% interest in Chengdu Hilltop Development Co Ltd ("CHD") for a consideration of RMB630 million (approximately $130.1 million). The consideration was arrived on a willing-buyer and willing-seller basis. The Group's share of net book value of CHD has been presented separately as "assets classified as held for sale" on the balance sheet as at 31 December 2020 (Note 36).

39. SIGNIFICANT SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies and joint ventures whose results are equity accounted for is given in the following pages.

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
ENERGY & ENVIRONMENT							
Offshore & Marine							
Subsidiaries							
Keppel Offshore and Marine Ltd	100	100	100	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltda(1a)	100	100	100	#	#	Brazil	Holding of long-term investments and property management
Estaleiro BrasFELS Ltda(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Fernvale Pte Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of drilling rigs and offshore production facilities
FSTP Brasil Ltda(1a)	75	75	75	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	#	#	Singapore	Project management, engineering and procurement
Keppel AmFELS, LLC	100	100	100	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Brasil SA(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Letourneau USA, Inc	100	100	100	#	#	USA	Design and license of various offshore rigs and platforms
Keppel Offshore & Marine USA Inc	100	100	100	#	#	USA	Offshore and marine-related services
KV Enterprises BV(3)	100	100	100	#	#	Netherlands	Holding of long-term investments
KVE Adminstradora de Bens Imoveis Ltda(1a)	100	100	100	#	#	Brazil	Holding of long-term investments and property management
PT Bintan Offshore(1a)	99	60	60	#	#	Indonesia	Offshore engineering and construction
Offshore Partners Pte Ltd	100	100	100	#	#	Singapore	Arrange, syndicate and/or provide financing to customers of Keppel Group
Regency Steel Japan Ltd(1a)	51	51	51	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
FELS Asset Co Pte Ltd	100	100	100	#	#	Singapore	Chartering of ships, barges and boats with crew
FELS Asset Co 2 Pte Ltd	100	100	100	#	#	Singapore	Chartering of ships, barges and boats with crew
Offshore Partners 2 Pte Ltd	100	100	100	#	#	Singapore	Chartering of ships, barges and boats with crew
Lenity Pioneer Pte Ltd	100	100	100	#	#	Singapore	Service activities related to oil and gas extraction

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Ship repairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	98	98	98	#	#	Philippines	Shipbuilding and repairing
Keppel Nantong Heavy Industry Co Ltd(1a)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd(1a)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	#	#	Singapore	Shipbuilding and repairing
Keppel Subic Shipyard Inc(1a)	87+	86+	86+	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Associated Companies and Joint Ventures							
Asian Lift Pte Ltd	50	50	50	#	#	Singapore	Provision of heavy-lift equipment and related services
Floatel International Ltd(1a)	50	50	50	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Blue Tern Holding AS(2)	49	49	49	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Arab Heavy Industries PJSC(2)	33	33	33	#	#	UAE	Shipbuilding and repairing
Keppel Smit Towage Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Maju Maritime Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Nakilat - Keppel Offshore & Marine Ltd(2)	20	20	20	#	#	Qatar	Ship repairing
PV Keez Pte Ltd(2)	20	20	20	#	#	Singapore	Chartering of ships, barges and boats with crew
FueLNG Pte Ltd(2)	50	50	50	#	#	Singapore	Provide end-to-end LNG bunkering supply solution
Infrastructure & Others							
Subsidiaries							
Keppel Infrastructure Holdings Pte Ltd	100	100	100	445,892	445,892	Singapore	Investment holding
Keppel Energy Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel DHCS Pte Ltd	100	100	100	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Keppel Seghers Pte Ltd	100	100	100	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
Keppel Seghers Holdings BV(1a)	100	100	100	#	#	Netherlands	Investment holding
Keppel Seghers Belgium NV(1a)	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Keppel Seghers UK Ltd(1a)	100	100	100	#	#	United Kingdom	Design and construction of waste-to-energy plants
Marina East Water Pte Ltd	100	100	100	#	#	Singapore	Design and construction of desalination plant
Keppel Infrastructure Services Pte Ltd	100	100	100	#	#	Singapore	Provision of technical support including engineering, construction, operations and maintenance of plants and facilities
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Integrated Engineering Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel XTE Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepinvest Holdings Pte Ltd	100	100	100	10	10	Singapore	Investment holding
Kepinvest Singapore Pte Ltd	100	100	100	20,000	20,000	Singapore	Investment holding
Associated Companies and Joint Ventures							
Keppel Merlimau Cogen Pte Ltd (2)	49	49	49	#	#	Singapore	Commercial power generation
MET Holding AG(1a)(n)	20	20	-	#	-	Switzerland	Integrated energy company
Tianjin Eco-City Energy Investment & Construction Co Ltd(1a)	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
KrisEnergy Ltd(2)	40	40	40	#	#	Cayman Islands	Exploration for, and the development and production of oil and gas
URBAN DEVELOPMENT							
Subsidiaries							
Keppel Land Ltd	100	100	100	4,793,367	4,793,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Land Estate Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100	100	100	#	#	Singapore	Property development
Keppel Philippines Properties Inc(1a)	87+	87+	87+	493	493	Philippines	Investment holding
Agathese Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Bellenden Investments Ltd(3)	67	67	67	#	#	BVI	Investment holding
Broad Elite Investments Ltd(3)	100	100	100	#	#	BVI	Investment holding
Cesario Pte Ltd	100	100	100	#	#	Singapore	Investment holding

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
Changzhou Fushi Housing Development Pte Ltd(1a)	100	100	100	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(1a)	100	100	100	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd(1a)	100	100	100	#	#	China	Property development
Corredance Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Corson Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Dattson Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Davinelle Ltd(3)	67	67	67	#	#	BVI	Investment holding
Domenico Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Double Peak Holdings Ltd(3)	100	100	100	#	#	BVI	Investment holding
Estella JV Co Ltd(1a)	98	98	98	#	#	Vietnam	Property development and investment
Eternal Commercial Ltd(1a)	100	100	100	#	#	China	Investment holding
Evergro Properties Ltd	100	100	100	#	#	Singapore	Property investment and development
First King Properties Ltd(3)	100	100	100	#	#	Jersey	Property investment
Floraville Estate Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Bay Tower Pte Ltd	100	100	100	#	#	Singapore	Property investment
Hillwest Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Point Pte Ltd	100+	100+	100+	122,785	122,785	Singapore	Property development and investment
Jencity Ltd(3)	100	100	100	#	#	BVI	Investment holding
K-Commercial Pte Ltd	100	100	100	#	#	Singapore	Property development/ investment
Katong Retail Trust	100	100	100	#	#	Singapore	Investment trust
Kapler Pte Ltd	100	100	100	#	#	Singapore	Investment holding
KeplandeHub Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Digihub Holdings Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Heights (Wuxi) Property Development Co Ltd(1a)	100	100	100	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(1a)	100	100	100	#	#	China	Property development

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd(1a)	100	100	100	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(1a)	100	100	100	#	#	China	Property development
Keppel Land (Saigon Centre) Ltd(1a)	100	100	100	#	#	HK	Investment holding
Keppel Land (Singapore) Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	100	#	#	Singapore	Financial services
Keppel Land International (Management) Pte Ltd	100	100	100	#	#	Singapore	Property services
Keppel Land Watco IV Co Ltd(1a)	84	84	84	#	#	Vietnam	Property development
Keppel Land Watco V Co Ltd(1a)	84	84	84	#	#	Vietnam	Property development
Keppel Land Vietnam Co Ltd(1a)	100	100	100	#	#	Vietnam	Property services
Keppel Seasons Residences Property Development (Wuxi) Co., Ltd(1a)	100	100	100	#	#	China	Property development
Keppel Tianjin Eco-City Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Three Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Two Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Yong Xiang Corporate Management (Shanghai) Company Ltd(1a)	100	100	100	#	#	China	Property services
Tosalco Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Krystal Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Joysville Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Main Full Ltd(1a)	100	100	100	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	100	#	#	Singapore	Property development
Merryfield Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Oceansky Pte Ltd	100	100	100	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	100	#	#	Singapore	Investment holding

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
Oscario Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Parksville Development Pte Ltd	100	100	100	#	#	Singapore	Property development
Pasir Panjang Realty Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Peplamo Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Pembury Properties Ltd(3)	100	100	100	#	#	BVI	Investment holding
Pisamir Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Portsville Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Pre-1 Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
PT Harapan Global Niaga(1a)	100	100	100	#	#	Indonesia	Property development
PT Kepland Investama(1a)	100	100	100	#	#	Indonesia	Property investment
PT Puri Land Development(1a)	100	100	100	#	#	Indonesia	Property development
PT Sukses Manis Indonesia(1a)	100	100	100	#	#	Indonesia	Property development
PT Sukses Manis Tangguh(1a)	100	100	100	#	#	Indonesia	Property development
Riviera Point LLC(1a)	75	75	75	#	#	Vietnam	Property development
Saigon Centre Investment Ltd(3)	100	100	100	#	#	BVI	Investment holding
Saigon Sports City Ltd(1a)	100	100	100	#	#	Vietnam	Property development
Beijing Changsheng Consultant Co Ltd(1a)	100	100	100	#	#	China	Property investment
Beijing Changsheng Property Management Co Ltd(1a)	100	100	100	#	#	China	Property investment
Shanghai Floraville Land Co Ltd(1a)	99	99	99	#	#	China	Property investment
Shanghai Fengwo Apartment Management Co. Ltd(1a)	100	100	100	#	#	China	Property management service
Shanghai Hongda Property Development Co Ltd(1a)	100	99	99	#	#	China	Property development
Shanghai Ji Lu Land Co Ltd(1a)	100	99	99	#	#	China	Property development/ investment
Shanghai Ji Xiang Land Co Ltd(1a)	100	100	100	#	#	China	Property development
Shanghai Jinju Real Estate Development Co Ltd(1a)	100	99	99	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd(1a)	100	99	99	#	#	China	Investment holding

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020 %	2020 %	2019 %	2020 $'000	2019 $'000		
Shanghai Merryfield Land Co Ltd(1a)	99	99	99	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(1a)	99	99	99	#	#	China	Property development
Sherwood Development Pte Ltd	70	70	70	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd(1a)	80	69	69	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Straits Greenfield Ltd(2)	100	100	100	#	#	Myanmar	Hotel ownership and operations
Straits Property Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Group Eco-City Investments Pte Ltd	100+	100+	100+	126,744	126,744	Singapore	Investment holding
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90+	90+	90+	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(3)	100+	100+	100+	#	#	BVI	Investment holding
Tianjin Fulong Property Development Co Ltd(1a)	100	100	100	#	#	China	Property development
The9 Computer Technology Consulting (Shanghai) Ltd(1a)(n)	100	100	-	#	-	China	Investment holding
West Gem Properties Ltd(3)	100	100	100	#	#	Jersey	Investment holding
Associated Companies and Joint Ventures							
Chengdu Hilltop Development Co Ltd(1a)	50	50	100	#	#	China	Property development
Chengdu Taixin Real Estate Development Co Ltd(2)	35	35	35	#	#	China	Property development
Chengdu Wanji Real Estate Development Co Ltd (2)	30	30	30	#	#	China	Property development
City Square Office Co Ltd(2)	40	40	40	#	#	Myanmar	Property development
Dong Nai Waterfront City LLC(1a)	30	30	30	#	#	Vietnam	Property development
Empire City Limited LLC(2)	40	40	40	#	#	Vietnam	Property development
EM Services Pte Ltd	25	25	25	#	#	Singapore	Property management
Garden Development Pte Ltd	60	60	60	#	#	Singapore	Property development
Kapstone Construction Private Limited(1a)(n)	49	49	-	#	-	India	Real estate construction and development

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
Keppel Land Watco I Co Ltd(1a)	61	61	61	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd(1a)	61	61	61	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd(1a)	61	61	61	#	#	Vietnam	Property investment and development
Harbourfront Three Ptd Ltd	39	39	39	#	#	Singapore	Property development and investment
Nam Long Investment Corporation(2)	10	10	10	#	#	Vietnam	Trading of development properties
Nanjing Jinsheng Real Estate Development Co Ltd(1a)	40	40	40	#	#	China	Property development
Nanjing Zhijun Property Development Co Ltd(2)	25	25	25	#	#	China	Property development
North Bund Pte Ltd(2)	30	30	30	#	#	Singapore	Investment holding
Raffles Quay Asset Management Pte Ltd(2)	33	33	33	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(1a)	40	40	40	#	#	Malaysia	Property investment
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(1a)	50	45	45	#	#	China	Property development
South Rach Chiec LLC(1a)	42	42	42	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd(1a)	25	25	25	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd(2)	30	30	30	#	#	Vietnam	Property investment
Vision (III) Pte Ltd(2)	30	30	30	#	#	Singapore	Investment holding
Win Up Investment Ltd(2)	30	30	30	#	#	China	Investment holding
CONNECTIVITY							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd	100	100	100	621,299	621,299	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd	100	100	100	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd(2)	60	60	60	#	#	China	Integrated logistics services, food trading hub, warehousing and distribution
Keppel Data Centres Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100+	100+	100+	#	#	Singapore	Investment holding and management services

