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# SUBJECT TO AMENDMENT AND COMPLETION PRELIMINARY PRICING SUPPLEMENT DATED 9 MARCH 2023 CONFIDENTIAL

**Pricing Supplement** 

#### SEMBCORP FINANCIAL SERVICES PTE. LTD.

S\$3,000,000,000

Multicurrency Debt Issuance Programme

Unconditionally and irrevocably guaranteed by

SEMBCORP INDUSTRIES LTD

SERIES NO: 004

TRANCHE NO: 001

Issue of S\$[•] [•] Per Cent. Fixed Rate Notes due 20[•]

Issue Price: 100 per cent.

DBS BANK LTD.

#### **CIMB BANK BERHAD, SINGAPORE BRANCH**

#### UNITED OVERSEAS BANK LIMITED

Issuing and Paying Agent DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838

The date of this Pricing Supplement is [•] 2023.

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the "**Notes**") are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum (the "**Information Memorandum**") dated 3 April 2020 issued in relation to the S\$3,000,000,000 Multicurrency Debt Issuance Programme of Sembcorp Financial Services Pte. Ltd. (the "**Issuer**"), unconditionally and irrevocably guaranteed by Sembcorp Industries Ltd (the "**Guarantor**", and together with its subsidiaries, the "**Group**"). Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum. The latest annual report and audited financial statements of the Guarantor are deemed incorporated by reference in the Information Memorandum and are available on the website of the SGX-ST at https://www.sgx.com. In the event of any inconsistency between the Information Memorandum and the Pricing Supplement, the Pricing Supplement shall prevail. The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains information that is material in the context of the issue of the Notes.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes 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 qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 of Singapore (the "ITA") shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

**Notification under Section 309B of the Securities and Futures Act 2001 of Singapore**: The Notes 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).

**PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes 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 ("**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 "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation

(EU) 2017/1129 (the "EU Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRIIPS REGULATION - PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes 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 ("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 European Union (Withdrawal) Act 2018 (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 the Insurance Distribution Directive, 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; or (iii) not a qualified investor as defined in Article 2 of the EU Prospectus Regulation 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 Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

SEMBCORP FINANCIAL SERVICES PTE. LTD.

Signed: \_\_\_\_\_

Foo Fei Voon Director

Signed: \_\_\_\_\_

Ng Hee Heng, Michael Department Head of Group Corporate Finance and Treasury SEMBCORP INDUSTRIES LTD

Signed: \_\_\_\_\_

Wong Kim Yin Director

Signed: \_\_\_\_\_

Eugene Cheng Chee Mun Group Chief Financial Officer The terms of the Notes and additional provisions relating to their issue are as follows:

1.	Issuer:	Sembcorp Financial Services Pte. Ltd.
2.	Guarantor:	Sembcorp Industries Ltd
3.	Series No.:	004
4.	Tranche No.:	001
5.	Currency:	Singapore Dollars ("S\$")
6.	Principal Amount of Series:	S\$[•]
7.	Principal Amount of Tranche:	S\$[•]
8.	Denomination Amount:	S\$250,000
9.	Calculation Amount (if different from Denomination Amount):	Not Applicable
10.	Issue Date:	<b>[•]</b> 2023
11.	Redemption Amount (including early redemption):	Denomination Amount
12.	Interest Basis:	Fixed Rate
13.	Interest Commencement Date:	[•] 2023
14.	Fixed Rate Note	Applicable
	(a) Maturity Date:	[•] 20[•]
	(b) Day Count Fraction:	Actual/365 (Fixed)
	(c) Interest Payment Date(s):	Semi-annually in arrear on [•] and [•] in each year up to and including the Maturity Date
	(d) Initial Broken Amount:	Not Applicable
	(e) Final Broken Amount:	Not Applicable
	(f) Interest Rate:	[•] per cent. per annum
15.	Floating Rate Note	Not Applicable

16.	Variable Rate Note	Not Applicable
17.	Hybrid Note	Not Applicable
18.	Zero Coupon Note	Not Applicable
19.	Issuer's Redemption Option	No
	Issuer's Redemption Option Period (Condition 6(d)):	Not Applicable
20.	Noteholders' Redemption Option	No
	Noteholders' Redemption Option Period (Condition 6(e)):	Not Applicable
21.	Issuer's Purchase Option	No
	Issuers' Purchase Option Period (Condition 6(b)):	Not Applicable
22.	Noteholders' VRN Purchase Option	No
	Noteholders' VRN Purchase Option Period (Condition 6(c)(i)):	Not Applicable
23.	Noteholders' Purchase Option	No
	Noteholders' Purchase Option Period (Condition 6(c)(ii)):	Not Applicable
24.	Redemption for Taxation Reasons:	Yes
25.	Form of Notes	Bearer
		The Notes will be represented on issue by a Permanent Global Security
26.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
27.	Applicable TEFRA exemption:	C Rules
28.	Listing:	Singapore Exchange Securities Trading Limited
29.	ISIN Code:	[•]
30.	Common Code:	[•]

31.	Clearing System(s):	The Central Depository (Pte) Limited
32.	Depository:	The Central Depository (Pte) Limited
33.	Delivery:	Delivery free of payment
34.	Method of issue of Notes:	Syndicated Issue
35.	The following Dealer(s) are subscribing the Notes:	DBS Bank Ltd. CIMB Bank Berhad, Singapore Branch United Overseas Bank Limited
36.	Stabilising Manager (if any)	Not Applicable
37.	Prohibition of Sales to EEA and UK Retail Investors	Applicable
38.	The aggregate principal amount of Notes issued has been translated in Singapore dollars at the rate of [•] producing a sum of (for Notes not denominated in Singapore dollars):	Not Applicable
39.	Use of proceeds:	Please refer to Schedule 1 to this Pricing Supplement
40.	Private Bank Selling Commission	Not Applicable
41.	Other terms:	Please refer to Schedules 1 to 6 to this Pricing Supplement
	Details of any additions or variations to terms and conditions of the Notes as set out in the Information Memorandum:	None
	Any additions or variations to the selling restrictions:	Please refer to Schedule 1 to this Pricing Supplement

# SCHEDULE 1 TO THE PRICING SUPPLEMENT SUPPLEMENTARY DISCLOSURE

The Information Memorandum is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Information Memorandum. Save as otherwise defined herein, terms defined in the Information Memorandum have the same meaning when used in this Schedule.

1. The second paragraph appearing in the cover page of the Information Memorandum shall be amended to reflect the deletions indicated by the deleted text below and the additions indicated by the underlined text below:

"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:

- (1) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B)(c)(ii) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018."
- 2. The section "*Definitions*" appearing on pages 7 to 12 of the Information Memorandum shall be deemed to be supplemented with the following:

""Conventional	Energy	:	The Group's conventional energy business as described
business"			in Section 3(c) under the section "Sembcorp Industries
			Ltd – Key Businesses" of this Information Memorandum

"Demerger" :	The demerger of Sembcorp Marine from Sembcorp Industries as described in Section 6 under the section "Sembcorp Industries Ltd – Sembcorp Marine Rights Issue and Demerger" of this Information Memorandum
"Integrated Urban : Solutions business"	The Group's integrated urban solutions business as described in Section 3(b) under the section "Sembcorp Industries Ltd – Key Businesses" of this Information Memorandum
"Renewables business"	The Group's renewables business as described in Section 3(a) under the section "Sembcorp Industries Ltd – Key Businesses" of this Information Memorandum"

3. The definition of "Energy business" appearing in the section entitled "*Definitions*" appearing on page 8 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The Group's energy business segment as reported in its financial statements prior to FY2021"

4. The definition of "Marine business" appearing in the section entitled "*Definitions*" appearing on page 9 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The Group's marine business, which has been divested pursuant to the Demerger"

5. The definition of "Urban business" appearing in the section entitled "*Definitions*" appearing on page 11 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The Group's urban business segment as reported in its financial statements prior to FY2021"

6. The definition of "Sembcorp Marine" appearing in the section entitled "*Definitions*" appearing on page 10 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"Sembcorp Marine Ltd, a former subsidiary of Sembcorp Industries Ltd which has been divested pursuant to the Demerger and which is listed on the SGX-ST"

7. The first paragraph appearing in the section entitled "*Investment Considerations – Investment considerations relating to the Group*" appearing on pages 13 to 14 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The Group comprises companies that are involved in and have interests in many businesses in renewables, integrated urban solutions and conventional energy. The Group operates in both Singapore and overseas. Notwithstanding the industries and countries referred to in this Information Memorandum, the Group may in future expand its businesses to include other industries and countries. The risk profile of the Group therefore, will encompass the risks involved in each of the countries, industries or businesses that the Group operates in. The results of operations, businesses, assets, financial condition, performance or prospects of the Group may be adversely affected by any of such risks. Adverse economic developments, locally and/or globally, in the countries or industries that the businesses operate in may also have a material adverse effect on the operating results, businesses, assets, financial condition, performance or prospects of the Group."

8. The section entitled "Investment Considerations – Investment considerations relating to the Group – The Group's earnings may be affected by general economic and business conditions in markets in which it operates, such as Singapore, rest of Southeast Asia, China, India, UK, Brazil and Rest of the World." appearing on pages 14 to 15 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The Group's earnings may be affected by general economic and business conditions in markets in which it operates or invests, such as Singapore, India, UK, Rest of Asia, China and Middle East.

Significant dislocations, liquidity disruptions and market corrections occurring in the global credit and equity markets and other related events in recent years have created increasingly difficult conditions in the financial markets. Global markets have experienced significant volatility in recent years and growth in major economies has slowed moderately toward their longer-term growth rates. Global growth has slowed meaningfully since 2022, in large part due to the military conflict between Russia and Ukraine, which has impacted global commodity prices and supply chains, in addition to humanitarian and financial spillovers. The resulting impact on supply chains and the global supply of oil and gas as well as agricultural products has resulted in shortages around the world and rising costs of goods. Mismatches in supply and demand caused by the impact of the COVID-19 pandemic have also continued to exert pressure on prices. In addition, some markets, including China, continue to grapple with COVID-19, which has also placed strains on supply chains (see the section "- Terrorist attacks, other acts of violence or war and adverse political developments, pandemic or endemic outbreaks of avian influenza, coronavirus such as COVID-19 or other infectious diseases, or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's operating results, businesses, assets, financial condition, performance or prospects." below for more details).

A high degree of uncertainty over the global outlook remains. Heightened geopolitical uncertainties, increased risks of inflation and tighter monetary policy leave the global economy more vulnerable and raise the risk of a global recession. The Russia-Ukraine conflict, which started in February 2022, along with the economic sanctions imposed on Russia by the U.S., other countries and certain international organisations, have caused macroeconomic uncertainties such as disruptions to global supply chains, increased inflationary pressures from a rise in energy and commodities prices and increased volatility in global markets. In addition, rising tensions in the Indo-Pacific regions (including between China and Taiwan) have in the past affected and may in the future affect global financial markets. Although significant economic and cultural relations have been established in recent years between China and Taiwan, relations have often been strained and may become more strained in the future. Any potential imposition of trade barriers and import and export controls by the Chinese government on Taiwan may adversely impact the global economy. Further escalation of geopolitical tensions could have a broader impact that expands into the existing markets where the Group does business, including to the extent that any sanctions restrict the Group's ability to conduct

business and/or to utilise the banking system, which may adversely affect the Group's operating results, businesses, assets, financial condition, performance or prospects.

Global trade tensions remain elevated among the largest trading partners in the world, and especially heightened tensions in economic relations between the U.S. and China have potential negative impacts on global trade and growth. Volatility in China's growth or downside risks such as a credit crunch could have a considerable impact on regional economies and commodity prices. There is also a growing concern that the slowdown in the economic growth of China may negatively affect the health of the global economy, which may have a significant impact on the global credit and financial markets as a whole. In addition, the slower growth trajectory of the U.S. could leave the economy more vulnerable to a large negative confidence shock. Growth and financial performance in emerging markets, Asia and trade-exposed economies such as Singapore are particularly vulnerable to disruptions to global trade flows, capital flows, business investments and global supply chains in the event of an escalation in trade tensions or a protracted slowdown. There is less fiscal and monetary policy space for policymakers in developed economies to respond to the next slowdown as compared to the last global shock. This could potentially result in a more prolonged recession if the global economy experiences another negative growth shock.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict the Group's access to capital. These conditions have resulted in higher historic volatility, less liquidity, widening of credit spreads and a lack of price transparency in certain markets.

As witnessed by the previous global financial crisis, an economic downturn could bring about, among other things, significant reductions in and heightened credit quality standards for available capital and liquidity from banks and other providers of credit, substantial reductions and/or fluctuations in equity and currency values worldwide, and concerns that the worldwide economy may enter into a prolonged recessionary period. Such events may make it difficult for the Group to raise additional capital or obtain additional credit, when needed, on acceptable terms or at all.

As at 31 December 2022, approximately 21% of the Group's total assets are located in Singapore and 79% are located overseas. As at 31 December 2022, excluding SEIL assets held for sale (see "*Investment Considerations – Investment considerations relating to the Group – The Group's success in the future may depend on the successful implementation of its strategies*"), approximately 27% and 73% of the Group's total assets are located in Singapore and overseas respectively. The fundamentals for the Group's businesses remain sound as its Renewables, Integrated Urban Solutions and Conventional Energy businesses have both short and long-term customer contracts. The Group's customers may default in their contracts/payments with the Group, close their plants or reduce their off-take from the Group. It is difficult to predict how long these conditions will exist and how the Group's related markets, products and businesses will be adversely affected. These conditions may be exacerbated by persisting volatility in the financial sector and the capital markets. Accordingly, these conditions could cause a decrease in demand for the Group's products and services, thereby adversely affecting the Group's earnings."

9. The section entitled "Investment Considerations – Investment considerations relating to the Group – The Group has in the past recognised significant impairment charges for certain assets and, if market and industry conditions deteriorate, further impairment charges may be recognised." appearing on page 17 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The Group has in the past recognised significant impairment charges for certain assets and, if market and industry conditions deteriorate or environmental risks materialise, further impairment charges may be recognised.

Impairment charges or write-downs may need to be recorded due to, among others, market and industry conditions, unforeseen liabilities in connection with acquisitions, economic downturn, operating conditions or increased competition. Exposure to climate-related risks arising from, among others, physical changes in climate and natural resources, the adoption of strategies and decisions to prevent and mitigate the effect of climate change, such as the introduction of regulatory incentives and penalties, carbon pricing systems, energy efficiency solutions and low carbon products and services, may reduce demand for energy generated by high carbon emitting fuels or affect the market value of certain assets, resulting in impairments, even if such risks do not materialise. The Group has in the past recognised significant impairment charges for certain assets.

There can be no assurance that the Group will not be required to record any impairment losses in the future. Market and industry conditions may deteriorate and environmental risks may materialise resulting in impairment losses. Any such impairment could adversely affect the Group's operating results, businesses, assets, financial condition, performance or prospects."

10. The section entitled "Investment Considerations – Investment considerations relating to the Group – Terrorist attacks, other acts of violence or war and adverse political developments, pandemic or endemic outbreaks of avian influenza, coronavirus such as COVID-19 or other infectious diseases, or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's operating results, businesses, assets, financial condition, performance or prospects." appearing on page 18 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"Terrorist attacks, including in the United States and Europe, and other acts of violence or war have resulted in substantial and continuing economic volatility and social unrest globally. The political unrest and terrorist attacks in certain regions in Asia and globally have exacerbated this volatility. The current conflict between Ukraine and Russia has created extreme volatility in the capital markets and is expected to have further global economic consequences. Cross strait tensions between China and Taiwan may also have adverse global economic consequences (see the section "– The Group's earnings may be affected by general economic and business conditions in markets in which it operates or invests, such as Singapore, India, UK, Rest of Asia, China and Middle East." above for more details).

Additionally, some of the countries in which the Group operates have experienced or may continue to experience political instability. The continuation or re-emergence of such political instability in the future could have a material adverse effect on the economic or social conditions in those countries. For example, a coup d'état in Myanmar began in February 2021, when Myanmar's military seized control of the government, detaining members of the National League for Democracy party and proclaiming a year-long state of emergency. Civil resistance

efforts have emerged within Myanmar, in opposition to the coup, including public protests and labour strikes, while the Burmese military had responded violently in putting down dissent, resulting in multiple deaths since the coup. This has also resulted in a disruption to the economy, contributed to in part by interruption of business operations, curfews, internet restrictions, sanctions and a drop in foreign direct investments. In July 2022, the central bank of Myanmar was reported to have ordered companies and individual borrowers to suspend the repayment of debts to foreign creditors. In August 2022, the Myanmar military extended the state of emergency in Myanmar for an additional six months to February 2023, and on 1 February 2023, a further six-month extension of the current state of emergency was announced. On 21 October 2022, the Financial Action Task Force ("FATF") added Myanmar to the list of "High-Risk Jurisdictions subject to a Call for Action". Sembcorp through its subsidiary, Sembcorp Myingyan Power Company Limited ("SMPC"), operates a 225 megawatt ("MW") gasfired power plant in Mandalay, Myanmar, which commenced full commercial operation in October 2018. The Group has made a provision for the Expected Credit Loss ("ECL") of S\$108 million on receivables for SMPC in its financial statements for the second half and full year ended 31 December 2022. The provision was made following management's regular assessment of credit risk under SFRS (I) 9. While there is no default on payment, the Group has determined that the credit risk on the service concession receivables for SMPC has increased significantly taking into consideration forward-looking information on the risk of foreign currency shortages, a weakening economy and Myanmar being categorised as a highrisk jurisdiction by FATF. Accordingly, lifetime ECL is applied on the service concession receivables of SMPC. Although SMPC had not received any directives to halt the repayment of its foreign loans, and payments from its off-taker had also been promptly received in accordance with the underlying contract as at December 2022, there is no assurance that the power plant will be able to continue operations if the situation worsens.

Further developments stemming from these events or other similar events could cause further volatility. The direct and indirect consequences of any of these terrorist attacks, political unrest or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the operating results, businesses, assets, financial condition, performance or prospects of the Group.

An increase in the frequency, severity or geographic reach of terrorist acts or armed conflicts could destabilise the jurisdictions in which the Group operates. Such developments and any additional significant military or other response by the U.S., its allies and/or any other parties could also materially and adversely affect international financial markets and the Singapore economy, and may adversely affect the operations, revenues and profitability of the Group.

The Group's business could also be adversely affected by the effects of coronavirus, avian influenza, Severe Acute Respiratory Syndrome, H1N1 Influenza, Ebola, Zika virus, Middle East Respiratory Syndrome or other similar pandemic or endemic outbreaks of infectious diseases. Any outbreak of other infectious diseases together with any resulting restrictions on travel and/or imposition of quarantine measures may result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains and may adversely impact the operations, revenues, cashflows and profitability of the Group. There can be no assurance that any precautionary or other measures taken against infectious diseases would be effective.