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
Keppel Communications Pte Ltd	100	100	100	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Konnect Pte Ltd	100	100	100	1	1	Singapore	Investment holding
Konnectivity Pte Ltd	80	80	80	#	#	Singapore	Investment holding
M1 Limited	100+	84+	84+	#	#	Singapore	Telecommunications services
M1 Shop Pte Ltd	100+	84+	84+	#	#	Singapore	Retail sales of telecommunication equipment and accessories
M1 Net Ltd	100+	84+	84+	#	#	Singapore	Provision of fixed and other related telecommunication services
Associated Companies and Joint Ventures							
Asia Airfreight Terminal(2)	10	10	10	#	#	HK	Operation of an air cargo handling terminal
Computer Generated Solutions Inc(2)	21	21	21	#	#	USA	IT consulting and outsourcing provider
Nautilus Data Technologies Inc(2)	14	14	19	#	#	USA	Water-cooled data centre leasing, colocation and interconnection services
SVOA Public Company Ltd(2)	32	32	32	#	#	Thailand	Distribution of IT products and telecommunications services
Wuhu Sanshan Port Co Ltd(2)	50	50	50	#	#	China	Integrated logistics services and port operations
ASSET MANAGEMENT							
Subsidiaries							
Keppel Capital Holdings Pte Ltd	100	100	100	783,000	783,000	Singapore	Investment holding
Keppel Capital Investment Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Alpha Investment Partners Ltd	100	100	100	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100+	100+	100+	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Capital Alternative Asset Pte Ltd	100	100	100	#	#	Singapore	Fund management
Keppel Capital Two Pte Ltd	100	100	100	#	#	Singapore	To arrange, syndicate and/or provide financing for investing activities
Keppel Capital Three Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Capital US Holding Inc(3)	100	100	100	#	#	USA	Investment holding
Keppel REIT Management Ltd	100	100	100	#	#	Singapore	Investment advisory and property fund management
Aintree Assets Ltd(3)	100	100	100	#	#	BVI	Investment holding
Keppel REIT Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel DC Investment Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
		31 December		31 December			
	2020	2020	2019	2020	2019		
	%	%	%	$'000	$'000		
Alpha Real Estate Securities Fund	99	99	99	#	#	Singapore	Investment holding
Associated Companies and Joint Ventures							
Keppel DC REIT	21	21	23	#	#	Singapore	Data centre facilities and colocation services
Keppel REIT	49	49	49	#	#	Singapore	Real estate investment trust
Keppel Pacific Oak US REIT(2)	8	7	7	#	#	Singapore	Real estate investment trust
CORPORATE & OTHERS							
Subsidiaries							
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding
Keppel Funds Investment Pte Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	594,922	594,922	Singapore	Investment holding
Total Subsidiaries				**8,403,253**	**8,403,253**		

Notes:

(i) All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:
(1a) Audited by overseas practice of PricewaterhouseCoopers LLP;
(2) Audited by other firms of auditors; and
(3) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies and joint ventures would not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated/acquired during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vii) Abbreviations:
British Virgin Islands (BVI) — United Arab Emirates (UAE)
Hong Kong (HK) — United States of America (USA)

(viii) The Company has 216 significant subsidiaries, associated companies and joint ventures as at 31 December 2020. Subsidiaries, associated companies and joint ventures are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

KEPPEL CORPORATION LIMITED
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

FOR THE HALF YEAR ENDED 30 JUNE 2021

CONTENTS

	Page
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT	1
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED BALANCE SHEETS	5
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	7
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	14
OTHER INFORMATION	
- AUDIT	37
- AUDITORS' REPORT	37
- REVIEW OF GROUP PERFORMANCE	37
- VARIANCE FROM FORECAST STATEMENT	38
- PROSPECTS	38
- DIVIDEND	42
- INTERESTED PERSON TRANSACTIONS	43
- CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)	44
CONFIRMATION BY THE BOARD	45

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the half year ended 30 June 2021

	Note	Half Year 30.06.2021 $'000	30.06.2020 $'000	+/- %	
Revenue	5	**3,677,180**	3,182,478	+15.5	
Materials and subcontract costs		**(2,638,709)**	(2,206,864)	+19.6	(i)
Staff costs		**(503,429)**	(583,801)	-13.8	(ii)
Depreciation and amortisation		**(196,611)**	(201,097)	-2.2	
Impairment loss on financial assets and contract assets	6	**(130,041)**	(634,524)	-79.5	
Other operating income/(expense) - net	6	**(20,369)**	294,387	n.m.f.	
Operating profit/(loss)		**188,021**	(149,421)	n.m.f.	
Investment income		**83,763**	12,384	>+500	(iii)
Interest income		**50,826**	105,126	-51.7	(iv)
Interest expenses		**(121,548)**	(156,846)	-22.5	(v)
Share of results of associated companies and joint ventures	2	**314,568**	(168,565)	n.m.f.	(vi)
Profit/(loss) before tax		**515,630**	(357,322)	n.m.f.	
Taxation		**(218,781)**	(178,810)	+22.4	(vii)
Profit/(loss) for the period		**296,849**	(536,132)	n.m.f.	
Attributable to:					
Shareholders of the Company		**299,796**	(537,131)	n.m.f.	
Non-controlling interests		**(2,947)**	999	n.m.f.	
		296,849	(536,132)	n.m.f.	
Earnings per ordinary share					(viii)
- basic		**16.5 cts**	(29.5) cts	n.m.f.	
- diluted		**16.4 cts**	(29.4) cts	n.m.f.	

n.m.f. - No Meaningful Figure

(i) Materials & subcontract costs increased for the half year ended 30 June 2021 in line with higher revenue from the Energy & Environment and Urban Development segments.

(ii) Staff costs decreased for the half year ended 30 June 2021 mainly due to lower manpower cost in the Energy & Environment segment.

(iii) Investment income for the half year ended 30 June 2021 was higher mainly due to higher distributions received from funds invested.

(iv) Lower interest income for the half year ended 30 June 2021 largely attributable to the Energy & Environment business mainly due to the suspension of interest income recognition from certain trade receivables.

(v) Lower interest expense was mainly attributable to lower average borrowings and lower weighted average interest rates on borrowings.

(vi) Share of profits of associated companies and joint ventures for the half year ended 30 June 2021, as compared to share of losses for the same period in 2020 mainly due to share of profits of associated companies in the Energy & Environment segment, including share of Floatel International Ltd's ("Floatel") restructuring gain, as well as higher share of profits from associated companies and joint ventures in the Urban Development and Asset Management segments. These were partly offset by lower share of impairment loss from Floatel as compared to the same period last year.

(vii) Taxation expenses for the half year ended 30 June 2021 were higher mainly due to higher taxable profits in the Urban Development business.

(viii) Earnings per ordinary share

	Half Year		
	30.6.2021	30.6.2020	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**16.5 cts**	(29.5) cts	n.m.f.
- Weighted average number of shares (excluding treasury shares) ('000)	**1,820,416**	1,819,159	+0.1
(ii) On a fully diluted basis	**16.4 cts**	(29.4) cts	n.m.f.
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,831,263**	1,828,872	+0.1

n.m.f. - No Meaningful Figure

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2021

	Half Year			
	30.06.2021 $'000	30.06.2020 $'000	+/- %	
Profit/(loss) for the period	**296,849**	(536,132)	n.m.f.	
Items that may be reclassified subsequently to profit & loss account:				
Cash flow hedges				
- Fair value changes arising during the period, net of tax	**165,650**	(216,595)	n.m.f.	(i)
- Realised and transferred to profit & loss account	**21,721**	46,173	-53.0	(ii)
Foreign exchange translation				
- Exchange differences arising during the period	**57,859**	45,854	+26.2	(iii)
- Realised and transferred to profit & loss account	**(473)**	10,604	n.m.f.	
Share of other comprehensive income of associated companies and joint ventures				
- Cash flow hedges	**18,413**	(17,369)	n.m.f.	
- Foreign exchange translation	**34,532**	60,685	-43.1	
	297,702	(70,648)	n.m.f.	
Items that will not be reclassified subsequently to profit & loss account:				
Financial assets, at FVOCI				
- Fair value changes arising during the period	**(55,348)**	(10,668)	+418.8	(iv)
Foreign exchange translation				
- Exchange differences arising during the period	**975**	2,466	-60.5	(iii)
Share of other comprehensive income of associated companies and joint ventures				
- Financial assets, at FVOCI	**424**	(396)	n.m.f.	
	(53,949)	(8,598)	>+500	
Other comprehensive income/(loss) for the period, net of tax	**243,753**	(79,246)	n.m.f.	
Total comprehensive income/(loss) for the period	**540,602**	(615,378)	n.m.f.	
Attributable to:				
Shareholders of the Company	**541,750**	(618,047)	n.m.f.	
Non-controlling interests	**(1,148)**	2,669	n.m.f.	
	540,602	(615,378)	n.m.f.	

n.m.f. - No Meaningful Figure

(i) Fair value differences were due mainly to the hedging differential on forward exchange contracts and fuel oil forward contracts.

(ii) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.

(iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for the half year ended 30 June 2021 and 30 June 2020 arose largely from the strengthening of foreign currencies, such as Renminbi against Singapore dollar.

(iv) Fair value changes were attributable to movements in prices of financial assets measured at fair value with fair value changes recognised in other comprehensive income.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
As at 30 June 2021

	Note	Group		Company	
		30.06.2021	31.12.2020	**30.06.2021**	31.12.2020
		$'000	$'000	**$'000**	$'000
Share capital	4	**1,305,668**	1,305,668	**1,305,668**	1,305,668
Treasury shares		**(4,747)**	(13,690)	**(4,747)**	(13,690)
Reserves		**9,830,170**	9,436,480	**8,635,905**	8,185,085
Share capital & reserves		**11,131,091**	10,728,458	**9,936,826**	9,477,063
Non-controlling interests		**397,949**	427,446	**–**	–
Total equity		**11,529,040**	11,155,904	**9,936,826**	9,477,063
Represented by:					
Fixed assets		**2,685,335**	2,715,753	**8,228**	5,764
Investment properties		**3,903,867**	3,674,075	**–**	–
Right-of-use assets		**600,478**	582,706	**17,077**	11,204
Subsidiaries		**–**	–	**7,962,538**	7,962,538
Associated companies and joint ventures	2	**6,159,109**	5,990,613	**–**	–
Investments		**1,186,202**	1,229,492	**22,817**	22,196
Deferred tax assets		**137,288**	159,427	**5,116**	5,096
Long term assets		**1,747,869**	1,756,399	**30,737**	39,828
Intangibles		**1,610,130**	1,608,824	**–**	–
		18,030,278	17,717,289	**8,046,513**	8,046,626
Current assets					
Stocks		**4,830,694**	4,959,427	**–**	–
Contract assets		**2,847,585**	2,657,231	**–**	–
Amounts due from:					
- subsidiaries		**–**	–	**9,541,863**	9,804,710
- associated companies and joint ventures		**597,359**	493,269	**94,764**	152
Debtors		**1,957,126**	2,531,075	**13,939**	12,273
Derivative assets		**240,137**	124,547	**82,483**	38,206
Short term investments		**70,790**	134,634	**–**	–
Bank balances, deposits & cash		**2,399,856**	2,479,715	**1,166**	574
		12,943,547	13,379,898	**9,734,215**	9,855,915
Assets classified as held for sale	12	**–**	1,008,692	**–**	–
		12,943,547	14,388,590	**9,734,215**	9,855,915
Current liabilities					
Creditors		**4,398,738**	4,603,677	**73,984**	63,808
Derivative liabilities		**34,530**	59,143	**20,936**	30,614
Contract liabilities		**1,201,683**	2,072,303	**–**	–
Provisions for warranties		**36,371**	39,449	**–**	–
Amounts due to:					
- subsidiaries		**–**	–	**221,653**	201,959
- associated companies and joint ventures		**437,885**	335,908	**443**	–
Term loans	3	**4,474,974**	4,432,602	**3,011,626**	3,406,552
Lease liabilities	3	**82,434**	69,377	**4,200**	4,198
Taxation		**378,149**	358,802	**42,551**	29,155
		11,044,764	11,971,261	**3,375,393**	3,736,286
Liabilities directly associated with assets classified as held for sale	12	**–**	115,220	**–**	–
		11,044,764	12,086,481	**3,375,393**	3,736,286
Net current assets		**1,898,783**	2,302,109	**6,358,822**	6,119,629
Non-current liabilities					
Term loans	3	**7,146,145**	7,606,594	**4,316,287**	4,529,017
Lease liabilities	3	**504,629**	494,527	**14,117**	7,725
Deferred tax liabilities		**458,664**	443,547	**–**	–
Other non-current liabilities		**290,583**	318,826	**138,105**	152,450
		8,400,021	8,863,494	**4,468,509**	4,689,192
Net assets		**11,529,040**	11,155,904	**9,936,826**	9,477,063
Group net debt		***9,808,326***	*10,123,385*	***n.a.***	*n.a.*
Group net gearing ratio		***0.85x***	*0.91x*	***n.a.***	*n.a.*

(i) Net asset value

	Group			Company		
	30.06.2021	31.12.2020	+/-%	**30.06.2021**	31.12.2020	+/-%
Net asset value per ordinary share *	**$6.12**	$5.90	+3.7	**$5.46**	$5.21	+4.8
Net tangible asset per ordinary share *	**$5.23**	$5.02	+4.2	**$5.46**	$5.21	+4.8

* Based on share capital of 1,819,589,447 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2020: 1,817,506,293 ordinary shares (excluding treasury shares)).

(ii) Balance sheet analysis

Group shareholder's funds increased by $0.40 billion to $11.13 billion at 30 June 2021. The increase was mainly attributable to retained profits, increase in fair value on cash flow hedges and foreign exchange translation gains for the half year ended 30 June 2021, partly offset by payment of final dividend of 7.0 cents per share in respect of financial year 2020 and fair value losses from investments held at fair value through other comprehensive income during the period.

Group total assets were $30.97 billion at 30 June 2021, $1.13 billion lower than the previous year end mainly due to completion of divestment for assets classified as held for sale. Non-current assets increased mainly due to fair value gains in investment properties and increase in investments in associated companies, partly offset by decrease in investments and fixed assets. Decrease in current assets was mainly due to decrease in debtors, partly offset by increase in contract assets and amounts due from associated companies and joint ventures.

Group total liabilities of $19.44 billion at 30 June 2021 were $1.51 billion lower than the previous year end. This was largely attributable to the decrease in contract liabilities and net repayment of term loans, partly offset by the increase in amounts due to associated companies and joint ventures.

Group net debt decreased by $0.31 billion to $9.81 billion at 30 June 2021 driven largely by proceeds from divestments. Total equity increased by $0.37 billion mainly due to increase in shareholders' funds as explained above. As a result, group net gearing ratio decreased from 91% at 31 December 2020 to 85% at 30 June 2021.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the half year ended 30 June 2021

Group	Share Capital $'000	Treasury Shares $'000	Capital Reserves* $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
	Attributable to owners of the Company							
2021								
As at 1 January	**1,305,668**	**(13,690)**	**175,731**	**9,703,452**	**(442,703)**	**10,728,458**	**427,446**	**11,155,904**
Total comprehensive income for first half								
Profit for first half	**–**	**–**	**–**	**299,796**	**–**	**299,796**	**(2,947)**	**296,849**
Other comprehensive income **	**–**	**–**	**150,036**	**–**	**91,918**	**241,954**	**1,799**	**243,753**
Total comprehensive income for first half	**–**	**–**	**150,036**	**299,796**	**91,918**	**541,750**	**(1,148)**	**540,602**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	**–**	**–**	**–**	**(127,402)**	**–**	**(127,402)**	**–**	**(127,402)**
Share-based payment	**–**	**–**	**13,643**	**–**	**–**	**13,643**	**–**	**13,643**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(10,362)**	**(10,362)**
Purchase of treasury shares	**–**	**(13,048)**	**–**	**–**	**–**	**(13,048)**	**–**	**(13,048)**
Treasury shares reissued pursuant to share plans	**–**	**21,991**	**(21,991)**	**–**	**–**	**–**	**–**	**–**
Transfer of statutory, capital and other reserves from revenue reserves	**–**	**–**	**(4,542)**	**4,542**	**–**	**–**	**–**	**–**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**1,295**	**1,295**
Contributions to defined benefits plans	**–**	**–**	**(388)**	**–**	**–**	**(388)**	**–**	**(388)**
Total contributions by and distributions to owners	**–**	**8,943**	**(13,278)**	**(122,860)**	**–**	**(127,195)**	**(9,067)**	**(136,262)**
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in a subsidiary	**–**	**–**	**(11,922)**	**–**	**–**	**(11,922)**	**(18,680)**	**(30,602)**
Disposal of interest in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(602)**	**(602)**
Total change in ownership interests in subsidiaries	**–**	**–**	**(11,922)**	**–**	**–**	**(11,922)**	**(19,282)**	**(31,204)**
Total transactions with owners	**–**	**8,943**	**(25,200)**	**(122,860)**	**–**	**(139,117)**	**(28,349)**	**(167,466)**
As at 30 June 2021	**1,305,668**	**(4,747)**	**300,567**	**9,880,388**	**(350,785)**	**11,131,091**	**397,949**	**11,529,040**

* Includes share option and share plans reserve, fair value reserve, hedging reserve, bonus issue by subsidiaries and other reserves
** Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

Group	Share Capital $'000	Treasury Shares $'000	Capital Reserves* $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
	Attributable to owners of the Company							
2020								
As at 1 January	1,291,722	(14,009)	126,099	10,470,627	(663,586)	11,210,853	435,178	11,646,031
Total comprehensive income for first half								
Loss for first half	–	–	–	(537,131)	–	(537,131)	999	(536,132)
Other comprehensive (loss)/income **	–	–	(198,059)	–	117,143	(80,916)	1,670	(79,246)
Total comprehensive (loss)/income for first half	–	–	(198,059)	(537,131)	117,143	(618,047)	2,669	(615,378)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(218,462)	–	(218,462)	–	(218,462)
Share-based payment	–	–	16,508	–	–	16,508	–	16,508
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(22,102)	(22,102)
Purchase of treasury shares	–	(5,365)	–	–	–	(5,365)	–	(5,365)
Treasury shares reissued pursuant to share plans and share option scheme	13,946	19,128	(33,074)	–	–	–	–	–
Transfer of statutory, capital and other reserves from revenue reserves	–	–	1,802	(1,802)	–	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	15,425	15,425
Contributions to defined benefits plans	–	–	(109)	–	–	(109)	(1)	(110)
Other adjustment	–	–	(1,599)	–	–	(1,599)	–	(1,599)
Total contributions by and distributions to owners	13,946	13,763	(16,472)	(220,264)	–	(209,027)	(6,678)	(215,705)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in a subsidiary	–	–	(3,019)	–	–	(3,019)	2,334	(685)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(952)	(952)
Total change in ownership interests in subsidiaries	–	–	(3,019)	–	–	(3,019)	1,382	(1,637)
Total transactions with owners	13,946	13,763	(19,491)	(220,264)	–	(212,046)	(5,296)	(217,342)
As at 30 June 2020	1,305,668	(246)	(91,451)	9,713,232	(546,443)	10,380,760	432,551	10,813,311

* Includes share option and share plans reserve, fair value reserve, hedging reserve, bonus issue by subsidiaries and other reserves
** Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

Company	Share Capital $'000	Treasury Shares $'000	Capital Reserves* $'000	Revenue Reserves $'000	Total $'000
2021					
As at 1 January 2021	**1,305,668**	**(13,690)**	**209,164**	**7,975,921**	**9,477,063**
Total comprehensive income for first half					
Profit for first half	**–**	**–**	**–**	**585,119**	**585,119**
Other comprehensive income	**–**	**–**	**1,451**	**–**	**1,451**
Total comprehensive income for first half	**–**	**–**	**1,451**	**585,119**	**586,570**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(127,402)**	**(127,402)**
Share-based payment	**–**	**–**	**13,643**	**–**	**13,643**
Purchase of treasury shares	**–**	**(13,048)**	**–**	**–**	**(13,048)**
Treasury shares reissued pursuant to share plans	**–**	**21,991**	**(21,991)**	**–**	**–**
Total transactions with owners	**–**	**8,943**	**(8,348)**	**(127,402)**	**(126,807)**
As at 30 June 2021	**1,305,668**	**(4,747)**	**202,267**	**8,433,638**	**9,936,826**
2020					
As at 1 January 2020	1,291,722	(14,009)	205,112	6,567,206	8,050,031
Total comprehensive income for first half					
Profit for first half	–	–	–	1,029,791	1,029,791
Other comprehensive loss	–	–	(1,472)	–	(1,472)
Total comprehensive (loss)/income for first half	–	–	(1,472)	1,029,791	1,028,319
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(218,462)	(218,462)
Share-based payment	–	–	16,508	–	16,508
Purchase of treasury shares	–	(5,365)	–	–	(5,365)
Treasury shares reissued pursuant to share plans and share option scheme	13,946	19,128	(33,074)	–	–
Total transactions with owners	13,946	13,763	(16,566)	(218,462)	(207,319)
As at 30 June 2020	1,305,668	(246)	187,074	7,378,535	8,871,031

* Includes share option and share plans reserve, fair value reserve, hedging reserve and other reserves

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2021

	Note	Half Year 30.06.2021 $'000	30.06.2020 $'000
OPERATING ACTIVITIES			
Operating profit		**188,021**	(149,421)
Adjustments:			
Depreciation and amortisation		**196,611**	201,097
Share-based payment expenses		**16,036**	18,212
Gain on sale of fixed assets		**(785)**	(63)
Gain on disposal of subsidiaries		**(14,155)**	(40,086)
Gain on disposal of associated companies		**(99,638)**	–
Gain from sale of units in associated companies		**–**	(48,275)
Impairment/write-off of fixed assets		**36,897**	–
Impairment of associated companies		**35,082**	17,543
Fair value gain on investment properties		**(117,330)**	(173,643)
Loss from change in interest in associated companies		**12,015**	761
Gain from reclassification of an associated company to fair value through other comprehensive income investment		**–**	(130,547)
Unrealised foreign exchange differences		**(40,063)**	58,518
Operational cash flow before changes in working capital		**212,691**	(245,904)
Working capital changes:			
Stocks		**142,251**	(295,872)
Contract assets		**(180,376)**	704,057
Debtors		**597,283**	(365,647)
Creditors		**(89,493)**	(13,122)
Contract liabilities		**(866,409)**	77,834
Investments		**54,234**	(74,420)
Amount due to/from associated companies and joint ventures		**56,418**	(16,680)
		(73,401)	(229,754)
Interest received		**46,037**	79,965
Interest paid		**(121,664)**	(156,842)
Income taxes paid, net of refunds received		**(184,317)**	(72,383)
Net cash used in operating activities		**(333,345)**	(379,014)
INVESTING ACTIVITIES			
Acquisition and further investment in associated companies and joint ventures		**(89,645)**	(374,638)
Acquisition of fixed assets and investment properties		**(215,951)**	(237,810)
Disposal of subsidiaries	A	**730,575**	88,305
Proceeds from disposal of fixed assets		**1,538**	2,914
Proceeds from disposal of associated companies and joint venture and return of capital		**130,653**	101,164
Repayment from/(advances to) associated companies and joint ventures		**65,814**	25,389
Dividends received from investments, associated companies and joint ventures		**209,726**	109,488
Net cash from/(used in) investing activities		**832,710**	(285,188)

		Half Year	
		30.06.2021	30.06.2020
		$'000	$'000
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		**(15,316)**	(450)
Proceeds from non-controlling shareholders of subsidiaries		**–**	336
Proceeds from term loans		**1,438,370**	2,016,154
Repayment of term loans		**(1,819,232)**	(440,401)
Principal element of lease payments		**(31,586)**	(25,476)
Purchase of treasury shares		**(13,048)**	(5,365)
Dividend paid to shareholders of the Company		**(127,402)**	(218,462)
Dividend paid to non-controlling shareholders of subsidiaries		**(10,362)**	(22,102)
Net cash (used in)/from financing activities		**(578,576)**	1,304,234
Net (decrease)/increase in cash and cash equivalents		**(79,211)**	640,032
Cash and cash equivalents as at beginning of period		**2,408,473**	1,777,244
Effects of exchange rate changes on the balance of cash held in foreign currencies		**17**	4,847
Cash and cash equivalents as at end of period	B	**2,329,279**	2,422,123

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

A. Disposal of Subsidiaries

During the financial period, the book values of net assets of subsidiaries disposed were as follows:

	Half Year	
	30.06.2021	30.06.2020
	$'000	$'000
Fixed assets and investment properties	**–**	(20)
Stocks	**–**	(89,407)
Debtors and other assets	**(1,422)**	(9,005)
Associated companies	**–**	(158,670)
Bank balances and cash	**–**	(3,616)
Assets classified as held for sale*	**(875,971)**	–
Creditors and other liabilities	**–**	207,843
Liabilities directly associated with assets classified as held for sale*	**156,412**	–
Non-controlling interests deconsolidated	**(7)**	952
Net assets disposed of	**(720,988)**	(51,923)
Net gain on disposal	**(14,155)**	(40,086)
Realisation of foreign currency translation reserve	**1,021**	88
Sale proceeds	**(734,122)**	(91,921)
Less: Bank balances and cash disposed	**3,547**	3,616
Cash inflow on disposal	**(730,575)**	(88,305)

* Breakdown of assets classified as held for sale and liabilities directly associated with assets classified as held for sale disposed during the half year ended 30 June 2021:

	Half Year
	30.06.2021
	$'000
Assets classified as held for sale	
Fixed assets	(53,358)
Investment properties	(648,430)
Right-of-use assets	(153,602)
Associated companies	(9,399)
Debtors	(7,635)
Bank balances, deposits & cash	(3,547)
	(875,971)
Liabilities directly associated with assets classified as held for sale	
Creditors	56,063
Term loans	91,327
Current and deferred taxation	9,022
	156,412

During the six months, disposal relates to Keppel Bay Tower Pte. Ltd., First King Properties Limited, and Waterfront Investment Pte Ltd.