In particular, the COVID-19 pandemic has been one of the most significant global health crises in recent times. The COVID-19 pandemic and measures taken to mitigate the spread of COVID-

19 (including border controls, restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses) severely impacted economic activity in Singapore and globally, and caused a global recession in 2020. The COVID-19 pandemic has exposed the risks of sudden stoppages of economies and supply chain disruptions worldwide, and country-specific policies to contain COVID-19 could also have meaningful spillovers to global activity and financial markets. Notwithstanding the successful development of COVID-19 vaccines from late 2020 and ongoing roll-out of vaccination programmes, there is no assurance that supply and distribution constraints will not arise nor as to the long-term effectiveness of the vaccines, and it is possible for fresh waves of infections to adversely impede global economic performance. The emergence of new COVID-19 variants could lead to resurgence in infection rates, although with the world entering a fourth year of the COVID-19 pandemic in 2023, the risks of reimposition of tight border controls and restrictions on movement and economic activities is now expected to be lower as most parts of the world are moving from a pandemic into an endemic state of COVID-19.

Together with supply chain disruptions resulting from the COVID-19 pandemic and the geopolitical environment, rising inflation rates and tighter monetary policy, these events present significant challenges to the Group's operations and economies around the world. The impact of COVID-19 could be prolonged and uncertainties continue to persist with regard to the impact of the current macroeconomic climate on the global economy. There is no assurance that the Group's supply chains for fuel, raw materials, goods and other commodities, including without limitation, coal, gas, equipment and spares will not continue to be affected as a result of restrictions of movement of people and goods imposed by governments worldwide, rising inflation rates and tighter monetary policy, and any of the foregoing may affect the Group's operations. In addition, the Group has faced and may continue to face delays associated with project completion, the collection of receivables from its customers as a result of such restrictions, increased inflationary pressures, or economic slowdown caused by COVID-19 which may adversely affect the Group's cashflows. Any of the aforementioned factors, if materialised, may have an adverse effect on the Group's operating results, businesses, assets, financial condition, performance or prospects although the long-term impact of COVID-19 on the Group's results remains uncertain.

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

11. The section entitled "Investment Considerations – Investment considerations relating to the Group – The Group's success in the future may depend on the successful implementation of its strategies." appearing on pages 18 to 19 of the Information Memorandum shall be deemed to be supplemented with the following:

"In September 2022, the Group announced that it had entered into a share purchase agreement (the "Share Purchase Agreement") in connection with the proposed sale (the "SEIL Disposal") of Sembcorp Energy India Limited ("SEIL") (see the section "Sembcorp Industries Ltd – Key Businesses – (c) Conventional Energy" below). With effect from 8 November 2022, SEIL was classified as a disposal group held for sale and its assets and liabilities are presented as assets and liabilities held for sale respectively. Following the completion of the SEIL Disposal on 19 January 2023, SEIL was deconsolidated from the Group. Any of the following factors relating to the SEIL Disposal could have a material adverse effect on the results of operations, businesses, assets, financial condition, performance or prospects of the Group.

#### (a) Corporate guarantees

Prior to the SEIL Disposal, the Group had issued corporate guarantees (the "**Existing Corporate Guarantees**") in favour of certain banks (the "**Existing Lenders**") which had extended facilities to SEIL, and there were also existing facilities extended by the Existing Lenders to SEIL which the Group has not issued any corporate guarantee in respect of (the "**Non-Guaranteed Existing Facilities**"). As part of the process of soliciting consents from the Existing Lenders in relation to the SEIL Disposal, the Group agreed (i) for certain Existing Corporate Guarantees to continue in force post-completion of the SEIL Disposal and (ii) provide new corporate guarantees in respect of certain Non-Guaranteed Existing Facilities which continued in force post-completion of the SEIL Disposal. In addition, certain existing facilities were agreed by the Group to be refinanced, for which the Group agreed to issue new corporate guarantees in respect of some of these refinanced facilities which continued in force post-completion of the SEIL Disposal.

In an event of default by SEIL under the relevant facilities, the relevant lenders of SEIL will be able to enforce such corporate guarantees against the Group, and the Group will be liable to repay the outstanding amounts under these facilities. In such event, the Group will have no recourse against the purchaser in relation to such enforcement action by such lenders.

In addition, the Group has also given certain indemnities and warranties to the purchaser under the Share Purchase Agreement, which may result in claims being brought against the Group.

#### (b) Consideration via deferred payment note

Under the Share Purchase Agreement, the purchaser is obliged to settle the final purchase price by way of a deferred payment note. All outstanding payment obligations of the purchaser under the deferred payment note (the "**Obligations**") will be due and payable in full on the fifteenth anniversary date of completion of the SEIL Disposal ("**Completion**", and the date of Completion being 19 January 2023) (the "**Maturity Date**"), although the Maturity Date may be further extended up to the twenty-fourth anniversary date of Completion if the Obligations remain outstanding. However, pursuant to the deferred payment note, the Group will waive, cancel and forgive the repayment of all Obligations by the purchaser on the said twenty-fourth anniversary date of Completion. Accordingly, any outstanding Obligations as at the twenty-fourth anniversary date of Completion. Accordingly, any outstanding Obligations as at the twenty-fourth anniversary date of Completion will not be paid by the purchaser to the Group, and will be written-off in the books of the Group.

While the purchaser will, with respect to the Obligations, grant in favour of the Group a security interest over most of the purchaser's bank accounts and all of the purchaser's assets (other than the SEIL sale shares), the Group will not be able to take any enforcement action in respect of such security interest after the twenty-fourth anniversary date of Completion. In addition, the Group will be secured only to the extent of the value of the assets underlying such security interest.

The purchaser is obligated to maximise available distributions from the two supercritical coal-fired power plants totalling 2,640 MW operated by SEIL (the "**Project**") under the deferred payment note, and on each anniversary of Completion, such available distributions shall be applied to pay the Obligations in a specified manner. Failure by the purchaser to apply the available distributions from the Project in such manner constitutes an event of default. Notwithstanding, there can be no assurance that the purchaser will pay all Obligations in a timely manner, or in the event of an enforcement, that the enforcement proceeds in respect of the security interests will be sufficient to repay the Obligations. If the enforcement proceeds are insufficient, any remaining balance will be unsecured debt.

(c) Consideration adjustments

Under the Share Purchase Agreement, the purchaser can bring a claim for leakages by SEIL until the date ending three months after Completion, being 19 April 2023. Any confirmed leakages during such three-month period after Completion will be set-off against the outstanding Obligations under the deferred payment note, which may result in a reduction of the final purchase price due to the Group.

Further details regarding the SEIL Disposal can be found in the circular to shareholders issued by SCI on 22 October 2022."

12. The first paragraph appearing in the section entitled "Investment Considerations – Investment considerations relating to the Group – The Group's operations involve significant risks and hazards that could have a material adverse effect on the Group's operating results, businesses, assets, financial condition, performance or prospects." appearing on page 22 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The Group's operations in its Renewables, Integrated Urban Solutions and Conventional Energy Businesses involve hazardous activities. In addition to natural risks such as earthquakes, floods, lightning, hurricanes and winds, other hazards, such as fire, structural collapse and machinery failure are inherent risks in the Group's operations. These and other hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment and contamination of, or damage to, the environment and suspension of operations. The occurrence of any one of these events may result in the Group being named as a defendant in lawsuits asserting claims for substantial damages, including for environmental clean-up costs, personal injury and property damage and fines and/or penalties."

13. The section entitled "Investment Considerations – Investment considerations relating to the Group – The Group is susceptible to fluctuations in the prices of energy, raw materials and other commodities." appearing on page 25 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The Group is subject to fluctuations in commodity prices such as energy, coal, oil and natural gas for its conventional energy business and prices of raw materials such as steel and polysilicon which are required for the manufacture of wind and solar equipment and assets for its renewables business. The Group endeavours to incorporate pricing formulae for coal, oil, natural gas, steel, polysilicon and raw material costs such that these costs may be passed on to its customers and, in accordance with its risk management policy, hedges the residual risks arising from the price fluctuation of these items. However, the prices of such commodities and

raw materials are unpredictable because they are closely dependent on global demand and supply conditions. There can be no assurance that the Group will be able to fully and adequately hedge against such increases in prices and/or pass on all, or any of, the incremental costs to its customers. If the Group is unable to successfully manage the risks associated with these cost fluctuations, its operating results, businesses, assets, financial condition, performance or prospects may be adversely affected."

14. The first sentence appearing in the section entitled "*Investment Considerations – Investment considerations relating to the Group – The controlling shareholder of SCI may have interests that differ from the interests of SCI.*" appearing on page 26 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"Temasek Holdings (Private) Limited ("Temasek") holds 49.61% in SCI.3"

15. The section entitled "Investment Considerations – Investment considerations relating to the Programme and the Securities generally – Application of Singapore insolvency and related laws to the Relevant Issuer and the Guarantor may result in a material adverse effect on the Securityholders." appearing on pages 32 to 33 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"Application of Singapore insolvency and related laws to the Relevant Issuer and the Guarantor may result in a material adverse effect on the Securityholders.

There can be no assurance that the Relevant Issuer and/or the Guarantor will not become bankrupt, unable to pay its debts 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 Relevant Issuer and/or the Guarantor, 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 Relevant Issuer or the Guarantor is insolvent or close to insolvent and the Relevant Issuer or the Guarantor (as the case may be) 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 Relevant Issuer or the Guarantor (as the case may be). It may also be possible that if a company related to the Relevant Issuer or the Guarantor (as the case may be). It may also be possible that if a company related to the Relevant Issuer or the Guarantor (as the case may be) proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Relevant Issuer or the Guarantor (as the case may be) may also seek a moratorium even if the Relevant Issuer or the Guarantor (as the case may be) is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Trustee to bring an action against the Relevant Issuer or the Guarantor (as the case may be), the need to obtain court permission or 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.

<sup>&</sup>lt;sup>3</sup> As at 31 December 2022 and includes direct and deemed interests.

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.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "**IRD Act**") was passed in Parliament on 1 October 2018 and came 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, the Securities. However, it may apply to related contracts that are not found to be directly connected with the Securities."

16. The section entitled "Investment Considerations – Investment considerations relating to the Programme and the Securities generally" appearing on pages 26 to 33 of the Information Memorandum shall be deemed to be supplemented with the following:

"The Notes may not be a suitable investment for all investors seeking exposure to green assets.

Sembcorp Industries has developed the Sembcorp Green Financing Framework (as set out in Schedule 2 to the Pricing Supplement and as may be updated or amended from time to time, the "**Sembcorp Green Financing Framework**"), which sets out how the Group intends to enter into green finance transactions to fund projects which will deliver environmental benefits. No assurance is given by the Relevant Issuer and the Guarantor that the use of such proceeds for any Eligible Green Projects (as set out in the Sembcorp Green Financing Framework) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply with, whether by any present or future applicable law or regulations, its own by-laws, other governing rules or investment portfolio mandates.

The Group has received from Ernst & Young LLP an independent limited assurance report dated 29 April 2021 (the "**Report**") on the alignment of the Sembcorp Green Financing Framework to the Climate Bond Standard Version 3.0 issued by the Climate Bonds Initiative (the "**Climate Bond Standard**").

The Report is not incorporated into, and does not form part of, the Pricing Supplement or the Information Memorandum. None of the Relevant Issuer, the Guarantor, the Group or the relevant Dealer makes any representation as to the suitability of the Report, any documentation provided in connection therewith or the Notes to fulfil such environmental and sustainability criteria. Prospective investors should have regard to the factors described in the Information Memorandum and in the "Use of Proceeds" section below regarding the use of proceeds. Each potential purchaser of Notes should determine for itself the relevance of the information

contained in the Pricing Supplement and the Information Memorandum regarding the use of proceeds, and its purchase of Notes should be based upon such investigation as it deems necessary.

The Report and any further assurance statement or third party opinion that may be issued (collectively, the "Assurance Reports") may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Notes. The Assurance Reports are not a recommendation to buy, sell or hold securities and are only current as of the date that they were initially issued. The Assurance Reports are for information purposes only and none of the Relevant Issuer, the Guarantor, the Group or the relevant Dealer nor the person issuing the Assurance Reports accepts any form of liability for the substance of such Assurance Reports and/or any liability for loss arising from the use of such Assurance Reports and/or the information provided therein.

Further, although the Relevant Issuer may allocate the net proceeds of the issue of the Notes towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria as described under the Sembcorp Green Financing Framework (see "Use of Proceeds"), there is no contractual obligation to do so and accordingly, it would not be an event of default or breach of contract with respect to the Notes if (i) the Relevant Issuer were to fail to use the proceeds in the manner specified in the Pricing Supplement, (ii) the Report issued in connection with the Sembcorp Green Financing Framework were to be withdrawn and/or (iii) the Notes were to fail to meet the investment requirements of certain environmentally focused investors regarding any "green", "sustainable" or similar labels with respect to such Notes. A withdrawal of the Report, any loss of qualification as a green asset under any relevant principles or guidelines, or any failure by the Relevant Issuer to use the net proceeds from the Notes on Eligible Green Projects or to meet or continue to meet the investment requirements of certain environmentally focused investors with respect to such Notes may adversely affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell the Notes as a result of the Notes not falling within the investor's investment criteria or mandate).

# The Climate Bonds Initiative certification does not provide any assurances relating to the Notes or the Eligible Green Projects.

The certification of the Notes as "Climate Bonds" by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Notes or any Eligible Green Project, including but not limited to the Pricing Supplement, the Information Memorandum, the transaction documents, the Relevant Issuer or the Guarantor, or their respective management.

The certification of the Notes as Climate Bonds by the Climate Bonds Initiative was addressed solely to the board of directors of the Issuers and is not a recommendation to any person to purchase, hold or sell the Notes and such certification does not address the market price or suitability of the Notes for a particular investor. The certification also does not address the merits of the decision by the Relevant Issuer, the Guarantor or any third party to participate in any Eligible Green Project and does not express and should not be deemed to be an expression of an opinion as to the Relevant Issuer, the Guarantor or any aspect of any Eligible Green

Project (including but not limited to the financial viability of any Eligible Green Project) other than with respect to conformance with the Climate Bond Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Eligible Green Project, the Relevant Issuer or the Guarantor. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Eligible Green Project. The certification may only be used with the Notes and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Notes and/or the payment of principal at maturity or any other date. The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

The certification of the Notes by the Climate Bonds Initiative is not incorporated into, and does not form part of, the Pricing Supplement or the Information Memorandum. None of the Relevant Issuer, the Guarantor or the Relevant Dealer makes any representation as to the suitability of the certification of the Notes. The certification is not a recommendation to buy, sell or hold securities. A withdrawal of the certification may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Neither ceasing to comply with the Climate Bond Standard nor the withdrawal of the certification of the Notes as Climate Bonds shall constitute an event of default, potential event of default or other default by the Relevant Issuer or the Guarantor under the terms of the Notes.

#### There is no current market consensus on what constitutes a "green" or "sustainable" project.

There is no current market consensus on what precise attributes are required for a particular project to be defined as "green" or "sustainable" and therefore the Eligible Green Projects may not meet the criteria and expectations of all investors regarding environmental impact and sustainability performance. Although the underlying projects have been selected in accordance with the categories recognised by the Climate Bond Standard and will be developed in accordance with relevant legislation and standards, there can be no guarantee that adverse environmental, social and/or other impacts will not occur during the design, construction, commissioning and operation of the projects. In addition, where negative impacts are insufficiently mitigated, the projects may become controversial, and/or may be criticised by activist groups or other stakeholders. The Relevant Issuer may not meet or continue to meet the investment requirements of certain environmentally focused investors with respect to the Notes, which may also have consequences for certain investors with portfolio mandates to invest in green assets. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in the Pricing Supplement and the Information Memorandum regarding the use of proceeds of the Notes.

While it is the intention that the proceeds of any Notes so specified for Eligible Green Projects be applied by the Relevant Issuer in the manner described below under the section "Use of

Proceeds", there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by Sembcorp Industries."

17. The section entitled "Sembcorp Industries Ltd – History and Background" appearing on page 113 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

# "1. HISTORY AND BACKGROUND

Sembcorp Industries was incorporated in Singapore on 20 May 1998. On 3 October 1998, Singapore Technologies Industrial Corporation and Sembawang Corporation were merged under Sembcorp Industries and became its wholly-owned subsidiaries. From 16 businesses, Sembcorp Industries underwent a decades-long process to sharpen its focus to three core businesses: Energy, Marine and Urban. In September 2020, Sembcorp Industries demerged with its marine subsidiary Sembcorp Marine, transforming Sembcorp Industries into a focused energy and urban business that supports the global energy transition and sustainable development. In May 2021, Sembcorp Industries unveiled a strategic plan to transform its portfolio from brown to green, with a vision to be a leading provider of sustainable solutions.

Driven by its purpose to do good and play its part in building a sustainable future, Sembcorp Industries leverages its sector expertise and global track record to deliver innovative solutions that support the energy transition and sustainable development. By focusing on growing its Renewables and Integrated Urban Solutions businesses, it aims to transform its portfolio towards a greener future and be a leading provider of sustainable solutions.

As at 31 December 2022, Sembcorp Industries has a balanced energy portfolio of 16.7 GW of power, with 9.8<sup>4</sup> GW of renewable energy capacity (approximately 8.3 GW of installed capacity and approximately 1.5 GW under development) comprising solar, wind and energy storage globally. It also has a proven track record of transforming raw land into sustainable urban developments, with a project portfolio spanning over 12,000 hectares across Asia.

Sembcorp Industries has been rated "AA" on MSCI ESG Ratings since 2022 and its strategic plan is underpinned by the following targets:

## More sustainable

By 2025, Sembcorp Industries aims for its sustainable solutions portfolio to comprise 70% of the Group's net profit. In 2020, the sustainable solutions portfolio contributed to around 40% of the Group's net profit. By 2025, its renewable energy portfolio is

<sup>&</sup>lt;sup>4</sup> Including acquisitions pending completion

expected to achieve a compounded annual growth rate ("CAGR") of 30% and its integrated urban solutions portfolio a CAGR of 10%.

#### More renewables

By 2025, Sembcorp Industries aims to quadruple its gross installed renewable energy capacity to 10 GW, from its gross installed renewable energy capacity (comprising wind, solar and energy storage) of 2.6 GW in 2020.