Disposal during the prior year relates to the First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, and Jiangyin Evergro Properties Co., Ltd (“JEP”). First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation, while JEP owns a residential and commercial mixed-use sited located in Jiangyin, China.

B. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the condensed consolidated statement of cash flows comprise the following balance sheet amounts:

	30.06.2021	30.06.2020
	$'000	$'000
Bank balances, deposits and cash	**2,399,856**	2,426,429
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(70,577)**	(4,306)
	2,329,279	2,422,123

C. Cash flow analysis

Half year ended 30 June 2021

Net cash used in operating activities was $333 million as compared to $379 million in the same period last year mainly due to lower working capital requirements for Energy & Environment and Urban Development. The working capital changes were lower by $244 million as compared to the first half of 2020. The changes exclude the effects of provisions made for stocks, contract assets and doubtful debts amounting to $130 million during the first half of 2021 and $676 million during the first half of 2020.

Net cash from investing activities was $832 million. Divestments and dividend income of $1,072 million and receipts from associated companies and joint ventures of $66 million was partly offset by acquisitions and capital expenditure of $306 million. The acquisitions and capital expenditure comprised investments in associated companies and joint ventures as well as acquisitions of fixed assets and investment properties.

Net cash used in financing activities was $579 million. This was mainly attributable to the net repayment of term loans of $381 million and dividend of $138 million paid to shareholders of the Company and non-controlling shareholders of subsidiaries during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

This condensed consolidated interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 *Interim Financial Reporting* (SFRS(I) 1-34). This condensed consolidated interim financial statements do not include all the disclosures included in the Group's financial report. Accordingly, this report should be read in conjunction with the Group's Annual Report for the financial year ended 31 December 2020 and any public announcements made by Keppel Corporation Limited during the interim reporting period.

1.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2020, except for the adoption of new and revised standards effective as of 1 January 2021.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: *Interest Rate Benchmark Reform - Phase 2*
- Amendment to SFRS(I) 16 *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated interim financial statements of the Group.

1.3 Critical Accounting Judgments and Estimates

(a) Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, there is no instance of application of judgments with significant updates since the audited financial statements as at 31 December 2020 and is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are as follows:

(i) <u>Coronavirus Disease 2019 ("COVID-19") and volatility in oil prices</u>

The evolving situation of the outbreak of the COVID-19 and volatility in oil prices could impact the assessment of the carrying amounts of the Group's assets and liabilities. In the assessment for the current period, management has carried out a review to assess the assumptions used in the assessment of the carrying values of certain assets of the Group. Management has exercised judgment in determining the significant assumptions used and has relied on information currently available in the assessment of the appropriateness of the carrying values of the Group's assets as at 30 June 2021.

Should the COVID-19 situation take a longer than expected period to recover and/or the recovery of the long term oil prices, dayrates or utilisation rates take a longer period or to a lower level than expected, the assessment of the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial years.

(ii) Recoverability of contract asset and receivable balances in relation to offshore & marine construction contracts

Contracts with Sete Brasil ("Sete")

The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd ("Magni") to purchase four Sete subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets.

On 31 May 2021, the Group entered into a Supplemental Agreement to the Settlement Agreement which essentially terminates the Engineering, Procurement and Construction ("EPC") contracts and related agreements entered into in relation to these four uncompleted rigs, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group had obtained full title to the uncompleted rigs, albeit two of which are still encumbered. Sete is to procure the release of the mortgage on the two encumbered rigs placed with the ship registry within 120 days after execution of the Supplemental Agreement. As a result of the termination, receivable balances of $638,932,000 relating to these four uncompleted rigs was reversed, giving rise to a net asset of $183,316,000 presented within contract assets. Upon release of all encumbrances and settlement with relevant vendors, these assets will be reclassed to inventory. Negotiations are in progress to close out purchase contracts with the Group's vendors.

As disclosed in the audited financial statements for the year ended 31 December 2020, the Group continues to be in active discussion with relevant stakeholders as Sete negotiates with Petrobras. Should the conclusion of the negotiation result in significant changes to the key assumptions as disclosed in the audited financial statements as at 31 December 2020, additional material provision may be required, including adjustments to the net carrying amounts (net of total cumulative losses as described above) relating to the Sete contracts amounting to $113,645,000 as at 30 June 2021 (31 December 2020: $113,645,000).

Other contracts

As at 30 June 2021, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks. In the event that the customers are unable to fulfil their contractual obligations, the Group can exercise the right to retain payments received to date and retain title to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements, amounting to $840,114,000 as at 30 June 2021 (31 December 2020: $848,117,000) of which $765,266,000 (31 December 2020: $772,443,000) is secured on the rigs and $74,848,000 (31 December 2020: $75,674,000) is unsecured but the Group has obtained parental guarantee from the customers.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates. Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects and of rigs delivered on financing arrangements to determine if a provision for expected loss is necessary.

The global economic environment has been and continues to be significantly affected by COVID-19 and the oil and gas industry, in particular, has experienced an unprecedented and very difficult period as a result of lower expected demands. The Group remains cognizant of these developments and have been closely monitoring the market and industry developments relating to utilisation rates, dayrates, oil price outlook and other relevant information.

For the above contract assets and secured trade receivables, in the event that the customers are unable to fulfil their contractual obligations, management has considered the most likely outcome for the rigs delivered or under construction is for the Group to take possession of the asset and charter it out to work with an operator. The value of the rig on this basis would be based on an estimation of the Value-in-use ("VIU") of the rig, i.e. through estimating the net present value of cash flows from operating the rig over the useful life of the asset.

Management has performed an assessment on whether the VIU of the rigs would exceed the carrying values of contract assets and trade receivables as at 30 June 2021. The VIU model used is consistent with prior years and is based on Discounted Cash Flow calculations that cover each class of rig. Management has obtained a confirmation from the same industry expert, who had independently provided a view of the market outlook, the assumptions and parameters used in the estimation of VIU as at the end of the last financial year, that such assumptions and parameters have not materially changed and remain valid as at 30 June 2021. Key inputs into the estimation of the VIU include dayrates and cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the rigs would decrease if the expected income from operating the rigs decline, or discount rates were higher, or the estimated commencement of deployment were delayed.

Arising from the assessment, the Group found the VIU of the rigs exceed the carrying values of contract assets and trade receivables as at 30 June 2021 and did not recognise further expected credit loss allowance on contract assets and long term receivables during the half year ended 30 June 2021. The Group had recognised expected credit loss allowances of $430,842,000 and $169,611,000 on contract assets and long term receivables respectively for the financial year ended 31 December 2020.

	Contract assets	Financing to customers: Secured	Financing to customers: Unsecured	Total
	$'000	$'000	$'000	$'000
As at 30 June 2021				
Gross balance	3,119,925	863,346	137,082	4,120,353
Less: Expected credit loss				
Balance, 1 January	432,541	99,162	62,921	594,624
Currency alignment	-	(1,082)	(687)	(1,769)
Balance, 30 June	432,541	98,080	62,234	592,855
Net balance	2,687,384	765,266	74,848	3,527,498
As at 31 December 2020				
Gross balance	2,933,715	871,605	138,595	3,943,915
Less: Expected credit loss				
Balance, 1 January	21,000	-	-	21,000
Currency alignment	-	(4,634)	(2,894)	(7,528)
Impairment charged	430,842	103,796	65,815	600,453
Reclassification	(19,301)	-	-	(19,301)
Balance, 31 December	432,541	99,162	62,921	594,624
Net balance	2,501,174	772,443	75,674	3,349,291

The valuations of the rigs based on estimated VIU are most sensitive to discount rates and dayrates.

- A discount rate of 7.37% has been used in the valuation as at 30 June 2021 (At 31 December 2020: 7.0%). An increase of 1% of the discount rate would increase the expected credit loss by approximately $35,400,000 (31 December 2020: $7,000,000).
- A decrease in dayrates of US$5,000 per day across the entire asset useful life of 25 years would increase the expected credit loss by approximately $15,300,000 (31 December 2020: $Nil).

(iii) Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in the profit and loss account, determined annually by independent professional valuers on the highest and best use basis except for significant investment properties which are revalued on a half-yearly basis.

For the purpose of this condensed consolidated interim financial statements for the half year ended 30 June 2021, valuations were obtained from the valuers for certain significant investment properties, and the resultant fair value changes were recognised in the profit and loss account.

In determining the fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, price of comparable plots and properties, net initial yield and discount rate. The valuation reports obtained from independent valuers for certain properties have highlighted the uncertainty of the COVID-19 outbreak and material valuation uncertainty where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.

In relying on the valuation reports, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions.

(iv) Estimating net realisable value of stocks

The net realisable value of stocks represent the estimated selling price for these stocks less all estimated cost of completion and costs necessary to make the sale.

As at 30 June 2021, stocks under work-in-progress amounted to $1,141,155,000. The assessment of the carrying value of these stocks were performed in conjunction with the recoverability assessment of contract assets based on a VIU approach as described above in Note 1.3(b)(ii).

Based on the results of the assessment, the Group did not recognise further impairment on stocks under work-in-progress during the half year ended 30 June 2021 (2020: $41,508,000 and $50,000,000 in years prior to 2020).

The valuation of these stocks under work-in-progress based on estimated VIU are most sensitive to discount rates and dayrates.

- An increase of 1% of the discount rate would result in an impairment of approximately $168,200,000 (31 December 2020: $158,000,000).
- A decrease in dayrates of US$5,000 per day across the entire asset life of 25 years would result in an impairment of approximately $41,000,000 (31 December 2020: $21,000,000).

For properties held for sale, there were no significant updates to the estimates and assumptions applied since the audited financial statements as at 31 December 2020.

(v) Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units ("CGU"s). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. Management performed impairment tests on fixed assets, investments in subsidiaries, investments in associated companies and joint ventures, and intangibles as at 30 June 2021.

Management has performed the impairment assessment of its investments and related exposures in KrisEnergy Limited ("KrisEnergy"). Refer to Note 2 for more details on the impairment assessment of Group's investments in KrisEnergy.

(vi) Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

There were no instance of significant claims, litigations and reviews or significant updates since the audited financial statements as at 31 December 2020, except for the following:

Arbitration in relation to two Floating Production Storage and Offloading Units

Two of Keppel Offshore and Marine Limited's wholly-owned subsidiaries ("KOM subsidiaries") have received a request for arbitration from the customer ("Claimant") to two engineering, procurement and construction contracts relating to Floating Production Storage and Offloading units ("EPC Contracts"). The Claimant has withheld a total of approximately US$11.3 million due to the KOM subsidiaries and has claimed a further amount of approximately US$31.2 million on the basis that the Claimant is allegedly entitled to a price reduction under the EPC contracts (the "Claim").

The KOM subsidiaries, in consultation with legal advisors, deny the Claimant's alleged right to such price reductions and vehemently challenge the Claimant's right to withhold payments due to the KOM subsidiaries and its supposed right to claim such price reductions. The KOM subsidiaries intend to vigorously defend the claim and in addition, seek remedies, including counterclaims for the sums unduly withheld by the Claimant.

Based on currently available information, including opinion from the legal advisors, no provision was made in respect of the Claim as at 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

2. ASSOCIATED COMPANIES AND JOINT VENTURES

	30.06.2021 $'000
At 1 January	5,990,613
Share of profits for the period	314,568
Dividends received	(125,963)
Share of reserves	53,369
Provision for impairment on notes issued by an associated company	(35,082)
Additions	125,010
Advances to associated companies and joint ventures	12,954
Disposals	(10,161)
Loss from change in interest in associated companies	(12,015)
Reclassification from/(to)	
- Investments	(2,448)
- Amount due from associates	(136,004)
Others	(15,732)
At 30 June	6,159,109

Movements in the provision for impairment of associated companies and joint ventures are as follows:

	30.06.2021 $'000
At 1 January	152,509
Exchange differences	(674)
At 30 June	151,835

The carrying amount of the Group's material associated companies, all of which are equity accounted for, are as follows:

		30.06.2021 $'000	31.12.2020 $'000
Keppel REIT		1,918,561	1,898,249
KrisEnergy Limited	(a)	–	35,084
Keppel DC REIT		425,862	420,124
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited		663,411	636,366
Floatel International Limited	(b)	270,259	95,668
Other associated companies and joint ventures		2,881,016	2,905,122
		6,159,109	5,990,613

(a) Investments in KrisEnergy Limited and related exposures

	30.06.2021 **$'000**	31.12.2020 $'000
Equity interest	**–**	–
Zero-coupon notes	**–**	35,084
Total carrying amount of investment	**–**	35,084
Trade receivable for production barge[1]	**6,000**	–
Loan receivable under CBA loan facility	**5,300**	77,193
Loan receivable under the revolving credit facility ("RCF")[2]	**94,738**	–
Contract assets[1]	**–**	29,225
Total carrying amount of other related exposures	**106,038**	106,418
Other related off balance sheet exposure:		
Guarantee [2]	**–**	247,340

[1] In relation to a construction contract for a production barge for KrisEnergy. The exposure was reclassified from contract assets to receivable in June 2021 as a result of the Group exercising its rights to the production barge.
[2] In relation to a bilateral agreement between the Group and a bank, on the bank loan granted to KrisEnergy. KrisEnergy defaulted on the repayment of the RCF on 30 June 2021, on which the Group had made payment to the bank and recorded a loan receivable (net of impairment provision) from KrisEnergy.