#### More sustainable urban developments

By 2025, Sembcorp Industries aims to triple its Integrated Urban Solutions business' land sales to 500 hectares, from land sales amounting to 172 hectares in 2020.

#### Lower carbon emissions

By 2025, Sembcorp Industries aims to reduce its greenhouse gas emissions intensity to 0.40 tonnes of carbon dioxide equivalent (" $tCO_2e$ ") per megawatt hour (" $tCO_2e/MWh$ ") from 0.54 tCO<sub>2</sub>e/MWh in 2020. In addition, Sembcorp Industries aims to reduce absolute greenhouse gas emissions to 2.7 million tCO<sub>2</sub>e by 2030, a 90% reduction from 2020 levels and deliver net-zero emissions by 2050. Sembcorp Industries also commits to not investing in new coal-fired energy assets.

Sembcorp Industries is listed on the Mainboard of the SGX-ST. It is a constituent stock of the Straits Times Index and sustainability indices including the FTSE4Good Index and the iEdge SG ESG indices."

 The section entitled "Sembcorp Industries Ltd – Group Structure" appearing on pages 114 to 115 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

#### "2. GROUP STRUCTURE

Sembcorp Utilities	100%
Singapore	
Sembcorp Cogen	100%
Sembcorp Power	100%
Sembcorp Gas	100%
Sembcorp NEWater	100%
Sembcorp Solar Singapore	100%
Sembcorp Floating Solar Singapore	100%
Sembcorp Fuels	100%
Sembcorp Fuels (Singapore)	100%
Sembcorp Energy Markets	100%
Go Net Zero (formerly known as Sembcorp RECS)	100%
Sembcorp Energy Vietnam	100%
Sembcorp Renewable Energy Vietnam	100%
Sembcorp Solar Vietnam	100%
Sembcorp Smart Energy Solutions Vietnam	100%

Sembcorp Energy Vietnam Project I Sembcorp Energy Indonesia (formerly known as Sembcorp Energy China) Sembcorp Project Engineering Co	100% 100% 100%
China Sembcorp (China) Holding Co Shanghai Cao Jing Co-generation Co Zhangjiagang Free Trade Zone Sembcorp Water Co Zhangjiagang Free Trade Zone Sembcorp Reclaimed Water Co Sembcorp Qidong Water Co Sembcorp Nanjing SUIWU Co Sembcorp NCIP Water Co Fuzhou Sembcorp Water Co Guohua AES (Huanghua) Wind Power Co Sembcorp Changzhi Water Co Sembcorp Tianjin Lingang Water Co Sembcorp Sanhe Yanjiao Water Co Guohua Sembcorp (Chenba'erhu) Wind Power Co Guohua Sembcorp (Chenba'erhu) Wind Power Co Guohua Sembcorp (Kinba'erhu) Wind Power Co Guohua Sembcorp (Xinba'erhu) Wind Power Co Sembcorp Shenyang Water Co Sembcorp Shenyang Water Co Sembcorp Qitaihe Water Co Sembcorp Shenyang Water Co Sembcorp Qitaihe Water Co Sembcorp Qitaihe Water Co Sembcorp Shenyang Water Co Sembcorp Energy (Shanghai) Holding Co Sembcorp WaterTech (Nanjing) Co Beijing Energy Sembcorp (Hainan) International Renewables Co. SDIC New Energy Investment Co. Sembcorp Fusing New Energy (Shenzhen) Co., Ltd. Sembcorp Fusing New Energy (Shenzhen) Co., Ltd. Sembcorp Fusing New Energy (Shenzhen) Co., Ltd.	100% 30% 80% 96.45% 98.42% 95% 72% 49% 100% 90% 94.34% 49% 49% 49% 49% 49% 80% 90.91% 49% 80% 100% 100% 100% 49% 35.11% 98% 100% 90.98% 49%
Hunan Xingling New Energy Co., Ltd	45.3%
<u>India</u> Sembcorp India Sembcorp Green Infra	100% 100%
<u>Indonesia</u> PT Adhya Tirta Batam PT Adhya Tirta Sriwijaya PT Sembcorp Energy Indonesia	50% 40% 100%
<u>Myanmar</u> Sembcorp Myingyan Power Co	100%
<u>Vietnam</u> Phu My 3 BOT Power Co Sembcorp Energy Vietnam Co Sembcorp Solar Vietnam Co	66.67% 100% 100%

Hung Viet Phat Solar Power Technology Co Vietnam-Singapore Smart Energy Solutions Joint Stock Company	100% 44%
<u>Malaysia</u> Sembcorp Solar Solutions Sdn Bhd	100%
Bangladesh Sembcorp North-West Power Co	71%
<u>Oman</u> Sembcorp Salalah Power and Water Co Sembcorp Salalah O&M Services Co	40% 70%
<u>UAE</u> Emirates Sembcorp Water & Power Co Sembcorp Gulf O&M Co	40% 100%
<u>UK</u> Sembcorp Utilities (UK) Merseyside Energy Recovery Sembcorp Energy UK UK Power Reserve	100% 40% 100% 100%
Sembcorp Environment	100%
<u>Singapore</u> SembWaste	100%
Sembcorp Development	100%
Vietnam Singapore Industrial Park JV Co Vietnam Singapore Industrial Park & Township Development Joint Stock Co VSIP Bac Ninh Co VSIP Bac Ninh Co VSIP Quang Ngai Co VSIP Quang Ngai Co VSIP Hai Duong Co VSIP Nghe An Co VSIP-Sembcorp Gateway Development Co Hai Phong Lakeside Garden Development Co Sembcorp Infra Services Hai Phong Sembcorp Infra Services Hai Duong Becamex Binh Dinh Joint Stock Co Vietnam-Singapore Smart Energy Solutions Joint Stock Co VSIP Can Tho Joint Stock Co	49.26% 46.48% 46.48% 49.26% 46.48% 49.26% 51.56% 100% 52.50% 52.50% 14.79% 9.85% 29%
<u>China</u> Wuxi-Singapore Industrial Park Development Co Sino-Singapore Nanjing Eco Hi-tech Island Development Co	45.36%

Indonesia	
Kawasan Industri Kendal	49%
Myanmar	
Myanmar Singapore (Hlegu) Industrial Park JV Co	50.60%
Singapore	
Sembcorp Properties	100%
Sembcorp Properties (China)	100%
Sembcorp Properties (Vietnam)	100%
Sembcorp Infra Holdings	70%
Sembcorp Infra Services	52.50%
Sembcorp Development Indonesia	100%
Sembcorp Development India	100%
Sembcorp Development Vietnam	100%
Sembcorp Parks Management	75%
OTHER BUSINESSES	
Singapore Precision Industries / Singapore Mint	100%
Sembcorp Specialised Construction	100%

#### Notes:

- This list of companies is not exhaustive.
- The Conventional Energy business also includes certain utilities operations under SCI.
- While figures reflect shareholdings as at 31 December 2022, the deconsolidation of SEIL from the Group following the completion of the SEIL Disposal on 19 January 2023 is reflected in this list.
- Shareholding figures for entities listed under Sembcorp Utilities, Sembcorp Environment and Sembcorp Development reflect stakes held by the above companies in these entities."
- 19. The section entitled "Sembcorp Industries Ltd Key Businesses" appearing on pages 116 to 118 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

## "3. KEY BUSINESSES

Sembcorp Industries is listed on the SGX-ST. As at 31 December 2022, the Group's total assets amounted to S\$16.0 billion, which includes S\$3.4 billion of SEIL assets held for sale. The Group is primarily involved in the following businesses:

- (a) Renewables
- (b) Integrated Urban Solutions
- (c) Conventional Energy

#### (a) Renewables

Sembcorp Industries is a leading Pan-Asian provider of innovative renewable energy solutions. Its renewable energy portfolio comprises wind, solar and energy storage in key markets such as Singapore, Vietnam, China, India, Indonesia and the UK as well as trading of energy attribute certificates and the provision of system services that support integration of renewables into the grid.

Sembcorp Industries is one of the largest solar energy providers in Singapore, managing a full spectrum of solar capabilities across rooftop, ground-mounted and floating solar projects. In India, it has one of the highest wind capacity portfolios under self-operations and maintenance. Within China, Sembcorp Industries leverages its established partnerships to grow its presence. In addition, Sembcorp Industries harnesses its capabilities in energy storage systems developed in the UK to develop and provide auxiliary energy services to its key markets.

As at 31 December 2022, Sembcorp Industries has a portfolio of 8.3 GW of gross installed renewable energy capacity comprising solar, wind and energy storage globally.

#### (b) Integrated Urban Solutions

The Integrated Urban Solutions segment comprises the urban business, water business and waste and Waste-to-resource businesses.

The urban business has more than 30 years of track record in developing integrated urban developments comprising industrial parks as well as business, commercial and residential spaces. As at 31 December 2022, Sembcorp Industries has a portfolio of 16 large-scale urban projects spanning over 12,000 hectares in Vietnam, China and Indonesia. These projects have attracted US\$42 billion in direct investments and over 1,000 customers, comprising multinational companies and leading local enterprises as tenants.

Sembcorp Industries is a valued partner to governments with its ability to attract local and international investments, delivering the economic engine to support growth. It also deploys a people-centric approach to urban planning with the incorporation of green solutions and smart technology to enhance the liveability and sustainability of its developments.

In Vietnam, the urban business has partnered with the Vietnamese government to create integrated townships and industrial parks since 1996. There are 12 Vietnam Singapore Industrial Parks ("**VSIP**") strategically located in Vietnam's southern, central and northern economic zones. These projects uniquely integrate industrial, commercial and residential solutions localised to suit the demands of Vietnam's rapid urbanisation and industrialisation. VSIP was named the "Best Industrial/Warehouse Developer" in Vietnam (2022) by Euromoney (UK) magazine. This is the seventh time that VSIP has won this accolade.

In China, the urban business has partnered the Chinese government for more than two decades to develop the Wuxi-Singapore Industrial Park, China-Singapore Suzhou Industrial Park and the Sino-Singapore Nanjing Eco Hi-tech Island in Jiangsu.

In Indonesia, it is developing Kendal Industrial Park in Central Java, along the Jakarta-Semarang-Surabaya Economic Corridor. The Kendal Industrial Park is the first special economic zone for industrial development on Java Island.

In the water business, Sembcorp Industries owns and operates highly specialised facilities across China, the Middle East, Singapore, Southeast Asia, and the UK. Its water and wastewater management solutions encompass all aspects of the water cycle including water supply, wastewater treatment and water reclamation.

The waste and waste-to-energy businesses include the solid waste management business in Singapore, as well as energy-from-waste facilities in Singapore and the UK.

## (c) Conventional Energy

Sembcorp Industries is an established power player with over 6.8 GW of conventional power capacity in key markets around the world. It has a global track record as an originator, owner or investor, operator and optimiser of energy assets with strong operational, management and technical capabilities.

Sembcorp Industries provides a wide variety of gas and related services such as gas sourcing, importation and trading in Singapore. Sembcorp Industries is the largest player in Singapore's natural gas market and the nation's first commercial importer and retailer of natural gas, offering a comprehensive suite of gas and related services.

On 19 January 2023, Sembcorp Industries completed the SEIL Disposal (see the section "Investment Considerations – Investment considerations relating to the Group – The Group's success in the future may depend on the successful implementation of its strategies." above for more details). SEIL is one of the largest independent power producers in India, operating two supercritical coal-fired plants totalling 2.6 GW. The SEIL Disposal is intended to accelerate the transformation of Sembcorp Industries' portfolio from brown to green."

20. The section "*Sembcorp Industries Ltd*" appearing on pages 113 to 122 of the Information Memorandum shall be deemed to be supplemented with the following:

## "6. SEMBCORP MARINE RIGHTS ISSUE AND DEMERGER

On 8 June 2020, Sembcorp Industries and Sembcorp Marine announced the proposed recapitalisation of Sembcorp Marine through a S\$2.1 billion renounceable rights issue by Sembcorp Marine (the "**Rights Issue**"), followed by a proposed demerger of the two companies via a distribution *in specie* of Sembcorp Industries' stake in the recapitalised Sembcorp Marine to the shareholders of Sembcorp Industries (the "**Demerger**", and together with the Rights Issue, the "**Transaction**"). The aim of the Transaction was to strengthen the financial positions of both companies and to unlock shareholder value.

In addition, the Transaction enabled Sembcorp Industries and Sembcorp Marine to better focus on their respective industries by giving them greater flexibility to pursue their own sustainable growth paths following the Demerger.

#### The Rights Issue

In connection with the Rights Issue, Sembcorp Industries gave an irrevocable undertaking (the "**Irrevocable Undertaking**") to subscribe for its *pro rata* entitlement of S\$1.27 billion and to take up an additional S\$0.23 billion if necessary, resulting in a total commitment of up to S\$1.5 billion under the Rights Issue.

The Rights Issue was completed on 11 September 2020 where 10,462,690,870 rights shares in Sembcorp Marine were allotted and issued to the respective subscribers. Pursuant to the Irrevocable Undertaking, 7,500,000,000 rights shares were allotted and issued to Sembcorp Industries, and the subscription moneys for the Rights Issue aggregating S\$1.5 billion were set off against the S\$1.5 billion subordinated loan extended by Sembcorp Industries to Sembcorp Marine in June 2019.

#### The Demerger

After the completion of the Rights Issue, Sembcorp Industries distributed its stake in the recapitalised Sembcorp Marine (including the 7,500,000,000 rights shares that had been allotted and issued to it under the Rights Issue) to the shareholders of Sembcorp Industries on a *pro rata* basis as dividends. This resulted in the demerger of Sembcorp Marine from Sembcorp Industries. Accordingly, Sembcorp Marine ceased to be a part of the Group."

21. The section entitled "Sembcorp Financial Services Pte. Ltd. – Financial Summary of SFS" appearing on pages 123 to 124 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

#### "3 Financial Summary of SFS

 A summary of the audited income statement of SFS for the years ended 31 December 2020, 31 December 2021 and 31 December 2022, which have been prepared in accordance with SFRS(I), is set out as follows:

#### **Income Statement**

		Audited	
	Financial Y	ear Ended 31	December
	2022	2021	2020
	<	(S\$'000)	>
Revenue	170,293	90,677	135,516
Cost of sales	(156,493)	(76,898)	(123,514)
Gross profit	13,800	13,779	12,002
Other operating income	99	93	10,677
Other operating expenses	(7,008)	(7,472)	(15,977)
Profit before tax	6,891	6,400	6,702
Tax expense	(1,498)	(2,859)	(1,212)

	Profit for the year	5,393	3,541	5,490	
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 (ii) A summary of the audited balance sheet of SFS as at 31 December 2020, 31 December 2021 and 31 December 2022, which have been prepared in accordance with SFRS(I), is set out as follows:

#### **Balance Sheet**

		Audited	
	Financial \	ear Ended 31	December
	2022	2021	2020
	<	(S\$'000)	>
Non-current assets	5,165,919	4,150,181	3,971,057
Current assets	446,863	693,596	659,249
Total assets	5,612,602	4,843,777	4,630,306
Share capital	15,000	15,000	15,000
Other reserves	15,720	(2,933)	(9,383)
Revenue reserve	12,664	16,271	44,730
Total equity	43,384	28,338	50,347
Non-current liabilities	3,355,464	3,390,175	3,448,506
Current liabilities	2,213,754	1,425,264	1,131,453
Total liabilities	5,569,218	4,815,439	4,579,959
Total equity and liabilities	5,612,602	4,843,777	4,630,306

22. The section entitled "*Use of Proceeds*" appearing on page 125 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

"The proceeds arising from the issue of the Notes (after deducting issue expenses) will be used to finance or refinance, in whole or in part, new or existing projects which fall in the list of Eligible Green Projects in Table 1 of the Sembcorp Green Financing Framework and that meet Climate Bonds Initiative sector-specific technical criteria."

23. The section entitled "Singapore Taxation – Interest and Other Payments" appearing on pages 127 to 129 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

## "1. Interest and Other Payments

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

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

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than nonresident individuals) is currently 17%. The applicable rate for non-resident individuals is 22% prior to the year of assessment 2024, and 24% thereafter. 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%. The rate of 15% may be reduced by applicable tax treaties.

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
- 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.

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

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

- "prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;
- "redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
- "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

It was announced in the Singapore Budget Statement 2023 that the requirement that qualifying debt securities ("**QDS**") have to be substantially arranged in Singapore will be rationalised, such that for all debt securities that are issued on or after 15 February 2023, such debt securities must be substantially arranged in Singapore by a financial institution holding a specified licence (the "**Relevant Licence Holder**"), instead of a relevant Financial Sector Incentive Company. In this regard, a Relevant License Holder is intended to mean an entity which:

- (i) is any bank or merchant bank licensed under the Banking Act 1970;
- (ii) is any finance company licensed under the Finance Companies Act 1967; or
- (iii) holds a capital markets services licence under the Securities and Futures Act 2001 for dealing in capital markets products – securities or advising on corporate finance.

The MAS will be providing further details by 31 May 2023.

As the Programme is arranged as a whole by DBS Bank Ltd., which is a Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) and a Relevant Licence Holder, any tranche of the Securities ("**Relevant Securities**") issued or to be issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be QDS for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require and the inclusion by the Relevant Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using 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 "Specified Income") from the Relevant Securities paid by the Relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax; and

- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require), Specified Income from the Relevant Securities paid by the Relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
  - (aa) the Relevant Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (bb) the furnishing by the Relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require,

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

Notwithstanding the foregoing:

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

shall not be eligible for the tax exemption or the concessionary rate of tax as described above.

The term "**related party**", in relation to a person (A), means any person (a) who directly or indirectly controls A; (b) who is being controlled directly or indirectly by A; or (c) who, together with A, is directly or indirectly under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from the Relevant 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 Relevant Securities using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Relevant Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding of tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

It was also announced in the Singapore Budget Statement 2023 that the QDS scheme will be extended until 31 December 2028, and the scope of qualifying income under the QDS scheme will be streamlined and clarified such that it includes all payments in relation to early redemption of QDS. The MAS will be providing further details by 31 May 2023."

- 24. The paragraph 1 appearing in the section entitled "*General Information Information on Directors*" appearing on page 134 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:
  - "1. (a) The name and position of each of the Directors of SCI are set out below:

Name	Position
Ang Kong Hua <sup>1</sup>	Chairman, Non-executive &
	Independent Director
Tow Heng Tan <sup>1</sup>	Deputy Chairman, Non-executive & Non-
	independent Director
Tham Kui Seng <sup>2</sup>	Non-executive & Independent Director
Ajaib Haridass	Non-executive & Independent Director
Yap Chee Keong	Non-executive & Independent Director
Dr Josephine Kwa Lay Keng	Non-executive & Independent Director
Nagi Hamiyeh	Non-executive & Non-independent Director
Lim Ming Yan	Non-executive & Independent Director
Wong Kim Yin	Group President & CEO

#### Note:

- 1 Mr Ang Kong Hua will retire as Chairman and a Director of SCI at SCI's annual general meeting on 20 April 2023. Mr Tow Heng Tan will succeed Mr Ang as Non-Executive and Non-Independent Chairman.
- 2 Mr Tham Kui Seng will retire as a Director of SCI at SCI's annual general meeting on 20 April 2023.
- (b) The name and position of each of the Directors of SFS are set out below:

Name	Position
Eugene Cheng Chee Mun	Director
Foo Fei Voon	Director
Chong Kwang Cheong Robert	Director
Yap Siew Leng	Director"

- 25. The paragraphs 4 and 5 appearing in the section entitled "*General Information Share Capital*" appearing on page 134 of the Information Memorandum shall be deleted in their entirety and substituted therefor with the following:
  - "4. The issued share capital of SCI as at 31 December 2022 is as follows:

Share Designation	Issued Share Capital	
	(Number)	(S\$)
Ordinary Shares	1,776,783,784	565,571,683

The number of issued ordinary shares of SCI excludes 10,763,948 ordinary shares (\$\$31,384,320) held as treasury shares.

5. The issued share capital of SFS as at 31 December 2022 is as follows:

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

- 26. The paragraph 6 appearing in the section entitled "*General Information Borrowings*" appearing on pages 134 to 135 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:
  - "6. Save as disclosed in the most recent unaudited accounts of SCI and audited accounts of SFS, none of SCI, SFS or their respective subsidiaries has as at 31 December 2022 any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, other than borrowings and indebtedness in the ordinary course of business."
- 27. The paragraph 8 appearing in the section entitled "*General Information Changes in Accounting Policies*" appearing on page 135 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

- "8. There has been no significant change in the accounting policies of SCI since its audited accounts for the year ended 31 December 2021 except for the adoption of new and amended standards as set out in the published unaudited condensed consolidated financial statements of the Group for the year ended 31 December 2022. There has been no significant change in the accounting policies of SFS since its audited accounts for the year ended 31 December 2022."
- 28. The section entitled "*General Information Litigation*" appearing on pages 135 to 136 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:
  - "9. Save as disclosed in this Information Memorandum, there are no legal, arbitration or administrative proceedings or prosecutions or investigations pending or threatened against the Issuers or the Guarantor or any of its subsidiaries, the outcome of which may have a material adverse effect on the financial position of the Issuers or on the Guarantor and its subsidiaries, taken as a whole."
- 29. The paragraph 10 appearing in the section entitled "*General Information Material Adverse Change*" appearing on page 136 of the Information Memorandum shall be deleted in its entirety and substituted therefor with the following:
  - "10. Save as disclosed in this Information Memorandum or in any public announcement by SFS and SCI, there has been no material adverse change in the financial position or condition or business prospects of SFS or of SCI since 31 December 2022."
- 30. The following shall be deleted in their entirety:
  - the third paragraph and all references to "rigs" appearing in the section entitled "Investment Considerations – Investment considerations relating to the Group – The Group may be involved in legal and other proceedings from time to time." appearing on page 15 of the Information Memorandum;
  - (ii) the reference to "Brazil" in the second paragraph appearing in the section entitled "Investment Considerations – Investment considerations relating to the Group – The Group's success in the future may depend on the successful implementation of its strategies." appearing on page 19 of the Information Memorandum;
  - (iii) the second and third paragraphs appearing in the section entitled "Investment Considerations – Investment considerations relating to the Group – The Guarantor relies on its investment income, including dividends and distributions from its subsidiaries, associated companies and joint ventures and proceeds from divestments, to meet its obligations, including obligations under the Guarantee." appearing on page 21 of the Information Memorandum;
  - (iv) the first two sentences of the first paragraph appearing in the section entitled "Investment Considerations – Investment considerations relating to the Group – The Group may not be able to refinance its indebtedness and funds may not be available to the Group." appearing on page 22 of the Information Memorandum;

- (v) the reference to "Brazilian Reals" in the first sentence appearing in the section entitled "Investment Considerations – Investment considerations relating to the Group – The Group is subject to foreign exchange rate fluctuations." appearing on page 25 of the Information Memorandum;
- (vi) the paragraph (b) appearing in the section entitled "*Sembcorp Industries Ltd Key Businesses*" appearing on page 116 of the Information Memorandum; and
- (vii) the section entitled "Sembcorp Industries Ltd Key Businesses Marine" appearing on page 117 of the Information Memorandum.

## SCHEDULE 2 TO THE PRICING SUPPLEMENT SEMBCORP GREEN FINANCING FRAMEWORK



# Green Financing Framework

Sembcorp

Sembcorp Industries

May 2021

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Sembcorp Industries (Sembcorp) is a leading energy and urban solutions provider, driven by our purpose to do good and play our part in building a sustainable future.

Leveraging our sector expertise and global track record, Sembcorp delivers innovative energy and urban solutions that support the energy transition and sustainable development. By focusing on growing our renewables and integrated urban solutions businesses, we aim to transform our portfolio towards a greener future and be a leading provider of sustainable solutions. Sembcorp has a global energy portfolio and a proven track record of transforming raw land into sustainable urban developments across Asia.

Sembcorp is listed on the main board of the Singapore Exchange.

## Sembcorp's Approach to Sustainability

Sustainability is central to Sembcorp's purpose and strategy. We believe we must be part of the sustainable development agenda, and have a responsibility to our stakeholders to provide solutions that create value and positive impact for society. By meeting the needs of society, while managing our material environmental, social and governance (ESG) risks and opportunities, we believe that we will succeed as a business and provide our shareholders a sustainable return.

Sembcorp's sustainability framework articulates three ambitions for the future. We aim to:

- 1) Enable a low-carbon and circular economy
- 2) Empower people and communities
- 3) Embed responsible business practices



Sembcorp's purpose and passion is to do good and play our part in building a sustainable future. Our vision is to be a leading provider of sustainable solutions - supporting development and creating value for our stakeholders and communities.



## Responding to climate change is central to Sembcorp's strategy

A growing renewables portfolio

The world is rapidly moving towards a low-carbon economy, creating significant disruption, risks and opportunities. Sembcorp understands it has a responsibility to respond to climate change, and we have articulated our aim to grow our renewables portfolio, reduce our emissions intensity and become a regional leader in this sector.

We were the first Singaporean energy company to launch a comprehensive climate change strategy in 2018. The strategy sets out our approach to managing risks and opportunities arising from climate change and the global energy transition, and lays out substantive targets to reduce emissions intensity and grow renewables capacity.

Sembcorp is a signatory to the United Nations Global Compact (UNGC), a supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD) and Carbon Pricing Leadership Coalition (CPLC).

## **Green Financing Framework**

We believe that to limit global warming, the transformation of the world's energy systems towards low-carbon is key. To demonstrate our commitment to a more sustainable future and drive renewable energy investments across our markets, Sembcorp has developed this Green Financing Framework.

The Sembcorp Green Financing Framework (Framework) outlines the criteria and guidelines for allocating the proceeds from the Group's Green Finance Transactions (GFTs). The Framework supports investment in renewable energy projects and projects that enables a low-carbon future, encourages the growth of GFTs in our projects globally, and demonstrates commitment to our long-term strategy focused on sustainability. The Framework is aligned with the relevant international market standards and guidelines listed below, collectively referred to as "Principles":

- Climate Bonds Standard by Climate Bonds Initiative (CBI)
- Green Bond Principles by the International Capital Market Association (ICMA)
- Green Loan Principles by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association
- ASEAN Green Bond Standards by the ASEAN Capital Market Forum (ACMF)

The Framework has the following four core components:

- 1) Use of proceeds
- 2) Process for project evaluation and selection
- 3) Management of proceeds
- 4) Reporting

Sembcorp intends to enter into multiple GFTs under this Framework, including but not limited to the products listed below:

- Green bonds / notes
- Green perpetual securities
- Green loans

For the avoidance of doubt, the GFTs may be in any currency, tenor or with other terms and conditions, including covenants, arising from the Group's financing strategy as well as the outcome of the commercial discussions between the Group and its lenders and investors. The GFTs may also be undertaken by any subsidiary of the Group.

## 1.1 Use of proceeds

The net proceeds raised from the GFTs (Net Proceeds) will be used exclusively to finance or refinance, in whole or in part, new or existing projects which falls in the Eligible Green Projects list in Table 1. The GFTs from CBI certified green bonds or loans will be used to finance or refinance only Eligible Green Projects that fall under investment areas listed in CBI taxonomy and meet CBI sector specific technical criteria (Eligibility Criteria).

Sembcorp aims to allocate all Net Proceeds within 24 months from the issuance of each GFT. We are committed to ensuring that the total outstanding value of GFTs issued is always covered by the value of its selected Eligible Green Projects assets.

## Eligibility criteria for green projects

## Table 1: List of Eligible Green Projects

Eligible Green Projects Category	Eligibility Criteria
Renewable Energy	<ul> <li>Generation facilities, supply chain facilities, transmission and supporting infrastructure</li> <li>Wind Energy (onshore and offshore)</li> <li>Solar Energy (onshore and offshore)</li> <li>Geothermal Energy</li> <li>Hydropower<sup>1</sup></li> </ul>
	• Bio-energy
Energy Storage	• Energy storage assets and facilities <sup>1</sup>

<sup>1</sup> The Sector Criteria by CBI is under development as of date of the Framework publication

All Eligible Green Projects should provide clear environmental benefits and fall into one of the Eligible Green Projects Categories and Eligibility Criteria as mentioned in Table 1.

Net Proceeds will not be used for fossil-fuel related projects or investments.

## 1.2 Process for project evaluation and selection

Project evaluation and selection is a key process in ensuring that the projects financed by the GFTs meet the Eligibility Criteria.

The Group Treasury team will nominate Eligible Green Project(s) (Nominated Projects). The Group Sustainability team (together with relevant subject experts, where necessary) will review the Nominated Project(s)'s conformance to the Eligibility Projects Category and Criteria in Table 1. The prioritised projects will be presented by the Group Treasury and Group Sustainability teams to Sembcorp's Green Financing Committee for validation and approval on the Nominated Projects.

The Green Financing Committee comprises the Group Chief Financial Officer (Chair), Head of Group Sustainability and Head of Group Treasury.

This Committee will meet at least once a year to:

- Validate compliance of Nominated Project(s) with the Green Financing Framework
- Validate update reports to investors
- Approve updates to the Framework (where necessary)

## 1.3 Management of proceeds

Allocation of GFT proceeds will be tagged using Sembcorp's Treasury Management System. A register (Green Project Register), managed by Group Treasury, will be set up to track the use of proceeds. Information captured in the Green Project Register includes:

- 1) Net Proceeds from GFTs;
- 2) Net Proceeds earmarked and / or allocated to Nominated Projects; and
- 3) Value of Nominated Projects (for existing assets) or estimated project value (for projects under development / construction)

Any unallocated GFT proceeds will be temporarily invested in cash or cash equivalent instruments as permitted under Sembcorp's Group Treasury Risk Management Policy until it is used to finance the Nominated Projects. All GFT proceeds will be allocated to Nominated Projects within 24 months of issuance of the GFT.

## 1.4 Reporting

Sembcorp is committed to transparency in reporting on its GFTs.

We will make the following information, but not limited to, on GFTs available on its website and update it at least annually over the period of the GFTs still outstanding:

## a) Allocation reporting

- List and details of Nominated Projects to which Net Proceeds have been allocated
- Total amount of proceeds allocated to Nominated Projects
- Share of Net Proceeds used for financing and refinancing of Nominated Projects
- Unallocated amount, if any (in accordance with the management of proceeds as set out in paragraph 1.3 above)

## b) Eligibility reporting

- Confirmation that Nominated Projects are in conformance with the Framework and Eligibility Criteria
- Details of environmental characteristics of the Nominated Projects as per the Eligibility Criteria

## c) Impact reporting

We will provide qualitative and / or quantitative performance indicators along with methods and key underlying assumptions used in deriving the performance indicators for expected or actual outcomes from Nominated Projects (where possible and relevant). Below are the examples of impact indicators that may be reported:

## Table 2: Environmental Impact Indicators

Eligible Green Projects Category	Environmental Impact Indicators (not limited to)
Renewable Energy	<ul> <li>Renewable energy installation capacity (MW)</li> <li>Renewable energy generation (MWh)</li> <li>Annual GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> </ul>
Energy Storage	• Storage capacity (MW)

Subject to the nature of Nominated Projects and availability of information, the Group will look to utilise the impact reporting guidelines as detailed within the Climate Bond Standard.

## Framework review

The Framework has been reviewed and assured by EY, a Climate Bonds Initiative-approved verifier. The assurance report is publicly available on our website (https://www.sembcorp.com/en/investor-relations).

## **GFTs verification**

Pre-issuance: Sembcorp will engage a CBI-approved verifier under the CBI certification programme, to provide a Verifiers' Report for the GFTs' conformance with pre-issuance requirements of the Climate Bond Standard.

Post-issuance: Sembcorp will continue to engage a CBI-approved verifier to provide the Verifiers' Report for the GFTs' conformance with post-issuance requirements of the Climate Bond Standard.

## Disclaimer

This Green Financing Framework is for information purposes only. Unless specifically referred to in an offering document, this Green Financing Framework cannot be relied upon in connection with, and does not constitute or form part of, any offer to sell or offer to buy securities of Sembcorp (including any subsidiary of Sembcorp).



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## SCHEDULE 3 TO THE PRICING SUPPLEMENT UNAUDITED FINANCIAL STATEMENTS OF SEMBCORP INDUSTRIES LTD AND ITS SUBSIDIARIES FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2022

The information contained in this Schedule has been extracted from the condensed consolidated financial statements and dividend announcement of Sembcorp Industries Ltd for the second half and full year ended 31 December 2022 and has not been specifically prepared for inclusion in this Pricing Supplement. The unaudited financial statements of Sembcorp Industries Ltd for the second half and full year ended 31 December 2022 have been prepared in accordance with SFRS(I) and IFRS.



## SEMBCORP INDUSTRIES LTD Registration Number: 199802418D

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF AND FULL YEAR ENDED DECEMBER 31, 2022

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## UNAUDITED RESULTS FOR THE SECOND HALF AND FULL YEAR ENDED DECEMBER 31, 2022

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the second half and full year ended December 31, 2022.

On September 5, 2022, the Group publicly announced the proposed sale of Sembcorp Energy India Limited (SEIL), a whollyowned subsidiary. The sale was approved by the shareholders of the Company on November 8, 2022 (EGM). SEIL was classified as a disposal group held for sale and as a discontinued operation, with comparative information of its performance re-presented accordingly. On January 19, 2023, the sale of SEIL was completed (see Note 17).

## 1. CONSOLIDATED INCOME STATEMENT

	DUP	GRC	GROUP				
21# +/(-)	FY2021#	FY2022	+ / (-)	2H2021#	2H2022	Note	
%			%				(S\$ million)
							Continuing operations:
08 22	6,408	7,825	3	3,825	3,924	2a	Turnover
89) 18	(5,589)	(6,598)	(5)	(3,364)	(3,184)		Cost of sales
50 50	819	1,227	61	461	740		Gross profit
93) 27	(393)	(499)	40	(240)	(336)		General & administrative expenses
14 48	114	169	(47)	78	41		Other operating income, net
21 (57)	21	9	_	4	4		Non-operating income
18) (93)	(218)	(16)	225	(4)	(13)		Non-operating expenses
21 76	21	37	140	10	24	2d	Finance income
96) 5	(296)	(310)	19	(147)	(175)	2d	Finance costs
206 20	206	248	13	102	115	2e	Share of results of associates and joint ventures, net of tax
274 216	274	865	52	264	400		Profit before tax
23) 12	(123)	(138)	8	(66)	(71)	2f	Tax expense
51 NM	151	727	66	198	329	2c	Profit from continuing operations <sup>1</sup>
49 (3)	149	144	(10)	48	43	7c	Profit from discontinued operation, net of tax
<u>800</u> 190	300	871	51	246	372		Profit for the period / year
							Attributable to:
							Owners of the Company
30 NM	130	704	70	185	315		Profit from continuing operations
49 (3)	149	144	(10)	48	43	7c	Profit from discontinued operation
279 204	279	848	54	233	358		Profit attributable to owners of the Company
21 10	21	23	8	13	14		Non-controlling interests (NCI)
190	300	871	51	246	372	•	Profit for the period / year
1 2	:	144 <b>848</b> 23	(10) <b>54</b> 8	48 <b>233</b> 13	43 <b>358</b> 14	7c	Profit from continuing operations Profit from discontinued operation <b>Profit attributable to owners of the Company</b> Non-controlling interests (NCI)

<sup>#</sup> Re-presented

NM Not meaningful

After elimination of inter-segment finance income with corresponding reduction of inter-segment finance expense in discontinued operation (2H2022 and FY2022: S\$nil; 2H2021: S\$31 million; FY2021: S\$65 million)

## 1. CONSOLIDATED INCOME STATEMENT (Cont'd)

		GRO	OUP		GRO	OUP	
	Note	2H2022	2H2021#	+ / (-)	FY2022	FY2021#	+ / (-)
				%			%
Earnings per ordinary share (cents)							
- basic	2g	20.09	13.06	54	47.59	15.64	204
- diluted	2g	19.66	12.85	53	46.57	15.45	201
Earnings per ordinary share (cents) – Continuing operations							
- basic	2g	17.67	10.37	70	39.51	7.29	NM
- diluted	2g	17.30	10.20	70	38.66	7.20	NM

## RECONCILIATION OF NET PROFIT FROM CONTINUING OPERATIONS BEFORE EXCEPTIONAL ITEMS FOR PERFORMANCE REVIEW (NOTE 4c)

	GRO	DUP		GRO	DUP	
	2H2022	2H2021#	+ / (-)	FY2022	FY2021#	+ / (-)
(S\$ million)			%			%
Attributable to:						
Owners of the Company						
Profit from continuing operations	315	185	70	704	130	NM
Exceptional items (EI), net of tax						
Add: Exceptional expense	35	-	NM	35	213	84
Less: Exceptional income	-	(13)	NM	*	(20)	NM
Profit from continuing operations before El	350	172	103	739	323	129
Profit from discontinued operation	43	48	(10)	144	149	(3)
Net profit before El	393	220	79	883	472	87

## Exceptional Items, net of tax (EI)

		GRO	OUP	GR	OUP
	Note	2H2022	2H2021#	FY2022	FY2021 <sup>#</sup>
(S\$ million)					
Exceptional income					
UK land sales and connection fee income		-	13	-	13
Gain on disposal of investments and assets held for sale (AHS)	2c	-	-	*	7
		-	13	*	20
Exceptional expense					
Impairment of assets	2c	(21)	-	(22)	_
Impairment of joint ventures' underlying assets	2e	(4)	_	(4)	-
(Impairment and write-off) / Write-back of other investments	2c	(10)	_	(9)	(213)
Total exceptional items – (expense) / income		(35)	13	(35)	(193)

\* Denotes amount of less than S\$1 million or less than 1%

The information in the notes to the consolidated income statement is for Group's continuing operations. Details of the discontinued operation are shown in Note 7c.