KrisEnergy, whose securities had been suspended from trading from the Singapore Exchange in August 2019, published its final restructuring proposal on 21 August 2020 where it was to be implemented via the four inter-conditional processes that require the consent of the requisite majority of each respective group of creditors and shareholders. A scheme of arrangement ("Scheme") setting out details of the restructuring terms was approved by the Scheme creditors on 14 January 2021. On 11 February 2021, the Zero Coupon Noteholders approved the amendment of the terms of zero-coupon notes. The restructuring was pending final approval from the shareholders of KrisEnergy.

However, KrisEnergy announced on 20 April 2021 and 28 April 2021 that, following further assessments, including that of its independent third party consultant Netherland, Sewell & Associates, Inc.: a) due to the significant underperformance of Cambodia Block A ("CBA"), the consensual restructuring was no longer viable; and b) even if the restructuring exercise was completed, there remained material uncertainty over KrisEnergy's ability to continue as a going concern. On 4 June 2021, KrisEnergy further announced that it had filed a winding-up petition with the Grand Court of Cayman Islands. On 13 July 2021, KrisEnergy announced that the Court had granted the winding-up petition.

The Group has a comprehensive first ranking security package over the assets of the KrisEnergy group through the RCF and CBA Loan Facility. In view of KrisEnergy's filing of a winding-up petition, the Group is implementing detailed recovery plans developed in consultation with its financial adviser, Borrelli Walsh, and legal adviser to preserve KrisEnergy's assets and to maximise recoveries for the Group. Amongst other things, the Group has appointed Borrelli Walsh as receiver over the assets of a number of members of the KrisEnergy group under the security package.

Management reviewed the cash flow projections prepared by Borrelli Walsh, based on the estimated amount of cash available from producing assets and expected proceeds from assets to be sold, taking into account the rights to these cash flows from the secured assets on a receivership basis. The cash flow estimates from producing assets were based on forecasted production volumes and oil prices, determined by taking reference from external information sources, ranging from US$57 to US$67 per barrel for 2021 to 2033 (December 2020: US$50 to US$62 from 2021 to 2029). The estimated recoverable amount for assets to be sold are based on the indicative bids received from external parties. The estimated production volumes, expected proceeds from assets to be sold and discount rates used in assessing recoverable amounts are subject to risk and uncertainty.

Based on the assessment, a loss of $318 million was recorded for the half year ended 30 June 2021, comprising a loss on financial guarantee in relation to the bilateral agreement with the bank of $157.5 million, expected credit loss of $125.4 million on the receivables for production barge and CBA loan facility and the full impairment of the Group's investment in the zero-coupon notes of $35.1 million. In the financial year ended 31 December 2020, management had performed an assessment which had taken into consideration the terms of restructuring and with KrisEnergy continuing as a going concern, and recognised an impairment charge of $39.2 million on the investment in zero-coupon notes.

If the oil prices were to decrease by 5% across the forecasted period of 2021 to 2033, the estimated cash available from producing assets and forecasted production from assets under development would decrease, and this would result in an additional impairment of $2.4 million (December 2020: 2% decrease, impairment of $34.4 million).

(b) Investments in Floatel International Limited ("Floatel")

	30.06.2021 $'000	31.12.2020 $'000
Equity interest	**270,259**	–
Loan receivable	**–**	95,668
Total carrying amount	**270,259**	95,668
Other related exposures:		
Guarantee [1]	**132,240**	–

[1] In relation to a bilateral agreement between the Group and a financial institution, on the US$100 million revolving credit facility granted to Floatel.

On 24 March 2021, Floatel successfully completed its debt restructuring where Floatel retained its existing fleet of 5 operating vessels, substantially reduced its debt by approximately US$610 million and secured a new super senior US$100 million Revolving Credit Facility ("RCF") from a financial institution. Keppel Offshore & Marine Ltd ("KOM"), a wholly owned subsidiary of the Company, entered into a participation agreement with this financier that would require KOM to make whole for any loss the financier suffers under this RCF.

Following the restructuring, KOM retains its common share of 49.92% in Floatel but forgave the loan receivable from Floatel amounting to approximately US$244 million. The Group continues to equity account for Floatel's results and during the half year ended 30 June 2021, the Group equity accounted for Floatel's profits amounting to approximately $177 million. This comprised approximately $269 million from debt restructuring gain less $54 million loss from vessel impairment and $38 million year to date losses from operations.

The significantly improved capital structure post debt restructuring has provided a runway for Floatel to recover and emerge financially stronger. An independent advisor engaged by management assessed that Floatel's equity value post debt restructuring in April 2021 was above the Group's carrying value of its investment in Floatel. Since completion of the restructuring, Floatel had also successfully won multiple charter contracts and extension option for its vessels. Accordingly, no further impairment loss was recognised on the Group's investment in Floatel in the half year ended 30 June 2021.

3. TERM LOANS

Group's borrowings and debt securities

(i) Amount repayable in one year or less, or on demand

As at 30.06.2021		As at 31.12.2020	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
188,877	**4,368,531**	179,862	4,322,117

(ii) Amount repayable after one year

As at 30.06.2021		As at 31.12.2020	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
1,159,468	**6,491,306**	1,090,742	7,010,379

(iii) Details of any collateral and securities

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,322,400,000 (31 December 2020: $2,220,363,000) to banks for loan facilities. Included in secured borrowings as at 30 June 2021 are current lease liabilities of $82,434,000 and non-current lease liabilities of $504,629,000 which are secured over the right-of-use assets of $600,478,000.

(iv) On 28 May 2021, Keppel Land Limited, a wholly-owned subsidiary of the Company, issued unsecured fixed rate notes of S$280,000,000 due in 2026 at a coupon of 2% per annum.

(v) The fair values of term loans for the Group are $11,582,732,000 (31 December 2020: $12,014,024,000).

4. SHARE CAPITAL

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2021	1,820,557,767	3,051,474
Treasury shares transferred pursuant to share plans	–	(4,643,154)
Treasury shares purchased	–	2,560,000
As at 30 June 2021	**1,820,557,767**	**968,320**

Treasury shares

During the six months ended 30 June 2021, the Company transferred 4,643,154 (30 June 2020: 2,779,124) treasury shares to employees upon vesting of shares released under the KCL Share Plans. There was 2,560,000 treasury shares purchased (30 June 2020: 805,124) during the period. As at 30 June 2021, the number of treasury shares held by the Company represented 0.05% (30 June 2020: 0.0%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the six months ended 30 June 2021.

KCL Performance Share Plan (“KCL PSP”)

As at 30 June 2021, the number of contingent shares granted but not released were 5,661,880 (30 June 2020: 4,400,000) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 8,492,820 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)

As at 30 June 2021, the number of contingent shares granted but not released were 6,367,819 (30 June 2020: 6,622,171) for KCL PSP-TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 9,551,729 under KCL PSP-TIP.

KCL Performance Share Plan – M1 Transformation Incentive Plan (“KCL PSP-M1 TIP”)

As at 30 June 2021, the number of contingent shares granted but not released were 423,500 (30 June 2020: 423,500) for KCL PSP-M1 TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 635,250 under KCL PSP-M1 TIP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

KCL Restricted Share Plan ("KCL RSP")
There are no contingent shares granted but not released as at 30 June 2021 and 30 June 2020.

As at 30 June 2021, there were no awards released but not vested (30 June 2020: 24,041) for KCL RSP.

KCL Restricted Share Plan – Deferred Shares ("KCL RSP-Deferred Shares")
There are no contingent shares granted but not released as at 30 June 2021 and 30 June 2020.

As at 30 June 2021, the number of awards released but not vested was 5,029,317 (30 June 2020: 4,825,499) for KCL RSP-Deferred Shares.

The movements in the number of shares under KCL PSP, KCL PSP-TIP, KCL PSP-M1 TIP, KCL RSP and KCL RSP-Deferred shares are as follows:

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.21	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.06.21
KCL PSP						
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	1,585,000	–	–	–	(42,153)	1,542,847
31.3.2020	1,535,000	–	–	–	(85,967)	1,449,033
30.4.2021	–	1,490,000	–	–	–	1,490,000
	4,300,000	1,490,000	–	–	(128,120)	5,661,880
KCL PSP-TIP						
29.4.2016	3,466,770	–	–	–	(112,153)	3,354,617
28.4.2017	1,875,401	–	–	–	(42,199)	1,833,202
28.2.2020	1,180,000	–	–	–	–	1,180,000
	6,522,171	–	–	–	(154,352)	6,367,819
KCL PSP-M1 TIP						
17.2.2020	127,900	–	–	–	–	127,900
17.2.2020	295,600	–	–	–	–	295,600
	423,500	–	–	–	–	423,500

Awards:

	Number of shares					
Date of Grant	At 1.1.21	Awards granted	Adjustment upon release	Released	Cancelled	At 30.06.21
KCL RSP-Deferred shares						
15.2.2021	–	5,096,700	(7,625)	(5,089,075)	–	–
	–	5,096,700	(7,625)	(5,089,075)	–	–

Awards released but not vested:

	Number of shares					
Date of Grant	At 1.1.21	Released	Vested	Cancelled	Other adjustments	At 30.06.21
KCL RSP-Deferred shares						
15.2.2019	1,157,727	–	(1,139,966)	(17,761)	–	–
18.4.2019	101,731	–	(100,160)	(1,437)	(134)	–
17.2.2020	3,409,612	–	(1,705,202)	(55,570)	(2,881)	1,645,959
15.2.2021	–	5,089,075	(1,697,826)	(7,891)	–	3,383,358
	4,669,070	5,089,075	(4,643,154)	(82,659)	(3,015)	5,029,317

5. REVENUE

	Half Year	
	30.06.2021	30.06.2020
	$'000	$'000
Revenue from contracts with customers		
Revenue from construction contracts	**916,671**	887,365
Sale of property	**865,479**	462,635
Sale of goods	**173,534**	176,558
Sale of electricity, utilities and gases	**1,064,526**	922,354
Revenue from telecommunication services	**343,115**	358,878
Revenue from other services rendered	**276,842**	328,047
	3,640,167	3,135,837
Other sources of revenue		
Rental income from investment properties	**37,013**	45,379
Others	**–**	1,262
	3,677,180	3,182,478

6. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting) the following:

	Half Year			
	30.06.2021	30.06.2020	+/-	
	$'000	$'000	%	
Share-based payment expenses	**16,036**	18,212	-11.9	
Profit on sale of fixed assets	**(785)**	(63)	>+500	(i)
Provision/(write-back of provision)				
- Stocks	**(129)**	41,657	n.m.f.	(ii)
- Contract assets	**23,225**	430,842	-94.6	(iii)
- Doubtful debts	**106,794**	203,682	-47.6	(iv)
Fair value (gain)/loss				
- Investments	**(20,144)**	57,577	n.m.f.	(v)
- Forward contracts	**(2,805)**	(24,823)	-88.7	(vi)
- Financial derivatives	**(869)**	712	n.m.f.	
Foreign exchange (gain)/loss	**(6,553)**	33	n.m.f.	(vii)
Government grant income	**(25,346)**	(95,236)	-73.4	(viii)
Impairment of associated companies	**35,082**	17,543	+100	(ix)
Impairment/write-off of fixed assets	**36,897**	–	n.m.f.	(x)
Gain on disposal of subsidiaries	**(14,155)**	(40,086)	-64.7	(xi)
Gain on disposal of associated companies and joint ventures	**(99,638)**	–	n.m.f.	(xii)
Gain from sale of units in associated companies	**–**	(48,275)	n.m.f.	(xiii)
Fair value gain on investment properties	**(117,330)**	(173,643)	-32.4	(xiv)
Loss from change in interest in associated companies	**12,015**	761	>+500	(xv)
Gain from reclassification of an associated company to fair value through other comprehensive income	**–**	(130,547)	n.m.f.	(xvi)
Loss on a financial guarantee on a loan granted to an associated company	**157,490**	–	n.m.f.	(xvii)

n.m.f. - No Meaningful Figure

(i) Profit on sale of fixed assets for the half year ended 30 June 2021 was largely attributable to disposal of fixed assets in the Energy & Environment business. Profit on sale of fixed assets in the prior period was largely attributable to disposal of assets in the Connectivity business.

(ii) Write-back of provision for stocks for the half year ended 30 June 2021 mainly due to overprovision of stocks in the Energy & Environment business in the prior year. The provision for stocks in the prior period arose mainly from the Energy & Environment business due to the lower net realisable value for certain stocks under work-in-progress.