## 2a. Turnover and disaggregation of revenue

The Group's continuing operations are grouped under four main segments, namely Renewables, Integrated Urban Solutions, Conventional Energy and Other Businesses and Corporate. Please refer to Note 4a for details.

		Integrated Urban	Conven- tional	Other Businesses and		
(S\$ million)	Renewables	Solutions	Energy	Corporate	Elimination	Total
<u>2H2022</u>						
Turnover						
External sales	284	227	3,246	167	_	3,924
Inter-segment sales	1	5	24	2	(32)	-
Total	285	232	3,270	169	(32)	3,924
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	268	-	3,020	*	_	3,288
Provision of water products, reclamation of water and industrial wastewater treatment	-	103	74	-	_	177
Solid waste management	-	107	*	-	-	107
Service concession revenue	-	7	97	-	-	104
Construction and engineering related activities	-	_	-	153	-	153
Others	16	7	55	14	-	92
Total revenue from contracts with customers	284	224	3,246	167	-	3,921
Rental income		3	-	_	_	3
Total external sales	284	227	3,246	167	-	3,924
Timing of revenue recognition						
Over time	254	221	3,246	153	_	3,874
At a point in time	30	3	-	14	_	47
Total revenue from contracts with customers	284	224	3,246	167	-	3,921
2H2021 <sup>#</sup>						
Turnover						
External sales	208	247	3,243	127	_	3,825
Inter-segment sales	*	4	19	5	(28)	_
Total	208	251	3,262	132	(28)	3,825
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	204	-	3,041	*	_	3,245
Provision of water products, reclamation of water and industrial wastewater treatment	-	102	63	-	-	165
Solid waste management	_	124	1	-	-	125
Service concession revenue	_	7	94	-	-	101
Construction and engineering related activities	_	_	-	115	-	115
Others	4	11	44	12	-	71
Total revenue from contracts with customers	208	244	3,243	127	-	3,822
Rental income		3	-	-	_	3
Total external sales	208	247	3,243	127	-	3,825
Timing of revenue recognition						
Over time	181	238	3,243	115	_	3,777
At a point in time	27	6	-	12	_	45
Total revenue from contracts with customers	208	244	3,243	127	_	3,822

## 2a. Turnover and disaggregation of revenue (Cont'd)

(S\$ million)	Renewables	Integrated Urban Solutions	Conven- tional	Other Businesses and Corporate	Elimination	Total
	Reliewables	Solutions	Energy	Corporate	Elimination	TOLA
<u>FY2022</u> Turnover						
External sales	506	444	6,547	328	_	7,825
Inter-segment sales	1	8	54	520	(69)	7,025
Total	507	452	6,601	334	(69)	7,825
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	490	-	6,122	*	_	6,612
Provision of water products, reclamation of water and industrial wastewater treatment	_	200	146	-	_	346
Solid waste management	_	212	*	_	-	212
Service concession revenue	_	14	189	_	-	203
Construction and engineering related activities	_	_	-	298	-	298
Others	16	11	90	30	-	147
Total revenue from contracts with customers	506	437	6,547	328	-	7,818
Rental income	_	7	-	_	_	7
Total external sales	506	444	6,547	328	-	7,825
Timing of revenue recognition						
Over time	469	425	6,547	298	-	7,739
At a point in time	37	12	-	30	-	79
Total revenue from contracts with customers	506	437	6,547	328	-	7,818
<u>FY2021</u> <sup>#</sup>						
Turnover						
External sales	354	465	5,292	297	-	6,408
Inter-segment sales	*	8	33	10	(51)	-
Total	354	473	5,325	307	(51)	6,408
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	350	-	4,889	*	_	5,239
Provision of water products, reclamation of water and industrial wastewater treatment	_	187	126	-	_	313
Solid waste management	-	237	1	-	-	238
Service concession revenue	-	15	185	-	-	200
Construction and engineering related activities	-	-	-	271	-	271
Others	4	21	91	26	-	142
Total revenue from contracts with customers Rental income	354	<b>460</b> 5	5,292 _	297	-	<b>6,403</b> 5
Total external sales	354	465	5,292	297	-	6,408
Timing of revenue recognition						
Over time	319	446	5,292	271	_	6,328
At a point in time	35	14	_	26	_	75
Total revenue from contracts with customers		460	5,292	297	-	6,403

Compared to the corresponding period, the Group reported a marginal increase of 3% in turnover to S\$3,924 million for 2H2022 and a 20% increase to S\$7,825 million for FY2022. In 2H2022, the increase was mainly from the Renewables segment and higher progressive revenue recognition from the specialised construction business, offset by lower turnover from the waste management business. Turnover for Renewables increased in 2H2022 due to the acquisition of Shenzhen Huiyang New Energy Co., Ltd (HYNE) in June 2022, higher power prices for the Singapore solar business. This was partially mitigated by lower wind resource in India.

## 2b. Breakdown of sales

	GRO	OUP	
	FY2022	FY2021#	+ / (-)
(S\$ million)			%
Reported in First Half Year			
(i) Sales	3,901	2,583	51
(ii) Profit / (Loss) after tax before deducting NCI for continuing operations	398	(47)	NM
(iii) Profit after tax before deducting NCI	499	54	NM
Reported in Second Half Year			
(i) Sales	3,924	3,825	3
(ii) Profit after tax before deducting NCI for continuing operations	329	198	66
(iii) Profit after tax before deducting NCI	372	246	52

## 2c. Profit for the period / year

Profit for the period / year includes:

		GROUP			GRO	GROUP		
	Note	2H2022	2H2021#	+ / (-)	FY2022	FY2021#	+ / (-)	
(S\$ million)				%			%	
Expenses								
Materials	(i)	(2,602)	(2,810)	(7)	(5,496)	(4,479)	23	
Depreciation and amortisation	(ii)	(207)	(170)	22	(372)	(324)	15	
Sub-contract cost	(iii)	(149)	(110)	35	(294)	(260)	13	
Allowance for expected credit loss	(iv)	(103)	(14)	NM	(108)	(16)	NM	
Impairment and write-off of assets	(v)	(27)	(8)	237	(31)	(11)	181	
Repair and maintenance		(58)	(41)	41	(102)	(94)	9	
Write-back / (Provision made) for remediation of legacy sites	(vi)	3	(30)	NM	3	(30)	NM	
Write-back/ (Write-down and write-off) of inventory		3	(2)	NM	*	(2)	NM	
Other operating income / (expenses), net								
Changes in fair value of financial instruments	(vii)	(15)	31	NM	61	43	42	
Foreign exchange (loss) / gain, net		(2)	4	NM	14	10	40	
Gain on disposal of assets	(viii)	1	13	(92)	1	13	(92)	
Grant income		1	9	(89)	6	20	(70)	
Other income	(ix)	57	22	159	88	29	203	
Non-operating income and (expenses)								
Dividend income		2	2	_	2	2	-	
Gain on disposal of an associate		-	-	_	2	_	NM	
Gain on disposal of other financial assets	(x)	-	1	NM	3	8	(63)	
Gain on disposal of AFS		_	3	NM	-	3	NM	
Loss on disposal of subsidiaries, net		-	(3)	NM	*	(3)	NM	
Change in fair value of other financial assets		(2)	1	NM	(4)	7	NM	
Impairment and write-off of other investments	(xi)	(10)		NM	(10)	(213)	(95)	

(i) Cost of materials in 2H2022 did not correspond to the increase in turnover from the Renewables business, due to the nature of its power generations. Cost of materials in 2H2022 declined as a result of cost and portfolio optimisation across both the gas and power businesses in Singapore.

#### 2c. Profit for the period / year (Cont'd)

- (ii) The increase in depreciation and amortisation in 2H2022 was attributable to new capacity added, mainly via acquisitions during the year.
- (iii) Sub-contract cost increased in line with the higher revenue recognition from the specialised construction business.
- (iv) The net increase in expected credit loss in 2H2022 was mainly due to a provision of S\$108 million on receivables for Sembcorp Myingyan Power Company (SMPC). The provision was made following management's regular assessment of credit risk under SFRS (I) 9. Although there is no default on payment, the Group has determined that the credit risk on the service concession receivables for SMPC has increased significantly, taking into consideration forward-looking information on the risk of foreign currency shortages, a weakening economy and Myanmar being categorised as a high-risk jurisdiction by the Financial Action Task Force, with increased risk of economic and financial sanctions. Accordingly, lifetime ECL is applied on the service concession receivables of SMPC.
- (v) 2H2022 included mainly the impairment and write-off of the aged assets, woodchip boiler and other facilities, in Singapore as well as water assets in China.
- (vi) This item related to the remediation obligation of certain legacy sites in United Kingdom (UK).
- (vii) Changes in fair value of financial instruments were mainly from foreign exchange forward contracts, non-deliverable forward and cross currency swaps used mainly for managing the Group's foreign currency exposures and interest costs. The corresponding net effects from revaluation of assets and liabilities in foreign currencies were recorded under foreign exchange gain, net.

2H2022 amount also included changes in fair value from the economic hedges used for managing the Group's gas costs, net off gains from unwinding of hedges no longer required following the cancellation of a commitment.

- (viii) 2H2021 included the sale of land in Teesside, UK.
- (ix) Other income in 2H2022 included a S\$23 million termination fee from the outcome of an arbitration in China and late payment fee of approximately S\$21 million recognised with the implementation of the equated monthly instalment by the power distribution companies in India.
- (x) The gain of S\$8 million in FY2021 was mainly from the disposal of mutual funds and the Group's interests in Sembcorp Jingmen Water Co Ltd (SJW), which was reclassified as financial assets.
- (xi) The 2H2022 amount pertained to impairment and write-off of investments in UK and Vietnam for project expenses incurred by the companies, while the FY2021 impairment was for joint venture ChongQing SongZao Sembcorp Electric Power Co Ltd (CSZ).

#### 2d. Finance income and finance costs

		GRO	OUP		GRO	DUP	
	Note	2H2022	2H2021#	+ / (-)	FY2022	FY2021 <sup>#</sup>	+ / (-)
(S\$ million)				%			%
Finance income		24	10	140	37	21	76
Finance costs	(i)	(175)	(147)	19	(310)	(296)	5
Included in finance costs:-							
Interest paid and payable to banks and others		(162)	(133)	22	(280)	(268)	4
Fair value changes of interest rate swaps		-	(3)	NM	(2)	(5)	(60)
Amortisation of capitalised transaction costs		(5)	(3)	67	(13)	(9)	44
Interest expense on lease liabilities		(5)	(5)	_	(10)	(9)	11
Unwind of accretion on restoration costs and financing component from contracts with customers		(3)	(3)	_	(5)	(5)	_

(i) Finance costs in 2H2022 was higher mainly due to higher interest paid and payable for the acquisitions made during the year as well as the consolidation of the finance costs of the acquired subsidiaries. This was offset by refinancing of INR loans at a lower rate.

#### 2e. Share of results of associates and joint ventures, net of tax

The Group's share of results of associates and joint ventures was S\$115 million for 2H2022,13% higher than S\$102 million in 2H2021. The higher profit in 2H2022 was mainly attributable to contribution from the newly acquired SDIC New Energy Investment Co., Ltd (SDIC) (Note 5e) and Urban's higher land sales in Vietnam and Indonesia. Thermal assets in Middle East and wind assets in China also performed better than last year. These better performances were offset by Urban's lower land and property sales in China, due to a slowdown in the China market and lower market valuation of underlying property assets in China.

## 2f. Tax expense

		GRC	DUP		GRO		
No	ote	2H2022	2H2021#	+ / (-)	FY2022	FY2021#	+ / (-)
(S\$ million)				%			%
Current tax expense							
Current year		79	31	155	136	66	106
Over provision in prior years (	i)	(43)	(3)	NM	(43)	(14)	207
Foreign withholding tax		7	4	75	9	9	-
Deferred tax expense							
Movements in temporary differences		3	24	(88)	11	33	(67)
Under provision in prior years (	i)	20	11	82	20	15	33
Effect of changes in tax rate (i	ii)	5	*	NM	5	15	(67)
Land appreciation tax expense							
Current year		-	(1)	NM	-	(1)	NM
Tax expense		71	66	8	138	123	12

The effective tax rate for the Group's continuing operations for FY2022, excluding write-back of prior years' tax and the effect of change in tax rate, was 25% (FY2021: 39%, on comparable basis and excluding Sembcorp Utilities Pte Ltd's impairment on investment). The higher effective tax rate in FY2021 was mainly because deferred tax assets are recognised only to the extent that it is probable that the related tax benefit will be realised.

- (i) The under-provision of deferred tax expense with corresponding over-provision of current tax, was mainly related to tax optimisation through Group Tax Relief.
- (ii) Related to the enactment of UK corporation tax rate from 19% to 25%, which will take effect from 2023.

#### 2g. Earnings per ordinary share

		GRO	OUP		GRO	OUP	
	Note	2H2022	2H2021#	+ / (-)	FY2022	FY2021#	+ / (-)
				%			%
Earnings per ordinary share (cents)							
(i) Based on the weighted average number of shares (in Singapore cents)		20.09	13.06	54	47.59	15.64	204
<ul> <li>Weighted average number of shares (in million)</li> </ul>		1,782.3	1,784.6	*	1,782.6	1,784.5	*
(ii) On a fully diluted basis (in Singapore cents)		19.66	12.85	53	46.57	15.45	201
<ul> <li>Adjusted weighted average number of shares (in million)</li> </ul>		1,821.0	1,813.2	*	1,821.8	1,806.5	*
Earnings per ordinary share (cents) – Continuing operations							
(i) Based on the weighted average number of shares (in Singapore cents)		17.67	10.37	70	39.51	7.29	NM
<ul> <li>Weighted average number of shares (in million)</li> </ul>		1,782.3	1,784.6	*	1,782.6	1,784.5	*
(ii) On a fully diluted basis (in Singapore cents)		17.30	10.20	70	38.66	7.20	NM
<ul> <li>Adjusted weighted average number of shares (in million)</li> </ul>		1,821.0	1,813.2	*	1,821.8	1,806.5	*

## 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		GRC	OUP		GROUP		
	Note	2H2022	2H2021	+ / (-)	FY2022	FY2021	+ / (-)
(S\$ million)				%			%
Profit for the period / year		372	246	51	871	300	190
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences for foreign operations	(i)	(463)	68	NM	(559)	84	NM
Exchange differences on monetary items forming part of net investment in foreign operation		(2)	(2)	-	(7)	1	NM
Net change in fair value of cash flow hedges	(ii)	63	40	58	318	181	76
Net change in fair value of cash flow hedges reclassified to profit or loss	(iii)	(166)	61	NM	(341)	(2)	NM
Cost of hedging reserve:	(iv)						
<ul> <li>– changes in fair value</li> </ul>		-	(18)	NM	-	(46)	NM
<ul> <li>reclassified to profit or loss</li> </ul>		-	21	NM	-	47	NM
Realisation of reserves upon disposal / liquidation of an associate, subsidiaries and AHS		-	3	NM	2	*	NM
Share of other comprehensive income of associates and joint ventures	(v)	16	12	33	62	35	77
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary		*	(1)	NM	*	(1)	NM
Income tax relating to these items		19	(20)	NM	9	(31)	NM
		(533)	164	NM	(516)	268	NM
Items that may not be reclassified subsequently to profit or loss:							
Defined benefit plan actuarial gains and losses		(6)	20	NM	(7)	20	NM
Change in fair value of financial assets at fair value through other comprehensive income (FVOCI)	(vi)	(1)	(13)	NM	*	(20)	NM
Income tax relating to these items		2	(6)	NM	2	(6)	NM
Other comprehensive (loss) / income		(538)	165	NM	(521)	262	NM
Total comprehensive (loss) / income for the period / year		(166)	411	NM	350	562	(38)
Attributable to:							
Owners of the Company		(172)	394	NM	334	536	(38)
NCI		6	17	(65)	16	26	(38)
Total comprehensive (loss) / income for the period / year		(166)	411	NM	350	562	(38)
Total comprehensive (loss) / income attributable to owners of the Company:							
From continuing operations		24	441	95	452	516	(12)
From discontinued operation		(196)	(47)	NM	(118)	20	NM
		(172)	394	NM	334	536	(38)

## 3a. Notes to Consolidated Statement of Comprehensive Income

(i) 2H2022 negative change in foreign currency translation reserve (FCTR) was attributable to the depreciation of India Rupee (INR) of S\$254 million and Renminbi (RMB) of S\$136 million against Singapore dollars. Particularly in 4Q2022, INR had depreciated approximately 8% which resulted in an increase of S\$227 million of translation loss.

As of December 31, 2022, the cumulative FCTR for the disposal group was negative S\$418 million.

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

## 3a. Notes to Consolidated Statement of Comprehensive Income (Cont'd)

- (ii) Fair value changes were mainly due to mark-to-market changes from foreign exchange forward contracts, foreign currency swaps, fuel oil swaps and interest rate swaps.
- (iii) Net change in fair value of cash flow hedges reclassified to profit or loss was predominantly the fuel oil swaps that were settled in 2022.
- (iv) The Group designates only the change in fair value of the spot element of forward exchange contracts for funding purposes as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element (forward points) for these forward exchange contracts is separately accounted for as cost of hedging and recognised in hedging reserve within equity.
- (v) These mainly related to share of associates and joint ventures' changes in fair value on interest rate swaps.
- (vi) These mainly related to unquoted equity investments from Integrated Urban Solutions.