(iii) The provision for contract assets for the half year ended 30 June 2021 is attributable to the Energy & Environment business mainly due to impairment of contract assets in relation to the construction contract for a production barge for KrisEnergy. The provision for contract assets in the prior period arose mainly from several rigs that were under construction for Energy & Environment segment's customers who had requested for deferral of delivery dates of the rigs in prior years.

(iv) The provision for doubtful debts for the half year ended 30 June 2021 is largely attributable to the Energy & Environment segment mainly due to impairment of loan receivable from KrisEnergy. The provision for doubtful debts in the prior period arose mainly from the Energy & Environment segment which had delivered rigs to customers where receipts of the construction revenue have been deferred under certain financing arrangements, as well as the expected credit loss for a receivable in the Urban Development segment.

(v) Fair value gain (mark-to-market) on investment portfolio for the half year ended 30 June 2021 were due to increase in prices of listed stocks and higher valuations of unquoted investments.

(vi) Fair value gain on forward contracts for the half year ended 30 June 2021 arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate.

(vii) Foreign exchange gain for the half year ended 30 June 2021 was mainly attributable to the revaluation of United States dollar loans, with the United States dollar having depreciated against the Singapore dollar.

(viii) Government grant income of $15,353,000 (half year ended 30 June 2020: $65,543,000) was recognised during the half year ended 30 June 2021 under the Jobs Support Scheme (“JSS”). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees

(ix) Impairment of an associated company for the half year ended 30 June 2021 was attributable to the Energy & Environment segment due to the impairment of KrisEnergy zero-coupon notes. The impairment of associated companies in the prior period was mainly attributable to the Energy & Environment and Connectivity segments.

(x) Impairment of fixed assets for the half year ended 30 June 2021 was attributable to the Urban Development business.

(xi) Gain on disposal of subsidiaries arose from the divestment of Keppel Bay Tower Pte. Ltd., First King Properties Limited, and Waterfront Investment Pte Ltd. In the prior period, gain on disposal of subsidiaries arose from the sale of First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, and Jiangyin Evergro Properties Co., Ltd (“JEP”). First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation, while JEP owns a residential and commercial mixed-use sited located in Jiangyin, China.

(xii) Gain on disposal of associated companies and joint ventures arose from the sale of Chengdu Hilltop Development Co Ltd, Dong Nai Waterfront City LLC, ARIP Public Company Limited, and gain from divestment of interest in Keppel Logistics (Foshan) following agreement reached with local authorities on Lanshi port closure compensation

(xiii) In the prior period, gain from sale of units in associated companies relates to sale of units in Keppel REIT and Keppel DC REIT units.

(xiv) Fair value gain on investment properties arose from the Group’s mid-year revaluation of significant investment properties. The higher fair value gain on investment properties for the current period was underpinned by the Group’s commercial portfolio comprising mainly office assets in China and Singapore.

(xv) Loss from change in interest in associated companies was mainly due to change in interest in Keppel REIT for both current and prior periods.

(xvi) In the prior period, gain from reclassification of an associated company to an investment carried at fair value through other comprehensive income arose from the loss of significant influence over the Group's former associated company, Keppel Infrastructure Trust.

(xvii) Loss on a financial guarantee on a loan granted to an associated company was in relation to the revolving credit facility ("RCF") loan extended by the bank to KrisEnergy, which was assumed by the Group on 30 June 2021. Refer to Note 2(a) for more details on impairments recognised in respect of exposure to KrisEnergy.

7. SIGNIFICANT COMMITMENTS

Significant capital commitments

	Half Year 30.06.2021 $'000
Additional significant capital expenditure/commitments entered into during the first half ended 30 June 2021 that are not provided for in the financial statements:	
In respect of contracts placed:	
- for purchase and construction of investment properties	**290,500**
- for purchase of other fixed assets	**219,600**
- for commitments to private funds	**29,341**
	539,441

8. SIGNIFICANT CONTINGENT LIABILITIES AND GUARANTEES

Additional significant contingent liabilities and guarantees arising from transactions during the period ended 30 June 2021 are as follows:

	Half Year 30.06.2021 $'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	**186,452**
Bank guarantees	**11,271**
	197,723

See Note 1.3(b)(vi) for further disclosures relating to the Group's claims and litigations.

Included in the above guarantees is a bilateral agreement between the Group and a financial institution which guaranteed a revolving credit facility granted to Floatel International Limited, an associated company, amounting to $115,485,000 (31 December 2020: $Nil). The guarantee is secured on the assets of Floatel International Limited. See further details in Note 2(b).

9. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the half year ended 30 June 2021, the Group had no significant related party transactions.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
30 June 2021				
Financial assets				
Derivative financial instruments	**–**	**292,073**	**–**	**292,073**
Call option	**–**	**–**	**156,643**	**156,643**
Investments				
- Investments at fair value through other comprehensive income	**516,111**	**–**	**229,490**	**745,601**
- Investments at fair value through profit or loss	**71,494**	**102,698**	**266,409**	**440,601**
Short term investments				
- Investments at fair value through other comprehensive income	**28,244**	**–**	**22,235**	**50,479**
- Investments at fair value through profit or loss	**20,311**	**–**	**–**	**20,311**
	636,160	**394,771**	**674,777**	**1,705,708**
Financial liabilities				
Derivative financial instruments	**–**	**216,492**	**–**	**216,492**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	**–**	**–**	**1,196,870**	**1,196,870**
- Commercial, under construction	**–**	**–**	**2,706,997**	**2,706,997**
	–	**–**	**3,903,867**	**3,903,867**

There have been no significant transfers between Level 1, Level 2 and Level 3 for the Group in the first half ended 30 June 2021.

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 30 June 2021 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	518,134	Net asset value, discounted cash flow and binomial option pricing, market comparative	Net asset value*	Not applicable
			Discount rate	8.00%
			Growth rate	6.24%
			Cost of equity	15.85%
			Adjusted market multiple	1.4x
Call option	156,643	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$1,600 to $3,721
			Capitalisation rate	3.50%
Investment Properties				
- Commercial and residential, completed	1,196,870	Investment method, discounted cash flow method and/or direct comparison method;	Discount rate	7.25% to 12.50%
			Capitalisation rate	4.25% to 10.50%
			Net initial yield	6.20%
		Residual method	Transacted price of comparable properties (psm)	$4,821 to $6,490
		Capitalisation method	Transacted price of comparable properties (psf)	$2,835 to $3,046
			Terminal capitalization rate	9.00%
- Commercial, under construction	2,706,997	Direct comparison method, discounted cash flow method, and/or residual value method	Transacted price of comparable land plots (psm)	$6,324 to $18,417
			Gross development value ($'million)	$538 to $2,088
			Discount rate	12.50% to 18.00%

** Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investments and investment properties stated at fair value.*

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of investments at fair value through other comprehensive income on a quarterly basis.

11. SEGMENT ANALYSIS

The Group is organised into business units based on their products and services, and has five main segments with six reportable operating segments as follows:

(i) **Energy & Environment**
The Energy & Environment segment is focused on business areas relating to the safe and efficient harvesting of energy sources, serving the offshore & marine industry with an array of vessel solutions and services, renewables, and providing cities with power, as well as solutions for waste and water & wastewater treatment. The segment comprises two reportable operating segments, being Offshore & Marine and Infrastructure & Others.

Offshore & Marine - Principal activities include offshore production facilities and drilling rig design, construction, fabrication and repair, ship conversions and repair, and specialised shipbuilding. The operating segment has operations in Brazil, China, Singapore, the United States and other countries.

Infrastructure & Others - Principal activities include power generation, renewables, environmental engineering and infrastructure operation and maintenance. The operating segment has operations in China, Singapore, Switzerland, the United Kingdom, and other countries.

(ii) **Urban Development**
Principal activities include property development and investment, as well as master development. The segment has operations in China, India, Indonesia, Singapore, Vietnam and other countries.

(iii) **Connectivity**
Principal activities include the provision of telecommunications services, retail sales of telecommunications equipment and accessories, development and operation of data centres and provision of logistics solutions. The segment has operations in China, Singapore and other countries. Keppel Logistics (“KLOG”) contributed about 1% and 7% of the Group’s total revenue and net profit respectively for the half year ended 30 June 2021. KLOG accounted for about 1% of the Group’s total assets and total liabilities as at 30 June 2021.

(iv) **Asset Management**
Principal activities include management of private funds and listed real estate investment and business trusts. The segment operates mainly in Singapore.

(v) **Corporate & Others**
The Corporate & Others segment consists mainly of treasury operations, research & development, investment holdings and provision of management and other support services.

Management monitors the results of each of the above main segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group’s reportable operating segments is presented in the following table, with the segment information for the prior half year ended 30 June 2020 restated to reflect the change in composition of the reportable segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

Half year ended 30 June 2021

	Energy & Environment			Urban Development	Connectivity	Asset Management	Corporate & Others	Elimination	Total
	Offshore & Marine	Infrastructure & Others	Subtotal						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue									
External sales	789,460	1,314,588	2,104,048	909,221	585,824	78,087	–	–	3,677,180
Inter-segment sales	172	5,940	6,112	3,502	2,665	9,428	30,243	(51,950)	–
Total	789,632	1,320,528	2,110,160	912,723	588,489	87,515	30,243	(51,950)	3,677,180
Segment Results									
Operating profit	(14,670)	(279,105)	(293,775)	394,776	40,611	57,894	(11,466)	(19)	188,021
Investment income	2,550	–	2,550	301	147	22,795	57,970	–	83,763
Interest income	6,785	29,730	36,515	18,106	155	1,149	185,183	(190,282)	50,826
Interest expenses	(93,152)	(4,885)	(98,037)	(21,615)	(10,586)	(19,001)	(162,610)	190,301	(121,548)
Share of results of associated companies and joint ventures	183,033	(7,124)	175,909	59,687	7,315	71,657	–	–	314,568
Profit before tax	84,546	(261,384)	(176,838)	451,255	37,642	134,494	69,077	–	515,630
Taxation	3,272	(7,297)	(4,025)	(178,258)	(9,941)	(16,659)	(9,898)	–	(218,781)
Profit for the year	87,818	(268,681)	(180,863)	272,997	27,701	117,835	59,179	–	296,849
Attributable to:									
Shareholders of Company	89,542	(268,783)	(179,241)	279,310	27,159	117,141	55,427	–	299,796
Non-controlling interests	(1,724)	102	(1,622)	(6,313)	542	694	3,752	–	(2,947)
	87,818	(268,681)	(180,863)	272,997	27,701	117,835	59,179	–	296,849
External revenue from contracts with customers									
- At a point in time	44,024	4,535	48,559	799,005	175,109	12,830	–	–	1,035,503
- Over time	745,437	1,310,053	2,055,490	75,085	408,831	65,258	–	–	2,604,664
	789,461	1,314,588	2,104,049	874,090	583,940	78,088	–	–	3,640,167
Other sources of revenue	–	–	–	35,130	1,883	–	–	–	37,013
Total	789,461	1,314,588	2,104,049	909,220	585,823	78,088	–	–	3,677,180
Other Information									
Segment assets	8,306,728	2,509,627	10,816,355	13,888,416	3,916,068	3,928,350	11,372,162	(12,947,526)	30,973,825
Segment liabilities	8,904,848	1,913,781	10,818,629	7,576,393	2,855,402	1,769,608	9,372,279	(12,947,526)	19,444,785
Net assets	(598,120)	595,846	(2,274)	6,312,023	1,060,666	2,158,742	1,999,883	–	11,529,040

Investment in associated companies and joint ventures	**538,392**	**170,088**	**708,480**	**2,382,536**	**196,616**	**2,871,477**	**–**	**–**	**6,159,109**
Additions to non-current assets	**12,313**	**20,464**	**32,777**	**114,398**	**104,190**	**50,298**	**3,933**	**–**	**305,596**
Depreciation and amortisation	**57,332**	**15,710**	**73,042**	**15,908**	**101,005**	**1,366**	**5,290**	**–**	**196,611**
Impairment loss on non-financial assets	**23,036**	**35,088**	**58,124**	**36,697**	**254**	**–**	**–**	**–**	**95,075**
Allowance for expected credit loss and bad debt written-off	**1,215**	**102,822**	**104,037**	**2**	**2,949**	**–**	**(172)**	**–**	**106,816**
Loss on a financial guarantee on a loan granted to an associated company	**–**	**157,490**	**157,490**	**–**	**–**	**–**	**–**	**–**	**157,490**

GEOGRAPHICAL INFORMATION

	Singapore	China/ Hong Kong	Brazil	Other Far East & ASEAN Countries	Other Countries	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External sales	**2,436,119**	**898,561**	**30,249**	**94,977**	**217,274**	**–**	**3,677,180**
Non-current assets	**8,477,964**	**3,877,122**	**214,509**	**1,821,109**	**568,215**	**–**	**14,958,919**

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the half year ended 30 June 2021.