## 4. SEGMENTAL REPORTING

#### (i) Operating segments

#### 2H2022

		Contin	uing Operat	ions		
	Renew-	Integrated Urban	Conven- tional	Other Business- es and	Elimi-	<b>T</b> : ( )
(S\$ million)	ables	Solutions	Energy	Corporate	nation	Total
Turnover		0.07	0.040	4.07		
External sales	284	227	3,246	167	-	3,924
Inter-segment sales	1	5	24	2	(32)	-
Total	285	232	3,270	169	(32)	3,924
Results						
Earnings before interest, taxes, depreciation and amortisation <sup>1</sup> (EBITDA)	204	70	461	(53)	-	682
Share of results of associates and joint ventures, net of tax	22	51	42	*	-	115
Adjusted EBITDA	226	121	503	(53)	_	797
Depreciation and amortisation	(75)	(26)	(98)	(8)	_	(207)
Other non-cash (expenses) / income:						
<ul> <li>Impairment and write-off of investments</li> </ul>	(8)	(2)	_	-	-	(10)
<ul> <li>Allowance for impairment in value of assets and assets written off, net</li> </ul>	(1)	(6)	(20)	*	-	(27)
– Others	*	1	(1)	(2)	_	(2)
Finance income	9	9	16	38	(48)	24
Finance costs	(71)	(7)	(48)	(97)	48	(175)
Profit / (Loss) before tax	80	90	352	(122)	_	400
Tax expense	(19)	(9)	(39)	(4)	_	(71)
NCI	(5)	(3)	(6)	_	_	(14)
Profit / (Loss) from continuing operations	56	78	307	(126)	-	315
Profit from discontinued operation, net of tax						43
Profit attributable to owners of the Company (Net Profit / (Loss))					_	358
Capital expenditure	393	18	77	7	_	495

Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off disclosed in Note 2c

## (i) Operating segments (Cont'd)

<u>2H2021</u>#

	Continuing Operations								
(S\$ million)	Renew- ables	Integrated Urban Solutions	Conven- tional Energy	Other Business- es and Corporate	Elimi- nation	Total			
Turnover	abiee	Conditionity	Energy	oorporato	nation	lotar			
External sales	208	247	3,243	127	_	3,825			
Inter-segment sales	*	4	19	5	(28)	-			
Total	208	251	3,262	132	(28)	3,825			
Results									
EBITDA	144	73	314	(53)	_	478			
Share of results of associates and joint ventures, net of tax	6	60	36	*	-	102			
Adjusted EBITDA	150	133	350	(53)	_	580			
Depreciation and amortisation	(42)	(28)	(97)	(4)	_	(171)			
Other non-cash (expenses) / income:									
<ul> <li>Allowance for impairment in value of assets and assets written off, net</li> </ul>	*	(3)	(4)	(1)	_	(8)			
– Others	*	_	-	*	_	*			
Finance income	2	7	25	38	(62)	10			
Finance costs	(58)	(4)	(54)	(62)	31	(147)			
Profit / (Loss) before tax	52	105	220	(82)	(31)	264			
Tax expense	(17)	(9)	(30)	(10)	_	(66)			
NCI	(3)	(4)	(6)	_	-	(13)			
Profit / (Loss) from continuing operations	32	92	184	(92)	(31)	185			
Profit from discontinued operation before elimination of inter-segment finance cost, net of tax						17			
Elimination of inter-segment finance cost						31			
Profit from discontinued operation, net of tax						48			
Net Profit						233			
Capital expenditure	58	36	42	5	_	141			

## (i) Operating segments (Cont'd)

FY2022

		Contir	uing Operat	ions		
-	Renew-	Integrated Urban	Conven- tional	Other Business- es and	Elimi-	
(S\$ million)	ables	Solutions	Energy	Corporate	nation	Total
Turnover						
External sales	506	444	6,547	328	-	7,825
Inter-segment sales	1	8	54	6	(69)	_
Total -	507	452	6,601	334	(69)	7,825
Results						
EBITDA	352	130	886	(60)	_	1,308
Share of results of associates and joint ventures, net of tax	62	93	93	*	-	248
Adjusted EBITDA	414	223	979	(60)	-	1,556
Depreciation and amortisation	(124)	(53)	(184)	(11)	_	(372)
Other non-cash (expenses) / income: – (Impairment and write-off) /	(8)	(1)	_	_	_	(9)
Write-back of other investments				*		(2.2)
<ul> <li>Allowance for impairment in value of assets and assets written off</li> </ul>	(1)	(6)	(25)	*	_	(32)
– Others	*	*	-	(5)	_	(5)
Finance income	13	14	19	63	(72)	37
Finance costs	(130)	(13)	(92)	(147)	72	(310)
Profit / (Loss) before tax	164	164	697	(160)	-	865
Tax expense	(26)	(18)	(83)	(11)	-	(138)
NCI	(6)	(6)	(11)	_	-	(23)
Profit / (Loss) from continuing operations	132	140	603	(171)	-	704
Profit from discontinued operation, net of tax						144
Net Profit						848
Capital expenditure	488	32	142	10	_	672

## (i) Operating segments (Cont'd)

FY2021#

	Continuing Operations								
(S\$ million)	Renew- ables	Integrated Urban Solutions	Conven- tional Energy	Other Business- es and Corporate	Elimi- nation	Total			
Turnover	45103	Controlls	Energy	oorporate	nation	Total			
External sales	354	465	5,292	297	_	6,408			
Inter-segment sales	*	8	33	10	(51)	_			
Total	354	473	5,325	307	(51)	6,408			
Results									
EBITDA	251	143	561	(70)	_	885			
Share of results of associates and joint ventures, net of tax	27	97	81	1	-	206			
Adjusted EBITDA	278	240	642	(69)	-	1,091			
Depreciation and amortisation	(82)	(54)	(181)	(8)	-	(325)			
Other non-cash (expenses) / income:									
<ul> <li>Impairment of investment in a joint venture</li> </ul>	-	-	(212)	_	-	(212)			
<ul> <li>Allowance for impairment in value of assets and assets written off</li> </ul>	*	(4)	(6)	(1)	-	(11)			
– Others	*	_	1	5	-	6			
Finance income	5	15	25	104	(128)	21			
Finance costs	(117)	(13)	(108)	(121)	63	(296)			
Profit / (Loss) before tax	84	184	161	(90)	(65)	274			
Tax expense	(25)	(17)	(59)	(22)	_	(123)			
NCI	(3)	(6)	(12)	_	-	(21)			
Profit / (Loss) from continuing operations	56	161	90	(112)	(65)	130			
Profit from discontinued operation before elimination of inter-segment finance cost, net of tax						84			
Elimination of inter-segment finance cost						65			
Profit from discontinued operation, net of tax						149			
Net Profit						279			
Capital expenditure	189	50	71	7	_	317			

## (i) Operating segments (Cont'd)

## As at December 31, 2022

(S\$ million) Assets	Renew- ables	Integrated Urban Solutions	Conven- tional Energy	Other Business- es and Corporate	Elimi- nation	Total
Segment assets	4,860	1,402	4,855	2,108	(2,986)	10,239
Interests in associates and joint ventures	870	908	504	5	-	2,287
Tax assets	9	19	17	17	_	62
_	5,739	2,329	5,376	2,130	(2,986)	12,588
Assets held for sale						3,432
Total assets					_	16,020
Liabilities						
Segment liabilities	3,979	488	3,211	4,907	(2,986)	9,599
Tax liabilities	220	47	326	118	-	711
—	4,199	535	3,537	5,025	(2,986)	10,310
Liabilities held for sale						1,494
Total liabilities						11,804

## As at December 31, 2021

(S\$ million)	Renew- ables	Integrated Urban Solutions	Conven- tional Energy	Other Business- es and Corporate	Elimi- nation	Total
Assets						
Segment assets	2,778	1,432	8,774	1,498	(1,744)	12,738
Interests in associates and joint ventures	265	877	458	_	_	1,600
Tax assets	7	20	13	17	_	57
Total assets	3,050	2,329	9,245	1,515	(1,744)	14,395
Liabilities						
Segment liabilities	1,747	586	5,217	4,098	(1,744)	9,904
Tax liabilities	98	52	310	113	_	573
Total liabilities	1,845	638	5,527	4,211	(1,744)	10,477

## (ii) Geographical segments

	Turnover – Continuing Operations									
	2H2022	2	2H2021	#	FY2022	2	FY2021	#		
(S\$ million)		%		%		%		%		
Singapore	2,779	71	2,904	76	5,828	74	4,817	75		
UK	682	17	522	14	1,165	15	859	13		
China	181	5	118	3	301	4	210	3		
India	143	3	160	4	277	4	285	5		
Rest of Asia	111	3	104	3	211	3	203	3		
Middle East	28	1	16	*	42	*	32	1		
Other countries	*	*	1	*	1	*	2	*		
Total	3,924	100	3,825	100	7,825	100	6,408	100		

			C	apital Expe	enditure			
	2H202	2	2H202 <sup>-</sup>	1	FY2022	2	FY2021	
(S\$ million)		%		%		%		%
Singapore	347	70	88	63	404	60	212	67
UK	96	19	28	20	118	18	58	18
India	27	5	10	7	52	8	16	5
China	19	4	9	6	29	4	13	4
Rest of Asia	3	1	2	1	36	5	7	2
Middle East	_	_	_	_	_	_	_	_
Other countries	_	_	_	_	_	_	_	_
-	492	99	137	97	639	95	306	96
India – held for sale	3	1	4	3	33	5	11	4
Total	495	100	141	100	672	100	317	100

	N	on-currer	nt Assets			Total A	ssets	
	As at December 31, 2022		As at December 2021		As at December 31, 2022		As at December 31, 2021	
(S\$ million)		%		%		%		%
China	3,212	34	1,436	14	4,016	26	1,948	14
Singapore	2,163	23	1,967	19	3,343	21	3,464	24
India	1,644	17	4,721	45	1,989	12	5,941	41
Rest of Asia	1,309	14	1,303	12	1,632	10	1,586	11
UK	828	9	731	7	1,233	8	1,131	8
Middle East	341	3	290	3	358	2	311	2
Other countries	15	*	14	*	17	*	14	*
	9,512	100	10,462	100	12,588	79	14,395	100
India – held for sale	_	_	_	_	3,432	21	_	_
Total	9,512	100	10,462	100	16,020	100	14,395	100

### Notes to Segmental Analysis

#### 4a. Operating segments

The Group has identified its business segments based on the internal reports that are reviewed and used by the executive management team in determining the allocation of resources and in assessing performance of the operating segments.

To deliver the Group's vision to be a leading provider of sustainable solutions, supporting sustainable development and creating value for stakeholders and communities, the Group has laid out a strategic roadmap to transform its portfolio from brown to green. The Group's businesses are grouped under four main segments as follows:

- (i) The Renewables segment's principal activities are the provision of electricity from solar and wind resources (both self-generated and imported), energy storage, trading of Energy Attribute Certificates as well as provision of system services that support integration of renewables into grid. This segment also includes the development and provision of installation, operation and maintenance of solar, wind and energy storage assets.
- (ii) The Integrated Urban Solutions segment supports sustainable development through its suite of urban, water as well as waste and waste-to-resource solutions. The segment's businesses comprise the development of large-scale integrated urban developments and integrated townships such as industrial parks, business, commercial and residential spaces, production and reclamation of water and industrial wastewater treatment as well as solid waste management and waste-to-resource solutions. This segment also includes decarbonisation solutions like carbon capture, utilisation and storage (CCUS) projects.
- (iii) The Conventional Energy segment's principal activities include the sale of energy molecules (including natural gas, steam and electricity from a diversity of fossil fuels such as natural gas and coal). This segment also includes sale of water products from its integrated assets.

On November 8, 2022, the shareholders of the Company approved the sale of SEIL, the India coal-fired thermal power business. SEIL was classified as a disposal group held for sale and as a discontinued operation, with comparative information of its performance re-presented accordingly. Details of the discontinued operation are shown in Note 7c.

(iv) The Other Businesses and Corporate segment comprises businesses mainly relating to specialised construction, minting, the Group's captive insurance and financial services, as well as corporate costs.

### 4b. Geographical segments

The Group's geographical segments for the continuing operations are presented in six principal geographical areas: Singapore, India, UK, Rest of Asia, China and Middle East. In presenting information based on geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

#### 4c. Review of Group's performance for continuing operations

	2H2022	2H2021 <sup>#</sup>	Grow	h	FY2022	FY2021 <sup>#</sup>	Grow	th
(S\$ million)				%				%
Adjusted EBITDA	797	580	217	37	1,556	1,091	465	43
Profit before El	350	172	178	103	739	323	416	129
EI – (Expense) / Income	(35)	13	(48)	NM	(35)	(193)	158	(82)
Profit from continuing operations	315	185	130	70	704	130	574	NM

2H2022 adjusted EBITDA of S\$797 million was S\$217 million or 37% higher than 2H2021 of S\$580 million. The Sustainable Solutions\*\* and Conventional Energy segments contributed 40% and 58% to the Group's 2H2022 adjusted EBITDA before EI and corporate costs, respectively (2H2021: Sustainable Solutions 45% and Conventional Energy 54%).

The Group's net profit before EI in 2H2022 was \$\$350 million, \$\$178 million or 103% higher than net profit before EI of \$\$172 million in 2H2021. The Sustainable Solutions and Conventional Energy segments contributed 31% and 67% to the Group's 2H2022 net profit before EI and corporate costs respectively (2H2021: Sustainable Solutions 40% and Conventional Energy 55%). The reduction in percentage contribution from Sustainable Solutions was due to significantly higher net profit from Conventional Energy's gas and related businesses.

Post approval of the sale of SEIL, the coal business previously under the Conventional Energy segment is presented as discontinued operation. See Note 7c for details.

\*\* Sustainable Solutions comprises the Renewables and Integrated Urban Solutions segment

#### 4d. Review of segment performance

#### Renewables

	2H2022	2H2021	Growt	h	FY2022	FY2021	Growt	h
(S\$ million)				%				%
Adjusted EBITDA	226	150	76	51	414	278	136	49
Profit before El	64	32	32	100	140	56	84	150
EI – (Expense)	(8)	_	(8)	NM	(8)	_	(8)	NM
Net Profit	56	32	24	75	132	56	76	136

#### Adjusted EBITDA

2H2022 adjusted EBITDA of S\$226 million was S\$76 million or 51% higher than 2H2021. The net increase was mainly attributable to the profit contributions from the acquisitions completed during the year and higher margins driven by the high energy prices for the Singapore's solar business, net off by lower sales of green attributes in India.

#### Profit before El

Profit before EI of S\$64 million in 2H2022 was an increase of S\$32 million over 2H2021, in line with the higher adjusted EBITDA. The better FY2022 net profit was reduced by the consolidation of the depreciation and amortisation charges as well as finance costs of the newly acquired subsidiaries, net of India's lower finance costs post refinancing.

#### EI - (Expense)

2H2022 exceptional expense pertained to write-off of an investment in Vietnam for project expenses incurred by the company.

#### **Integrated Urban Solutions**

	2H2022	2H2021	Growt	:h	FY2022	FY2021	Growt	th
(S\$ million)				%				%
Adjusted EBITDA	121	133	(12)	(9)	223	240	(17)	(7)
Profit before El	86	92	(6)	(7)	148	155	(7)	(5)
EI – (Expense) / Income	(8)	-	(8)	NM	(8)	6	(14)	NM
Net Profit	78	92	(14)	(15)	140	161	(21)	(13)

#### Adjusted EBITDA

2H2022 adjusted EBITDA of S\$121 million was S\$12 million lower than 2H2021 of S\$133 million. The lower adjusted EBITDA was mainly attributable to lower land and property sales from the Urban business in China due to a slowdown in the China market, and lower contribution from the waste management business in Singapore with the cessation of a public waste collection contract in December 2021. The lower profit contribution was mitigated by higher earnings from Wilton 11 driven by higher power prices and termination fee received from a customer of the water business in China.

#### Profit before El

Profit before El growth in 2H2021 was broadly in line with the growth in adjusted EBITDA.

#### EI - (Expense) / Income

2H2022 exceptional expense pertained to impairment of a water asset in China following changes in water tariffs, impairment of a UK investment for project expenses incurred by the company, and Urban's share of lower market valuations of underlying property assets in China. FY2021's exceptional income pertained to net gain from disposal of SJW (Note 2c(x)).

### 4d. Review of segment performance (Cont'd)

## **Conventional Energy**

	2H2022	2H2021#	Growt	h	FY2022	FY2021 <sup>#</sup>	Growt	h
(S\$ million)				%				%
Adjusted EBITDA	503	350	153	44	979	642	337	52
Profit before El	326	171	155	91	622	289	333	115
EI – (Expense) / Income	(19)	13	(32)	NM	(19)	(199)	180	(90)
Net Profit	307	184	123	67	603	90	513	NM

Note: The results of the India coal-fired thermal business is presented as a discontinued operation with comparative information re-presented accordingly

#### Adjusted EBITDA

Adjusted EBITDA of S\$503 million in 2H2022 was S\$153 million or 44% higher than S\$350 million in 2H2021. The increase was mainly attributable to the Singapore and UK merchant plants, which continued to capture high power prices through optimisation of generation assets and fuel sources. A gain from unwinding of hedges no longer required following the cancellation of a commitment was recognised in 2H2022.

These better performances were offset by higher ECL charges for Myingyan's service concession receivables following the assessment of the credit risk rating (see Note 2c(iv)), and changes in fair value from the economic hedges used for managing the Group's gas costs.

#### Profit before El

In addition to better operational performance, finance cost reduced. Hence, net profit before EI increased, net of higher tax expense on higher profit.

#### EI - (Expense) / Income

2H2022 El expense was from the impairment of a woodchip boiler and other facilities in Singapore due to higher forecasted operating and maintenance costs which are not recoverable. 2H2021 El income was attributed to land sales and connection fee income in UK. FY2021 El was largely attributable to an impairment of CSZ (Note 5e).

#### **Other Businesses and Corporate**

	2H2022	2H2021	Grow	th	FY2022	FY2021	Grow	th
(S\$ million)				%				%
Adjusted EBITDA	(53)	(53)	-	-	(60)	(69)	9	(13)
Net corporate cost	(126)	(92)	(34)	37	(171)	(112)	(59)	53
Elimination of inter-segment finance cost <sup>1</sup>	-	(31)	31	NM	-	(65)	65	NM
Net corporate costs after elimination	(126)	(123)	(3)	2	(171)	(177)	6	(3)

#### Adjusted EBITDA

Adjusted EBITDA in 2H2022 was comparable to 2H2021. Higher progressive revenue was recognised for the specialised construction business, resulting in higher 2H2022 contribution. This was offset by higher corporate cost for capability building to drive the Group's transformation targets.

#### Net corporate cost after elimination

Net corporate cost after elimination for 2H2022 was S\$126 million compared to S\$123 million in 2H2021. Finance cost for Corporate was comparable to 2H2022 and FY2022 despite additional loans taken for the acquisitions. This was achieved through refinancing using green and sustainable financing.

## 5. BALANCE SHEETS

Post-acquisition of HYNE in June 2022, the financials of HYNE were consolidated (see Note 7b on the effect of the acquisition). With effect from November 8, 2022, SEIL was classified as a disposal group held for sale and its assets and liabilities are presented as assets and liabilities held for sale respectively (see Note 5h).

		GRC	OUP	COMF	PANY
	-	As at	As at	As at	As at
(S\$ million)	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Property, plant and equipment	5c	5,305	7,094	348	365
Investment properties	5d	133	138	-	-
Investments in subsidiaries		-	-	2,309	2,309
Associates and joint ventures	5e	2,287	1,600	_	-
Other financial assets	5f	183	219	-	-
Trade and other receivables		855	982	1	3
Contract costs		-	1	-	-
Intangible assets	5g	697	390	27	25
Deferred tax assets		52	38	-	-
Non-current assets		9,512	10,462	2,685	2,702
Inventories		137	222	9	7
Trade and other receivables		1,564	1,986	9 119	115
Contract assets		29	28	113	115
		-	20	-	-
Contract costs Other financial assets	5f	3		*	-
	51	89	352	220	-
Cash and cash equivalents		1,254	1,344	239	427
Current assets		3,076	3,933	367	549
Assets held for sale	5h	3,432	-		-
Total assets		16,020	14,395	3,052	3,251
Trade and other payables		1,715	1,708	144	155
Lease liabilities		17	14	10	5
Contract liabilities		139	121	2	2
Provisions		42	40	17	19
Other financial liabilities	5f	99	87	_	_
Current tax payable		219	181	30	49
Interest-bearing borrowings	5a	1,096	754	_	_
Current liabilities		3,327	2,905	203	230
Liabilities held for sale	5h	1,494			
Net every consta		4 007	4 000	404	240
Net current assets		1,687	1,028	164	319
Deferred tax liabilities		492	392	25	25
Other long-term payables		93	105	1,379	1,465
Lease liabilities		270	244	107	110
Provisions		62	64	24	12
Other financial liabilities	5f	23	56	_	-
Interest-bearing borrowings	5a	5,974	6,637	_	-
Contract liabilities		69	74	25	27
Non-current liabilities		6,983	7,572	1,560	1,639
Total liabilities		11,804	10,477	1,763	1,869
				4 000	
Net assets		4,216	3,918	1,289	1,382

		GRC	OUP	COMPANY		
	-	As at	As at	As at	As at	
(S\$ million)	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	
Equity attributable to owners of the Company:						
Share capital		566	566	566	566	
Other reserves		(639)	(148)	(12)	(10)	
Revenue reserve		4,050	3,349	735	826	
Total		3,977	3,767	1,289	1,382	
Non-controlling interests		239	151	_	_	
Total equity		4,216	3,918	1,289	1,382	

### 5a. Group's borrowings and debt securities<sup>1</sup>

	(S\$ million) Interest-bearing borrowings repayable:	As at December 31, 2022	As at December 31, 2021
(i)	In one year or less, or on demand		
	Secured	261	612
	Unsecured	835	142
		1,096	754
(ii)	Between one to five years		
	Secured	709	1,330
	Unsecured	2,884	2,835
		3,593	4,165
(iii)	After five years		
( )	Secured	1,008	1,398
	Unsecured	1,373	1,074
		2,381	2,472
	Total	7,070	7,391
(iv)	The secured loans are collaterised by the following assets' net book value:		
	Equity shares of subsidiaries, property, plant and equipment, and other assets	3,051	6,522

<sup>1</sup> As at December 31, 2022, SEIL's borrowing of S\$1,172 million was presented under liabilities held for sale (see Note 5h). As at December 31, 2022, including SEIL's borrowing, the Group's total borrowing is S\$8,242 million. The increase in borrowing was mainly for financing the acquisitions made during the year and consolidation of the underlying borrowings of the subsidiaries acquired.

## 5b. Net asset value

	GRO	UP	COMPANY		
	As at	As at As at		As at	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	
Net asset value per ordinary share based on issued share capital at the end of the financial period (in					
S\$)	2.24	2.12	0.73	0.78	

#### 5b. Net asset value (Cont'd)

The increase in the Group's net asset value per ordinary share based on issued share capital as at December 31, 2022 was mainly due to higher profit for the year offset by the increased foreign currency translation loss mainly from the depreciation of INR and RMB against SGD.

The decrease in the Company's net asset value per ordinary share based on issued share capital as at December 31, 2022 was mainly due to the dividend paid in 2022.

### 5c. Property, plant and equipment

In FY2022, the Group acquired assets amounting to S\$1,651 million, with S\$932 million from acquisition of subsidiaries (FY2021: S\$358 million) and disposed of assets amounting to S\$4 million (FY2021: S\$6 million). S\$2,604 million was transferred to AHS (see Note 5h).

#### 5d. Investment properties

The investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The Group has assessed that there were no impairment indicators as at December 31, 2022.

In FY2022, there were S\$14 million acquisitions and less than \$1 million disposals (FY2021: S\$2 million acquisitions and less than S\$1 million disposals).

The fair value of the investment properties as at December 31, 2022 was S\$187 million (FY2021: S\$186 million).

### 5e. Associates and joint ventures

Associates and joint ventures increased mainly due to the acquisitions and share of profits for the year.

Acquisitions during the year: (i) 35% interest in an associated company, SDIC, on January 28, 2022 with equity consideration of S\$320 million and (ii) 45.3% interest in an associated company, Hunan Xingling New Energy Co., Ltd (Xingling), on December 16, 2022 with equity consideration of S\$205 million.

The Group's share of SDIC's profit for the year was S\$38 million. Contribution from Xingling post acquisition was accretive but immaterial.

Associates and joint ventures balance included the impairment provision for the entire carrying value of S\$212 million equity interest in CSZ as at June 30, 2022. Post impairment, the results of CSZ are no longer equity accounted. There is no change in the assessment on the recoverability of CSZ. As at December 31, 2022, the Group's share of unrecognised losses was S\$22 million.

#### 5f. Other financial assets and liabilities

	As at	As at
(S\$ million)	December 31, 2022	December 31, 2021
Financial assets at amortised cost	18	114
Financial assets at FVOCI	53	53
Financial assets at fair value through profit or loss (FVTPL)	69	113
Derivative financial assets	132	291
Other financial assets	272	571
Derivative financial liabilities	122	143
Other financial liabilities	122	143

There were no significant changes to the other financial assets and liabilities, except for the settlement of the derivative financial assets and liabilities during the year as well as the transfer to AHS for the disposal group as at December 31, 2022.

## 5g. Intangible assets

•	GROUP							
(S\$ million)	Goodwill	Service concession arrange- ments	Long- term contracts	Power generation permits	Carbon allow- ances	Others	Total	
Cost Belance et lanuary 1, 2022	278	50	235		76	61	708	
Balance at January 1, 2022	-	58			-	-		
Translation adjustments Additions	(21)	(7)	(20)	. ,	(9)	(1)	(80)	
	-		-	-	135	7	142	
Acquisition of subsidiary Transfer from other category of asset	33 –	*	-	415 -	_	*	448 *	
Transfer to AHS	(55)	-	(33)	-	-	(2)	(90)	
Disposals and write-offs	-	*	-	-	(124)	*	(124)	
Balance at December 31, 2022	235	51	182	393	78	65	1,004	
Accumulated amortisation and impairment								
Balance at January 1, 2022	119	28	132	-	-	39	318	
Translation adjustments Amortisation charge for the year	(10)	(4)	(13)	(1)	-	(1)	(29)	
- Continuing operations	_	3	7	10	_	8	28	
- Discontinued operation	_	_	1	_	_	1	2	
Transfer to AHS	-	-	(10)	-	_	(2)	(12)	
Disposals and write-offs	_	*	-	-	_	*	*	
Balance at December 31, 2022	109	27	117	9	-	45	307	
Carrying amount								
At January 1, 2022	159	30	103	-	76	22	390	
At December 31, 2022	126	24	65	384	78	20	697	

The carbon allowances are recorded at cost. The disposals related mainly to the settling of the Group's carbon obligations.

	C	OMPANY	
(S\$ million)	Goodwill	Others	Total
Cost			
Balance at January 1, 2022	19	27	46
Additions	-	4	4
Disposals and write-offs	-	*	*
Balance at December 31, 2022	19	31	50
Accumulated amortisation and impairment			
Balance at January 1, 2022	-	21	21
Amortisation charge for the period	-	2	2
Disposals and write-offs	-	*	*
Balance at December 31, 2022	-	23	23
Carrying amount			
At January 1, 2022	19	6	25
At December 31, 2022	19	8	27

#### Goodwill

As at December 31, 2022, S\$55 million of goodwill pertaining to SEIL was transferred to AHS (see Note 5h for details).

#### 5h. Disposal group held for sale

On September 5, 2022, the Group publicly announced the proposed sale of SEIL, a wholly-owned subsidiary. On November 8, 2022, the shareholders of the Company approved the sale. The sale of SEIL was completed on January 19, 2023. The final consideration is settled by way of a Deferred Payment Note (DPN) which bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield, less a greenhouse gas emissions intensity reduction incentive rate. The DPN will be classified as a financial asset and measured at fair value with changes in fair value recognised in profit or loss.

In determining the fair value of the DPN, it is assumed that the purchaser settles the DPN from agreed portions (as set out in the sales and purchase agreement) of distribution including dividends declared by SEIL. Management performed a forecast of distributable dividends available from discounted cash flows of SEIL, taking into consideration cash flows from various power purchase agreements secured with an average remaining duration of 15 years and cash flows from contract renewals and spot markets. A discount rate is applied to the DPN to reflect the cash flow risks associated with the forecasted distributed dividends from SEIL and credit default risk of the purchaser. The DPN will be re-measured at future reporting periods. Subsequent fair value changes, arising from change in the assumptions initially applied, will be taken to profit or loss.

As the consideration exceeds the carrying amount of the related net assets, no impairment loss has been recognised on classification of this disposal group as held for sale.

The assets and liabilities of the disposal group were classified as held for sale when the sale of SEIL was approved by the Company's shareholders on November 8, 2022. As at December 31, 2022, the assets and liabilities held for sale comprised the following major classes and were translated at year-end exchange rate. The difference in amount between these two periods included currency translation.

		Carrying amount at December 31,
(S\$ million)	Note	2022
Assets held for sale		
Property, plant and equipment		2,406
Other financial assets		58
Trade and other receivables		719
Intangible assets		76
Inventories		137
Cash and cash equivalents		36
		3,432
Liabilities held for sale		
Trade and other payables		270
Lease liabilities		*
Provisions		2
Deferred tax liabilities		50
Borrowings	(i)	1,172
		1,494
Excess of assets over liabilities held for sale		1,938

(i) The borrowings included secured loan of S\$99 million. As at December 31, 2022, net assets and equity shares, property, plant and equipment, and other assets with aggregate book value of S\$3,306 million collaterised to the previous secured lenders are in the process of being fully discharged.

As at December 31, 2022, the Group has given S\$1,263 million of corporate guarantees for the total aggregate principal amount of SEIL's facilities. These corporate guarantees will continue to be in force post completion of the disposal.

#### 5i. Explanatory notes to other Balance Sheets items

#### (i) Group

As at December 31, 2022, SEIL was classified as a disposal group held for sale and its assets and liabilities were presented as assets and liabilities held for sale respectively (see Note 5h).

#### Non-current and current assets

"Trade and other receivables" decreased mainly due to better collections from India and net reduction from transfer to AHS for the disposal group, offset by consolidation of new subsidiaries acquired during the year.

#### **Non-current liabilities**

"Deferred tax liabilities" increased mainly from (i) provision made during the year, including recognition of additional deferred tax provision by UK following the change in tax rate to 25% with effect from 2023; and (ii) assets recognised in business combination as well as for fair value adjustments.

### (ii) Company

#### **Current assets**

"Cash and cash equivalents" decreased mainly due to dividend paid and loan repayment during the year.

#### **Non-current liabilities**

"Other long-term payables" decreased mainly due to partial repayment of loan taken from a subsidiary.

## 6. STATEMENTS OF CHANGES IN EQUITY

## 6a. Statement of Changes in Equity of the Group

	Attributable to Owners of the Company							
- (S\$ million)	Share capital	Reserve for own shares	Foreign currency translation reserve	Others	Revenue reserve	Total	Non- controlling interests	Total equity
<u>FY2022</u>								
At January 1, 2022	566	(15)	(401)	268	3,349	3,767	151	3,918
Profit for the period	-	-	_	-	490	490	9	499
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	(96)	-	-	(96)	*	(96)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	(5)	-	-	(5)	-	(5)
Net change in fair value of cash flow hedges	-	-	-	211	-	211	1	212
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(142)	-	(142)	-	(142)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	1	-	1	-	1
Transfer of reserves	-	-	(2)	-	2	-	_	-
Realisation of reserves upon disposal of an associate	-	-	1	1	_	2	-	2
Defined benefit plan actuarial gains and losses	-	-	-	-	(1)	(1)	*	(1)
Share of other comprehensive income of associates and joint ventures	-	-	_	44	2	46	-	46
Total other comprehensive income	_	-	(102)	115	3	16	1	17
Total comprehensive income	-	-	(102)	115	493	506	10	516
Transactions with owners of the Company, recognised directly in equity								
Share issuance	-	-	-	-	_	-	16	16
Acquisition of subsidiaries	-	-	-	-	-	-	63	63
Share-based payments	-	-	-	3	-	3	-	3
Treasury shares transferred to employees	-	11	-	(11)	-	-	_	-
Dividend paid / payable		-		_	(54)	(54)	(7)	(61)
Total transactions with owners	-	11	-	(8)	(54)	(51)	72	21
At June 30, 2022	566	(4)	(503)	375	3,788	4,222	233	4,455

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## 6a. Statement of Changes in Equity of the Group (Cont'd)

_		Attribut	able to Owner	s of the Co	mpany		_	
<i>(S\$ million)</i> <u><b>FY2022</b></u> (Cont'd)	Share capital	Reserve for own shares	Foreign currency translation reserve	Others	Revenue reserve	Total	Non- controlling interests	Total equity
Profit for the period	_	_	_	_	358	358	14	372
Other comprehensive income								
· .			(450)			(450)	(4.4.)	(400)
Foreign currency translation differences for foreign operations	-	-	(452)	-	-	(452)	(11)	(463)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	(2)	-	-	(2)	_	(2)
Net change in fair value of cash flow hedges	-	-	-	55	-	55	3	58
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(142)	-	(142)	-	(142)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(1)	-	(1)	*	(1)
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	-	-	-	*	-	*	-	*
Transfer of reserves	-	-	-	20	(20)	_	-	-
Defined benefit plan actuarial gains and losses	_	-	-	-	(4)	(4)	*	(4)
Share of other comprehensive income of associates and joint ventures	-	-	-	18	(2)	16	-	16
Total other comprehensive income	-	-	(454)	(50)	(26)	(530)	(8)	(538)
Total comprehensive income	-	-	(454)	(50)	332	(172)	6	(166)
Transactions with owners of the Company, recognised directly in equity								
Purchase of treasury shares	_	(27)	-	-	_	(27)	_	(27)
Share issuance	-	-	-	-	-	-	5	5
Share-based payments	-	-	_	24	-	24	_	24
Dividend paid / payable	-	-	-	-	(71)	(71)	(5)	(76)
Unclaimed dividends	-	-	-	-	1	1	-	1
Total transactions with owners	-	(27)	-	24	(70)	(73)	*	(73)
At December 31, 2022	566	(31)	(957)	349	4,050	3,977	239	4,216

## 6a. Statement of Changes in Equity of the Group (Cont'd)

_		Attribut	able to Owner	s of the Co	mpany		_	
(S\$ million) FY2021	Share capital	Reserve for own shares	Foreign currency translation reserve	Others	Revenue reserve	Total	Non- controlling interests	Total equity
At January 1, 2021	566	(11)	(475)	106	3,153	3,339	137	3,476
Profit for the period	_	-	-	-	46	46	8	54
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	16	-	*	16	*	16
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	3	-	-	3	-	3
Net change in fair value of cash flow hedges	-	-	-	123	-	123	1	124
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(57)	-	(57)	-	(57)
Cost of hedging reserve – changes in fair value	-	-	-	(28)	-	(28)	-	(28)
Cost of hedging reserve – reclassified to profit or loss	-	-	-	26	-	26	-	26
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(7)	-	(7)	-	(7)
Realisation of reserves upon disposal of AHS	-	-	(3)	-	-	(3)	-	(3)
Defined benefit plan actuarial gains and losses	-	-	-	-	*	*	-	*
Share of other comprehensive income of associates and joint ventures	-	-	_	24	(1)	23	-	23
Total other comprehensive income	-	_	16	81	(1)	96	1	97
Total comprehensive income	-	-	16	81	45	142	9	151
Transactions with owners of the Company, recognised directly in equity								
Treasury shares transferred to employees	-	9	-	(9)	-	_	-	-
Share-based payments	-	-	-	2	-	2	-	2
Dividend paid / payable	-	-	_	-	(71)	(71)	(10)	(81)
Total transactions with owners	-	9	-	(7)	(71)	(69)	(10)	(79)
At June 30, 2021	566	(2)	(459)	180	3,127	3,412	136	3,548

## 6a. Statement of Changes in Equity of the Group (Cont'd)

		Attribut	able to Owne	rs of the Co	mpany		_	
(S\$ million)	Share capital	Reserve for own shares	Foreign currency translation reserve	Others	Revenue reserve	Total	Non- controlling interests	Total equity
<u>FY2021</u> (Cont'd)								
Profit for the period	-	-	-	-	233	233	13	246
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	65	-	-	65	3	68
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	(2)	-	-	(2)	-	(2)
Net change in fair value of cash flow hedges	-	-	_	13	-	13	1	14
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	67	-	67	-	67
Cost of hedging reserve – changes in fair value	-	-	-	(18)	-	(18)	-	(18)
Cost of hedging reserve – reclassified to profit or loss	-	-	-	21	-	21	-	21
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(13)	_	(13)	-	(13)
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	-	-	-	(1)	-	(1)	-	(1)
Transfer of reserves	_	-	(8)	(2)	10	-	_	-
Realisation of reserves upon liquidation of subsidiaries	-	-	3	-	-	3	-	3
Defined benefit plan actuarial gains and losses	-	-	_	-	14	14	-	14
Share of other comprehensive income of associates and joint ventures	-	-	_	11	1	12	-	12
Total other comprehensive income	-	-	58	78	25	161	4	165
Total comprehensive income	-	-	58	78	258	394	17	411
Transactions with owners of the Company, recognised directly in equity								
Purchase of treasury shares	-	(13)	-	-	-	(13)	-	(13)
Share-based payments	-	-	-	12	_	12		12
Acquisition of NCI	-	-	-	(2)	-	(2)	2	-
Dividend paid / payable	-	-	-	-	(36)	(36)	(4)	(40)
Total transactions with owners	-	(13)	-	10	(36)	(39)	(2)	(41)
At December 31, 2021	566	(15)	(401)	268	3,349	3,767	151	3,918