INFORMATION ABOUT A MAJOR CUSTOMER

Revenue of $382,937,000 is derived from a single external customer and is attributable to the Energy & Environment segment for the half year ended 30 June 2021.

Note: Pricing of inter-segment goods and services is at fair market value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

Half year ended 30 June 2020

	Energy & Environment			Urban Development	Connectivity	Asset Management	Corporate & Others	Elimination	Total
	Offshore & Marine	Infrastructure & Others	Subtotal						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue									
External sales	838,958	1,185,163	2,024,121	511,346	586,549	59,981	481	–	3,182,478
Inter-segment sales	269	5,610	5,879	5,117	2,356	–	42,301	(55,653)	–
Total	839,227	1,190,773	2,030,000	516,463	588,905	59,981	42,782	(55,653)	3,182,478
Segment Results									
Operating profit	(682,214)	48,693	(633,521)	291,383	28,886	226,509	(62,739)	61	(149,421)
Investment income	995	–	995	134	82	10,309	864	–	12,384
Interest income	50,832	31,049	81,881	22,317	1,351	4,611	199,854	(204,888)	105,126
Interest expenses	(106,012)	(4,462)	(110,474)	(25,126)	(20,797)	(22,200)	(183,076)	204,827	(156,846)
Share of results of associated companies and joint ventures	(272,455)	(8,363)	(280,818)	58,091	3,591	50,571	–	–	(168,565)
Profit before tax	(1,008,854)	66,917	(941,937)	346,799	13,113	269,800	(45,097)	–	(357,322)
Taxation	1,594	(19,377)	(17,783)	(131,282)	(9,963)	(13,346)	(6,436)	–	(178,810)
Profit for the year	(1,007,260)	47,540	(959,720)	215,517	3,150	256,454	(51,533)	–	(536,132)
Attributable to:									
Shareholders of Company	(1,005,797)	47,641	(958,156)	214,730	(396)	257,803	(51,112)	–	(537,131)
Non-controlling interests	(1,463)	(101)	(1,564)	787	3,546	(1,349)	(421)	–	999
	(1,007,260)	47,540	(959,720)	215,517	3,150	256,454	(51,533)	–	(536,132)
External revenue from contracts with customers									
- At a point in time	44,372	6,271	50,643	376,017	166,036	2,766	127	–	595,589
- Over time	794,586	1,178,889	1,973,475	92,023	418,751	55,999	–	–	2,540,248
	838,958	1,185,160	2,024,118	468,040	584,787	58,765	127	–	3,135,837
Other sources of revenue	–	3	3	43,306	1,762	1,216	354	–	46,641
Total	838,958	1,185,163	2,024,121	511,346	586,549	59,981	481	–	3,182,478
Other Information									
Segment assets	8,928,185	2,358,006	11,286,191	14,109,699	4,144,005	4,016,610	10,718,298	(12,286,796)	31,988,007
Segment liabilities	9,326,244	1,954,235	11,280,479	7,352,480	2,876,276	1,976,628	9,975,629	(12,286,796)	21,174,696
Net assets	(398,059)	403,771	5,712	6,757,219	1,267,729	2,039,982	742,669	–	10,813,311

Investment in associated companies and joint ventures	324,495	238,159	562,654	2,317,239	212,075	2,862,191	1,545	–	5,955,704
Additions to non-current assets	22,603	84,817	107,420	219,201	62,077	228,294	76	–	617,068
Depreciation and amortisation	60,158	15,909	76,067	18,107	102,573	1,337	3,013	–	201,097
Impairment loss/(write-back of impairment loss) of non-financial assets	472,376	18,205	490,581	–	7,948	(8,487)	–	–	490,042
Allowance for expected credit loss and bad debt written-off	179,449	(1,791)	177,658	22,497	3,504	–	23	–	203,682

GEOGRAPHICAL INFORMATION

	Singapore	China/ Hong Kong	Brazil	Other Far East & ASEAN Countries	Other Countries	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External sales	2,414,321	403,878	21,425	118,534	224,320	–	3,182,478
Non-current assets	8,644,226	3,456,637	243,106	1,949,880	957,040	–	15,250,889

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the half year ended 30 June 2020.

INFORMATION ABOUT A MAJOR CUSTOMER
No single external customer accounted for 10% or more of the Group's revenue for the half year ended 30 June 2020.

Note: Pricing of inter-segment goods and services is at fair market value.

REVIEW OF SEGMENT PERFORMANCE

Revenue by Segments

Group revenue of $3,677 million was $495 million or 16% higher than that in the same period in 2020. Revenue from Energy & Environment increased by $80 million or 4% to $2,104 million led by higher electricity sales, revenue recognition from the Tuas Nexus Integrated Waste Management Facility project in Singapore which was secured in April last year, as well as higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. These were partially offset by the lower revenue in the offshore & marine business, the completion of Keppel Marina East Desalination Plant project in June last year, as well as the absence of revenue from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. The lower revenue in the offshore & marine business was mainly due to suspension of revenue recognition on Awilco contracts and deferment of some projects. Major jobs delivered by the offshore & marine business in 1H 2021 include a LNG bunker vessel, a LNG carrier and a FLNG turret. Revenue from Urban Development increased by $398 million to $909 million mainly due to higher revenue from property trading projects in China, which was partly offset by lower revenue from property trading projects in Singapore. Revenue for Connectivity of $586 million remained stable as compared to 1H 2020. Higher contributions from the logistics and data centre businesses were partly offset by the lower service revenue in M1. Revenue from Asset Management increased by $18 million to $78 million mainly due to higher acquisition, divestment and management fees.

Net profit by Segments

Group net profit attributable to shareholders was $300 million, as compared to net loss of $537 million for the same period in 2020. The Energy & Environment's net loss was $179 million as compared to net loss of $958 million in the same period in 2020. This was largely due to share of Floatel's restructuring gain and lower impairments. Excluding impairments of $372 million and share of Floatel's restructuring gain of $269 million, net loss of the segment was $76 million, as compared to net loss of $49 million (excluding impairments) in 1H 2020. Operating results for the offshore & marine business was comparable to last year despite lower revenue and lower government relief measures related to the COVID-19 pandemic. This was driven by savings from further overheads reduction. The offshore & marine business also recorded lower share of losses from associated companies, but higher net interest expense. There were also lower contributions from the environment and new energy businesses, as well as the absence of contribution from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. Profit from Urban Development increased by $64 million to $279 million mainly due to higher contribution from property trading projects in China, higher contribution from associated companies, and gain from the disposal of remaining interest in the Dong Nai project in Vietnam. These were partly offset by lower fair value gains from investment properties, impairment provision for a hotel in Myanmar, as well as lower contribution from the Sino-Singapore Tianjin Eco-City. Connectivity's net profit for 1H 2021 was $27 million as compared to breakeven in 1H 2020. This was mainly due to the gain from divestment of interest in Keppel Logistics (Foshan) following agreement reached with local authorities on Lanshi port closure compensation and lower net interest expense, which were partly offset by lower contribution from M1. Profit from Asset Management decreased by $141 million to $117 million largely due to mark-to-market gain recognised in 1H 2020 from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT. Excluding the reclassification gain, profit was $10 million lower than 1H 2020. In 1H 2020, there was the recognition of gains from the sale of units in Keppel DC REIT and divestment of interest in Gimi MS Corporation. For the current half year, the segment recorded higher fee income, mark-to-market gains from investments, dividend income from KIT, as well as higher contributions from Keppel REIT and Alpha Data Centre Fund. Profits from Urban Development, Asset Management and Connectivity businesses were partly offset by losses at Energy & Environment.

Revenue by Geographical Segments

Revenue from Singapore of $2,436 million was $22 million higher than that of corresponding period, due largely to higher revenue from Energy & Environment and Asset Management, partly offset by lower revenue from Urban Development and Connectivity.

12. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

(i) First King Properties Limited
On 29 January 2021, the Group completed the divestment of its 100% equity interest in First King Properties Limited.

(ii) Chengdu Hilltop Development Co Ltd
On 4 February 2021, the Group completed the divestment of its remaining 50% interest in Chengdu Hilltop Development Co Ltd.

(iii) Dong Nai Waterfront City LLC
On 15 April 2021, the Group completed the divestment of its remaining 30% interest in Dong Nai Waterfront City LLC.

(iv) Keppel Bay Tower Pte. Ltd.
On 18 May 2021, the Group completed the divestment of its 100% interest in Keppel Bay Tower Pte. Ltd.

Please refer to the audited financial statements as at 31 December 2020 for further details of the divestments and the breakdown of assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

OTHER INFORMATION
For the half year ended 30 June 2021

1. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

2. AUDITORS' REPORT

Not applicable.

3. REVIEW OF GROUP PERFORMANCE

Half Year ended 30 June 2021

Group net profit attributable to shareholders was $300 million as compared to net loss of $537 million for the same period in 2020. Earnings per share was 16.5 cents as compared to loss per share of 29.5 cents in the same period last year. Annualised return on equity was 5.5%.

The net profit for the half year 2021 included losses recognised in respect of the Group's exposure to KrisEnergy, provision for a hotel in Myanmar, as well as share of impairment provision from Floatel, amounting to $408 million. The Group also recognised its share of Floatel's restructuring gain of $269 million during the current period. In 1H 2020, the Group recorded $930 million impairments, largely from offshore & marine business, as well as a mark-to-market gain of $131 million from the reclassification of Keppel Infrastructure Trust from an associated company to an investment. Excluding revaluations, impairments and divestments (RIDs), and COVID-19-related government grants, the Group achieved a net profit of $280 million in 1H 2021, as compared to a net loss of $72 million in 1H 2020.

Group revenue of $3,677 million was $495 million or 16% higher than that in the same period in 2020. Revenue from Energy & Environment increased by $80 million or 4% to $2,104 million led by higher electricity sales, revenue recognition from the Tuas Nexus Integrated Waste Management Facility project in Singapore which was secured in April last year, as well as higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. These were partially offset by the lower revenue in the offshore & marine business, the completion of Keppel Marina East Desalination Plant project in June last year, as well as the absence of revenue from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. The lower revenue in the offshore & marine business was mainly due to suspension of revenue recognition on Awilco contracts and deferment of some projects. Major jobs delivered by the offshore & marine business in 1H 2021 include a LNG bunker vessel, a LNG carrier and a FLNG turret.

Revenue from Urban Development increased by $398 million to $909 million mainly due to higher revenue from property trading projects in China, which were partly offset by lower revenue from property trading projects in Singapore. Revenue for Connectivity of $586 million remained stable as compared to 1H 2020. Higher contributions from the logistics and data centre businesses were partly offset by the lower service revenue in M1. Revenue from Asset Management increased by $18 million to $78 million mainly due to higher acquisition, divestment and management fees.

Group pre-tax profit was $516 million, as compared to pre-tax loss of $357 million for the same period in 2020. The Energy & Environment's pre-tax loss was $177 million as compared to pre-tax loss of $942 million in the same period in 2020. This was largely due to share of Floatel's restructuring gain and lower impairments. Excluding impairments of $372 million and share of Floatel's restructuring gain of $269 million, pre-tax loss of the segment was $74 million, as compared to pre-tax loss of $33 million (excluding impairments) in 1H 2020. Operating results for the offshore & marine business was comparable to last year despite lower revenue and lower government relief measures related to the COVID-19 pandemic. This was driven by savings from further overheads reduction. The offshore & marine business also recorded lower share of losses from associated companies, but higher net interest expense. There were also lower contributions from the power & gas, environment, and new energy businesses, as well as the absence of contribution from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020.

Pre-tax profit from Urban Development increased by $104 million to $451 million mainly due to higher contribution from property trading projects in China, higher contribution from associated companies, and gain from the disposal of remaining interest in the Dong Nai project in Vietnam. These were partly offset by lower fair value gains from investment properties, impairment provision for a hotel in Myanmar, as well as lower contribution from the Sino-Singapore Tianjin Eco-City.

Connectivity's pre-tax profit of $38 million was $25 million higher than 1H 2020. This was mainly due to the gain from divestment of interest in Keppel Logistics (Foshan) following agreement reached with local authorities on Lanshi port closure compensation and lower net interest expense, which was partly offset by lower contribution from M1. Pre-tax profit from Asset Management decreased by $135 million to $135 million largely due to mark-to-market gain recognised in 1H 2020 from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT. Excluding the reclassification gain, pre-tax profit was $4 million lower than 1H 2020. In 1H 2020, there was the recognition of gains from the sale of units in Keppel DC REIT, and divestment of interest in Gimi MS Corporation. For the current half year, the segment recorded higher fee income, mark-to-market gains from investments, dividend income from KIT, as well as higher contributions from Keppel REIT and Alpha Data Centre Fund.

Taxation expenses increased by $40 million mainly due to higher taxable profit at Urban Development. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $300 million as compared to net loss of $537 million for the same period in 2020. Profits from Urban Development, Asset Management and Connectivity businesses were partly offset by losses at Energy & Environment.

4. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

5. PROSPECTS

Vision 2030

Keppel's Vision 2030 is a long-term roadmap to guide the Group's strategy and transformation. From a conglomerate of largely unrelated parts, the Group will work towards being one integrated business, providing solutions for sustainable urbanisation. It will focus on four business segments, namely Energy & Environment, Urban Development, Connectivity and Asset Management – all part of a connected value chain. As part of the Group's sharpened business focus and asset-light model, Keppel is taking a disciplined approach to capital allocation, to deploy more capital to our growth areas, while harnessing the synergies of the Group, unlocking value from asset monetisation and recycling capital to enhance the Group's overall return.

In September 2020, the Group announced further steps in its Vision 2030 roadmap, including a $3-$5 billion asset monetisation programme over three years to free up the Group's balance sheet. Since then, the Group has made good progress and has announced over $2.3 billion of asset monetisation. The Group expects to surpass $3 billion in asset monetisation ahead of schedule, and will aim to achieve the higher end of its $3-$5 billion target by end-2023. The funds unlocked will allow the Group to build new capabilities, fuel its ambitious growth plans under Vision 2030, and also better reward shareholders.

Last September, the Group also announced that as part of the execution of Vision 2030, it would commence a strategic review of the offshore & marine (O&M) business amid the challenging environment facing the sector, including exploring both organic and inorganic options. On 24 June 2021, Keppel signed two non-binding MOUs; the first with Sembcorp Marine Ltd (Sembcorp Marine) to enter into exclusive negotiations with a view to combining Keppel Offshore & Marine (Keppel

O&M) and Sembcorp Marine to form a Combined Entity, and the second, with Kyanite Investment Holdings Pte Ltd (Kyanite), a wholly owned subsidiary of Temasek, to sell Keppel O&M's legacy completed and uncompleted rigs and associated receivables to a separate Asset Co, which would be majority owned by external investors which Kyanite intends to procure. These two proposed transactions will be inter-conditional and pursued concurrently.

If the proposed combination between Keppel O&M and Sembcorp Marine materialises, the Group will receive both cash of up to S$500 million, as well as shares in the Combined Entity. The key terms of the transaction are under discussion, and the shareholding of the Combined Entity is subject to negotiation, due diligence and detailed valuation to be performed by Keppel, Sembcorp Marine and their respective advisers. The shares received in the Combined Entity will be distributed to Keppel's shareholders. This would allow Keppel's shareholders to enjoy the upside from synergies created through resource optimisation, the recovery of the O&M business and the opportunities in the energy transition, through their stakes in the strengthened Combined Entity. In addition, under the first MOU, it is envisaged that Keppel and the Combined Entity will enter into a strategic partnership, pursuant to which Keppel will hold 50% of a 50-50 joint venture that will be established between Keppel and the Combined Entity (Strategic Partnership JV). Through the Strategic Partnership JV, Keppel will continue to have access to Keppel O&M's capabilities, intellectual property and technology, on terms to be agreed, for Keppel's projects. This would include areas such as new energy, offshore renewables and nearshore developments. The scope of the Strategic Partnership JV will be subject to final agreement between the parties concerned. In addition, subject to regulatory review, the Combined Entity will be the preferred EPC partner for Keppel's projects where the Combined Entity has the relevant expertise.

Under the second MOU, Keppel O&M's legacy rigs and associated receivables will be sold to a separate Asset Co that will be formed. The Group will retain not more than a 20% stake in Asset Co as an investment, while external investors, which Kyanite intends to procure, will hold the balance of at least 80%. The Group will receive the consideration for the legacy rigs and associated receivables substantially in the form of credit notes. Asset Co shall be independently managed from the Combined Entity and the General Partner of this Asset Co will maintain, complete and monetise the rigs over time. Asset Co will enter into a service agreement with the Combined Entity for the completion of certain uncompleted rigs and the provision of other services. The external investors will provide capital which can be used for finishing these uncompleted rigs, which would no longer be funded by the Group. The Group's economic exposure in Asset Co will be reduced over time, as the rigs or Asset Co are sold or securitised, when conditions in the rig chartering market improve.

The two proposed transactions are in line with Keppel's Vision 2030 plans to be more focused and disciplined as it executes its mission to provide solutions for sustainable urbanisation. The proposed transactions, together with Keppel's increasing focus on renewables, will accelerate the Group's pivot towards new energy and decarbonisation solutions.

The proposed transactions are subject to, among others, satisfactory due diligence, negotiation and execution of definitive agreements, relevant regulatory approvals and shareholders' approval of the respective parties. There is no guarantee that a final agreement will be reached or that any transaction will materialise. In the meantime, while negotiations are taking place, Keppel O&M will remain focused on executing its strong orderbook and seizing new opportunities.

Segment Business

In the Energy & Environment segment, Keppel O&M's net order book, excluding the Sete rigs, was approximately $5.7 billion as at 30 June 2021. COVID-19 continues to adversely impact the global economy and the recovery of the O&M industry is expected to take some time to materialise. Despite the challenging environment, Keppel O&M was successful in securing significant new contracts, adding approximately $3 billion worth of new orders during the six months ended 30 June 2021. Specifically, Keppel O&M has made good progress in its role as an integrator with the securing of the contract to build FPSO P-78 from Petrobras. It also continues to pivot towards gas and renewables solutions, which make up approximately 40% of its net orderbook as at 30 June 2021. Keppel O&M remains focused on delivering its projects well as it continues to seek opportunities in the energy transition towards more sustainable and cleaner energy sources, in line with Keppel's Vision 2030.

Keppel Infrastructure (KI) will continue to build on its core competencies in the energy and environment-related infrastructure businesses as it pursues opportunities in these growth areas. With the rapid transition towards more sustainable, low carbon energy systems, KI sees growing demand for clean energy generation and energy efficiency solutions, as well as a shift towards resource circularity, as governments and customers intensify their decarbonisation efforts. These present strong tailwinds for KI which is actively pursuing new opportunities, including through M&A, to fortify its power & gas business and scale up its district cooling, EV charging and environmental businesses in the region. KI will also commit resources to innovate and develop new strengths in areas such as renewables as well as energy storage and distribution, so as to strengthen its value propositions to customers.

With the goal of growing the Group's renewable energy portfolio to 7GW by 2030, Keppel Renewable Energy will continue to explore opportunities as a developer and operator of renewable energy assets.

In the Urban Development segment, Keppel Land sold about 2,650 homes in the first half of 2021, comprising about 440 in Singapore, 1,550 in China, 330 in Vietnam, 160 in Indonesia and 170 in India. It will remain focused on its key markets of China, Singapore, and Vietnam and scale up in other markets such as India and Indonesia, while actively seeking opportunities to unlock value and recycle capital. Keppel Urban Solutions continues to pursue opportunities in the region as a master developer of integrated smart and sustainable cities. Whilst developing Saigon Sports City in Ho Chi Minh City in collaboration with Keppel Land, Keppel Urban Solutions continues to build a pipeline of projects in other cities. The Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd (SSTEC) will continue to drive the further development of the Eco-City, including selling land parcels to accelerate the Eco-City's development. In March 2021, SSTEC sold a commercial and residential land plot in the Eco-City for about RMB1.5 billion.

In the Connectivity business, M1 complements the Group's mission as a solutions provider for sustainable urbanisation with its suite of digital connectivity solutions. Through a multi-year transformation plan, M1 is developing and implementing new strategic and operational plans to sharpen its competitive edge, increase its momentum in digital transformation and undertake growth initiatives. It will focus on strengthening its consumer business to meet changing customer needs and expectations, developing platforms and initiatives to support enterprise customers, collaborating actively with other Keppel entities to create smarter and future-ready offerings, and working closely with Singapore government agencies, industry players and enterprises to co-develop 5G use cases. With the award of 5G network licence to M1 and Starhub Limited by the Infocomm Media Development Authority (IMDA), M1 has started to roll out its 5G standalone network coverage across Singapore and launched a market trial on this new network.

Keppel Telecommunications & Transportation (Keppel T&T) will, in collaboration with Keppel Capital, continue to actively pursue new development opportunities to grow its data centre footprint beyond its traditional areas of operation while concurrently exploring innovative new solutions to reduce the environmental footprint of its data centres and strengthen its market position. Following a strategic review of the logistics business, Keppel T&T has decided to divest its logistics portfolio in South-East Asia and Australia, and has launched the sale process through its financial adviser, which is now at an advanced stage.

In the Asset Management business, Keppel Capital continues to leverage the Group's core competencies to create innovative investment solutions and connect investors with quality real assets in fast growing sectors fuelled by urbanisation trends. In 2Q 2021, Keppel Capital signed a separate managed account mandate with a global asset management firm to invest in core infrastructure assets. This follows shortly after Keppel Capital successfully secured two separate account mandates earlier in the year, one with a global institutional investor to invest in developing high quality logistics assets in China, and another from a cooperative Dutch pension fund service provider PGGM to focus on core-plus opportunities in commercial real estate. At the same time, Keppel Capital has also been focused on closing funds launched in 2020, while the listed REITs and Trust also continued to grow through ongoing portfolio optimisation efforts and strategic acquisitions.

The Keppel Group will continue to execute its integrated business strategy to provide solutions for sustainable urbanisation, and deepen collaboration across divisions, while being agile and innovative, and investing in the future.

OTHER INFORMATION
For the half year ended 30 June 2021

6. DIVIDEND

6a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend type Dividend per share Tax rate	Cash 12.0 cents Tax exempt

The Directors are pleased to declare a tax exempt one-tier interim cash dividend of 12.0 cents per share (2020: tax exempt one-tier interim cash dividend of 3.0 cents per share) in respect of the half year ended 30 June 2021. The interim dividend will be paid to shareholders on 19 August 2021.

6b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend type Dividend per share Tax rate	Cash 3.0 cents Tax exempt

6c. Date Payable

19 August 2021.

6d. Books Closure Date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 10 August 2021 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers of ordinary shares in the capital of the Company (“Shares”) received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 p.m. on 10 August 2021 will be registered to determine shareholders’ entitlement to the interim dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 10 August 2021 will be entitled to the interim dividend.

OTHER INFORMATION
For the half year ended 30 June 2021

7. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 23 April 2021. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
		Half Year	**Half Year**
Transaction for the Sale of Goods and Services		**30.6.2021 $'000**	**30.6.2021 $'000**
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	–	31
CapitaLand Group		–	2,600
Clifford Capital Group		–	2,432
Keppel Infrastructure Trust Group		160,076	55,850
PSA International Group		–	482
SembCorp Marine Group		–	2,599
Singapore Airlines Group		227	543
Singapore Power Group		289	–
Singapore Technologies Engineering Group		173	1,065
Singapore Telecommunications Group		315	6,950
StarHub Group		–	20,608
Transaction for the Purchase of Goods and Services			
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	–	2,819
CapitaLand Group		–	242
Clifford Capital Group		–	1,020
Keppel Infrastructure Trust Group		64	–
Lan Ting Holdings Group		–	43,000
Mapletree Industrial Trust		–	539
PSA International Group		129	50
SembCorp Marine Group		3	836
Singapore Technologies Engineering Group		–	5,102
Singapore Telecommunications Group		16	35,109
SMRT Corporation Group		–	1,047
StarHub Group		–	23,409

OTHER INFORMATION
For the half year ended 30 June 2021

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
		Half Year	**Half Year**
Treasury Transactions		**30.6.2021 $'000**	**30.6.2021 $'000**
Keppel Infrastructure Trust Group	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The named interested persons are its associates.	**43,551**	**–**
Lan Ting Holdings Group		**–**	**2,459**
SembCorp Industries Group		**–**	**21**
SembCorp Marine Group		**17**	**–**
Joint Venture			
Clifford Capital Group	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The named interested person are its associate.	**675**	**–**
Total Interested Person Transactions		**205,535**	**208,813**

8. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

CAROLINE CHANG/KENNY LEE
Company Secretaries
29 July 2021

CONFIRMATION BY THE BOARD

We, DANNY TEOH and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the half year ended 30 June 2021 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

29/07/2021 1:11 PM
DANNY TEOH
Chairman

29/07/2021 10:19 AM
LOH CHIN HUA
Chief Executive Officer

Singapore, 29 July 2021

ISSUER

Keppel Corporation Limited
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

JOINT BOOKRUNNERS AND LEAD MANAGERS

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre
Singapore 018982

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#10-00
Singapore 049514

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

TRUSTEE

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01, Millenia Tower
Singapore 039192

PRINCIPAL AGENT AND CALCULATION AGENT

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01, Millenia Tower
Singapore 039192

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01, Millenia Tower
Singapore 039192

LEGAL ADVISERS

To the Issuer as to Singapore law

Allen & Gledhill LLP
One Marina Boulevard
#28-00
Singapore 018989

To the Joint Bookrunners and Lead Managers as to Singapore law

Linklaters Singapore Pte. Ltd.
One George Street
#17-01
Singapore 049145

To the Trustee as to Singapore law

Linklaters
11th Floor, Alexandra House
Chater Road, Central
Hong Kong

INDEPENDENT AUDITORS TO THE GROUP

PricewaterhouseCoopers LLP
7 Straits View
Marina One East Tower
Level 12
Singapore 018936