## 6b. Statement of Changes in Equity of the Company

	Attributable to Owners of the Company				
(S\$ million)	Share capital	Reserve for own shares	Others	Revenue reserve	Total equity
FY2022	-				
At January 1, 2022	566	(15)	5	826	1,382
Profit for the period	_	_	_	37	37
Total comprehensive income		_	_	37	37
Transactions with owners of the Company, recognised directly in equity					
Treasury shares transferred to employees	-	11	(11)	-	_
Share-based payments	-	_	3	-	3
Dividend paid / payable	-	_	-	(54)	(54)
Total transactions with owners	_	11	(8)	(54)	(51)
At June 30, 2022	566	(4)	(3)	809	1,368
Profit for the period	_	_	_	(4)	(4)
Total comprehensive income	-	_	-	(4)	(4)
Transactions with owners of the Company, recognised directly in equity					
Purchase of treasury shares	-	(27)	-	-	(27)
Share-based payments	-	_	22	-	22
Dividend paid / payable	-	_	-	(71)	(71)
Unclaimed dividends	-	_	-	1	1
Total transactions with owners	-	(27)	22	(70)	(75)
At December 31, 2022	566	(31)	19	735	1,289

## 6b. Statement of Changes in Equity of the Company (Cont'd)

	Attributable to Owners of the Company				
(S\$ million) <b>FY2021</b>	Share capital	Reserve for own shares	Others	Revenue reserve	Total equity
At January 1, 2021	566	(11)	*	654	1,209
Profit for the period	_	_	_	94	94
Total comprehensive income	_	-	_	94	94
Transactions with owners of the Company, recognised directly in equity					
Treasury shares transferred to employees	-	9	(9)	_	-
Share-based payments	-	-	2	-	2
Dividend paid / payable	-	-	-	(71)	(71)
Total transactions with owners	_	9	(7)	(71)	(69)
At June 30, 2021	566	(2)	(7)	677	1,234
Profit for the period	_	_	_	185	185
Total comprehensive income	_	-	_	185	185
Transactions with owners of the Company, recognised directly in equity					
Purchase of treasury shares	-	(13)	-	-	(13)
Share-based payments	-	_	12	-	12
Dividend paid / payable	-	-	-	(36)	(36)
Total transactions with owners	-	(13)	12	(36)	(37)
At December 31, 2021	566	(15)	5	826	1,382

#### 6c. Changes in the Company's share capital

#### Issued share capital and treasury shares

	Number of shares		
	Issued share capital	Treasury shares	
At January 1, 2022	1,787,547,732	7,515,526	
Treasury shares transferred pursuant to performance share plan		(1,056,900)	
Treasury shares transferred pursuant to restricted share plan	-	(4,544,661)	
At June 30, 2022	1,787,547,732	1,913,965	
Treasury shares purchased	_	8,947,300	
Treasury shares transferred pursuant to restricted share plan	-	(97,317)	
At December 31, 2022	1,787,547,732	10,763,948	

#### Issued and paid-up capital

As at December 31, 2022, the Company's issued and paid-up capital excluding treasury shares comprised 1,776,783,784 (December 31, 2021: 1,780,032,206) ordinary shares.

#### Treasury shares

During 2H2022, the Company acquired 8,947,300 (2H2021: 6,780,700) ordinary shares by way of on-market purchases. 97,317 (2H2021: 181,329) treasury shares were re-issued pursuant to Restricted Share Plan (RSP).

As at December 31, 2022, there were 10,763,948 (December 31, 2021: 7,515,526) treasury shares held that may be reissued upon the vesting of performance shares and restricted shares under the Performance Share Plan (PSP) and RSP respectively.

#### Performance shares

	Number of shares
At January 1, 2022	14,297,428
Performance shares awarded	12,103,400
Performance shares released	(1,056,900)
Performance shares lapsed due to under-achievement of targets	(2,106,243)
At June 30, 2022	23,237,685
Performance shares released	(19,900)
Performance shares lapsed	(505,994)
At December 31, 2022	22,711,791

During 2H2022, nil (2H2021: 8,145,000) performance shares were awarded under the Company's PSP, 19,900 (2H2021: nil) performance shares were released by way of cash-settled and 505,994 (2H2021: 117,280) performance shares lapsed.

The total number of performance shares granted conditionally but not released as at December 31, 2022 was 22,711,791 (December 31, 2021: 14,297,428). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 34,557,122 (December 31, 2021: 22,348,888) performance shares.

Subsequent to December 31, 2022 and up to the date of this report, as a result of achievement of performance targets, a total of 8,224,400 shares was released to employees of the Group including a director of the Company under the Sembcorp Industries Performance Share Plan 2020.

#### 6c. Changes in the Company's share capital (Cont'd)

### **Restricted shares**

	Number of shares						
	2017 & before	2019 and 2020	2021 onwards	Total			
At January 1, 2022	5,716	4,723,201	1,578,807	6,307,724			
Restricted shares awarded	-	-	2,834,277	2,834,277			
Restricted shares released	_	(2,727,527)	(1,991,072)	(4,718,599)			
Restricted shares lapsed	-	(91,193)	(38,729)	(129,922)			
At June 30, 2022	5,716	1,904,481	2,383,283	4,293,480			
Restricted shares awarded	_	_	97,317	97,317			
Restricted shares released	(605)	(168,784)	(16,944)	(186,333)			
Restricted shares lapsed	(5,111)	(85,660)	(41,646)	(132,417)			
At December 31, 2022	_	1,650,037	2,422,010	4,072,047			

For the grant awarded in 2022, a third of the SCI RSP awards granted will vest immediately with the remaining two-thirds of the awards vesting over the following two years in equal tranches subject to individual performance and fulfilment of service conditions at vesting.

During 2H2022, 97,317 (2H2021: 181,329) restricted shares were awarded under the RSP, 186,333 (2H2021: 282,819) restricted shares were released and 132,417 (2H2021: 282,877) restricted shares lapsed. Of the restricted shares released, 97,317 (2H2021: 181,329) were settled by way of issuance of treasury shares and 89,016 (2H2021: 101,490) were cash-settled.

The total number of restricted shares outstanding for awards achieved but not released as at December 31, 2022 was 4,072,047 (December 31, 2021: 6,307,724).

With effect from 2019 Awards granted, the RSP balances represent 100% of targets achieved but not released, subject to individual performance and fulfillment of service conditions at vesting. The actual release of the conditional awards is a maximum of 4,072,047 (December 31, 2021: 6,307,724) restricted shares.

For details of the 2020 Share Plan, please refer to the last audited financial statements.

## 7. CONSOLIDATED STATEMENT OF CASH FLOWS

		GRC	OUP	GRC	UP
(S\$ million)	Note	2H2022	2H2021	FY2022	FY2021
Cash Flows from Operating Activities					
Profit for the period / year:					
Continuing operations		329	198	727	151
Discontinued operation		43	48	144	149
Adjustments for:					
Dividend income		(2)	(2)	(2)	(2)
Finance income		(38)	(12)	(54)	(26)
Finance costs		250	208	444	423
Depreciation and amortisation		242	234	461	457
Amortisation of deferred income and capital grants		(1)	(2)	(4)	(4)
Share of results of associates and joint ventures, net of tax		(115)	(102)	(248)	(206)
Gain on disposal of property, plant and equipment, intangible assets and other financial assets		-	(14)	(4)	(21)
Gain on disposal of AHS		_	_	_	(3)
Loss / (Gain) on disposal and liquidation of subsidiaries		_	3	*	3
Changes in fair value of financial instruments and other financial assets		2	(31)	4	(29)
Inventories written down, written off and allowance for stock obsolescence, net		(3)	2	-	2
Impairment of investment in a joint venture	2c(xi)	-	-	-	212
Equity settled share-based compensation expenses		24	12	27	14
Impairment of intangible assets		-	*	-	*
Allowance made for impairment loss in value of assets and assets written off, net		26	8	31	11
Impairment of AHS		_	1	-	1
Provision for remediation of legacy sites		-	30	-	30
Tax expense		73	66	166	123
Operating profit before working capital changes		830	647	1,692	1,285
Changes in working capital:					
Inventories		147	44	(51)	(28)
Receivables		365	(386)	277	(470)
Payables		(234)	424	(212)	498
Contract costs		(2)	*	(2)	*
Contract assets		(10)	(12)	(1)	(13)
Contract liabilities		22	30	13	(17)
		1,118	747	1,716	1,255
Tax paid		(27)	(8)	(64)	(36)
Net cash from operating activities		1,091	739	1,652	1,219

## 7. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

		GROUP		GROUP		
(S\$ million)	Note	2H2022	2H2021	FY2022	FY2021	
Cash Flows from Investing Activities						
Dividend received		75	71	95	95	
Interest received		36	14	51	30	
Proceeds from disposal of AHS		-	_	_	30	
Proceeds from sale of other financial assets and business		386	175	617	311	
Proceeds from sale of property, plant and equipment		2	16	2	17	
Proceeds from sale of intangible assets		*	_	*	*	
Proceeds from sale of investment properties		*	_	*	*	
Proceeds from disposal of investment in joint ventures and associates		-	-	12	-	
Non-trade balances with related corporations, net of repayment		-	(5)	-	-	
Acquisition of subsidiaries, business and intangible assets, net of cash acquired	7b	-	-	(350)	-	
Acquisition of additional investments in joint ventures and associates		(240)	4	(630)	*	
Acquisition of other financial assets		(384)	(178)	(567)	(293)	
Purchase of property, plant and equipment and investment properties		(438)	(135)	(608)	(282)	
Purchase of intangible assets		(4)	(5)	(7)	(8)	
Net cash used in investing activities		(567)	(43)	(1,385)	(100)	
Cash Flows from Financing Activities Proceeds from shares issued to NCI of subsidiaries		5	_	21	_	
Purchase of treasury shares		(27)	(13)	(27)	(13)	
Proceeds from borrowings		1,608	1,290	3,854	3,403	
Repayment of borrowings		(1,730)	(1,589)	(3,544)	(3,752)	
Payment on lease liabilities		(12)	(9)	(23)	(15)	
Dividends paid to owners of the Company		(71)	(36)	(125)	(107)	
Dividends paid to NCI of subsidiaries		(7)	(7)	(12)	(17)	
Receipt / (Payment) in restricted cash held as collateral		1	(28)	39	(24)	
Interest paid		(215)	(162)	(386)	(330)	
Net cash used in financing activities		(448)	(554)	(203)	(855)	
Net increase in cash and cash equivalents		76	142	64	264	
Cash and cash equivalents at beginning of the period / year		1,259	1,140	1,297	1,009	
Effect of exchange rate changes on balances held in foreign currency		(53)	15	(79)	24	
Cash and cash equivalents at end of the period / year (including held for sale)		1,282	1,297	1,282	1,297	
Cash and cash equivalents classified as held for sale		(36)	_	(36)		
Cash and cash equivalents at end of the period / year	7a	1,246	1,297	1,246	1,297	

#### 7. <u>CONSOLIDATED STATEMENT OF CASH FLOWS</u> (Cont'd)

#### 7a. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	GROUP		
	As at	As at	
	December 31,	December 31,	
(S\$ million)	2022	2021	
Fixed deposits with banks	398	549	
Cash and bank balances	856	795	
Cash and cash equivalents in the balance sheets	1,254	1,344	
Restricted bank balances held as collateral by banks	(8)	(47)	
Cash and cash equivalents in the consolidated statement of cash flows	1,246	1,297	

#### 7b. Cash flow on acquisition of subsidiary and business, net of cash acquired

On June 1, 2022, the Group completed the acquisition of a 98% interest in HYNE, which consists of a portfolio of operational wind and solar photovoltaic assets. The acquisition will enable the Group to scale its renewables capacity towards meeting its targets by 2025, as part of the brown to green transformation.

HYNE contributed turnover of \$\$86 million and profit of \$\$18 million to the Group's results for the period from June 1, 2022 to December 31, 2022. If the acquisition had occurred on January 1, 2022, management estimated that the consolidated turnover and profit for the full year ended December 31, 2022, would have increased from \$\$7,825 million to \$\$7,904 million and from \$\$871 million to \$\$900 million, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition and related amortisation charges for the year would have been the same if the acquisition had occurred on January 1, 2022.

(S\$ million)	Note	FY2022
Purchase consideration		
Cash paid Deferred consideration		445 78
Contingent consideration	(i) (ii)	78 157
Consideration transferred for the business	(II)	680
		060
Effect on cash flows of the Group		
Cash paid		445
Less: Cash and cash equivalents in subsidiaries acquired		(95)
Cash outflow on acquisition		350
Identifiable assets acquired and liabilities assumed <sup>1</sup>		
Property, plant and equipment		918
Right-of-use assets		14
Intangible assets		415
Deferred tax assets		*
Trade and other receivables	(iii)	434
Cash and cash equivalents		95
Total assets		1,876
Trade and other payables		168
Borrowings		881
Lease liabilities		11
Current tax payable		3
Deferred tax liabilities		104
Total liabilities		1,167
Total net identifiable assets		709
Less: NCI measured on proportionate basis		(62)
Add: Goodwill acquired	(iv)	33
Consideration transferred for the businesses		680
<sup>1</sup> Inclusive of fair value adjustments, determined on provisional basis as of December 31, 1	2022. This is subject to the	ne outcome of the

<sup>1</sup> Inclusive of fair value adjustments, determined on provisional basis as of December 31, 2022. This is subject to the outcome of the nationwide audit on the subsidy mentioned in (iii).

#### 7. <u>CONSOLIDATED STATEMENT OF CASH FLOWS</u> (Cont'd)

#### 7b. Cash flow on acquisition of subsidiary and business, net of cash acquired (Cont'd)

- (i) The deferred consideration is payable at the earlier of obtaining the necessary subsidy financing for certain assets or two years from the acquisition date and was presented within trade and other payables in the balance sheet as at December 31, 2022.
- (ii) The contingent consideration arrangement was for payment of a defined quantum upon obtaining the necessary operating permits, securing subsidy financing and admission into the National Subsidy Catalog for certain projects within an agreed period.

In determining the fair value of the contingent consideration, the Group has applied judgement in evaluating the probability and timing of fulfilment, taking into consideration past experiences and changes to the market, economic or legal environment in China.

The contingent consideration was presented within trade and other payables in the balance sheet as at December 31, 2022.

- (iii) Included in trade and other receivables are receivables which pertained mainly to the renewable energy subsidy tariff due from the Chinese authorities.
- (iv) The goodwill recognised is not expected to be deductible for tax purposes.
- (v) Acquisition-related costs amounting to S\$2 million have been excluded from the consideration transferred and have been recognised within general & administrative expenses in the profit or loss.

#### 7c. Discontinued operation

On September 5, 2022, the Group publicly announced the proposed sale of SEIL, a wholly-owned subsidiary. On November 8, 2022, the shareholders of the Company approved the sale. The sale of SEIL was completed on January 19, 2023. The final purchase price is settled by way of a Deferred Payment Note (DPN) which bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield, less a greenhouse gas emissions intensity reduction incentive rate. The DPN will be classified as a financial asset and measured at fair value with changes in fair value recognised in profit or loss.

The financial performance and cash flows attributable to the discontinued operation for the year ended December 31 were as follows:

(S\$ million)	FY2022	FY2021
Financial performance		
Turnover	1,570	1,387
EBITDA <sup>1</sup>	379	403
Depreciation and amortisation <sup>2</sup>	(89)	(133)
Other non-cash (expenses) / income	(1)	1
Finance income	17	5
Finance cost <sup>3</sup>	(134)	(128)
Profit before tax	172	148
Tax (expense) / credit	(28)	1
Profit from discontinued operation, net of tax	144	149
Basic earnings per share – cents	8.08	8.35
Diluted earnings per share – cents	7.91	8.25

<sup>1</sup> Included a one-off charge of S\$21 million as a result of the Late Payment Surcharge and Related Matters Rule issued by the Ministry of Power (modification cost)

<sup>2</sup> Upon shareholders' approval for the sale of SEIL on November 8, 2022, SEIL was classified as a disposal group held for sale and in accordance with IFRS 5, non-current assets included in the disposal group, should not be depreciated

<sup>3</sup> FY2021 finance cost was after elimination of S\$65 million pre-tax inter-segment finance cost

#### 7. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

#### 7c. Discontinued operation (Cont'd)

(S\$ million)	FY2022	FY2021
Cash flow		
Net cash from operating activities	256	362
Net cash from investing activities	42	915
Net cash used in financing activities	(299)	(1,292)
Net decrease in cash and cash equivalents	(1)	(15)

#### Financial performance for FY2022

Turnover was higher mainly due to higher Indian Electricity Exchange (IEX) tariffs offset by lower offtake. FY2022 EBITDA of S\$379 million is 6% lower than FY2021 of S\$403 million mainly due to higher coal costs and higher transmission costs recognised during the year, as well as one-off non-cash modification cost of S\$21 million.

Higher tax expense recognised in FY2022 was due to higher profitability and increase in non-cash deferred tax provision.

#### 7d. Explanatory notes to Consolidated Statement of Cash Flows

#### (i) Six months ended December 31

Net cash from operating activities before changes in working capital stood at S\$830 million while net cash from operating activities was S\$1,091 million. The change in working capital was mainly due to better inventory and receivables turnover from SEIL.

Net cash used in investing activities was S\$567 million, mainly for the acquisition of joint ventures and associates, purchase of property, plant and equipment, partially offset by dividend and interest received.

Net cash used in financing activities was S\$448 million, mainly for loan and interest repayments.

#### (ii) Full year ended December 31

Net cash from operating activities before changes in working capital stood at S\$1,692 million while net cash from operating activities was S\$1,652 million compared to FY2021 of S\$1,285 million and S\$1,219 million, respectively. Higher cash from operating activities was contributed by better operating performance and improved working capital of the continuing businesses, as well as improved receivables turnover from SEIL.

Net cash used in investing activities was S\$1,385 million mainly for the purchase of fixed assets for the renewable business, acquisition of subsidiaries and additional investments in joint ventures and associates.

Net cash used in financing activities was S\$203 million, mainly for repayment of interest and dividends paid. This nets off against net proceeds from borrowings drawn down to fund acquisitions during the year.

#### (iii) Significant non-cash transactions

There were no material non-cash transactions other than those disclosed in the cash flow statement.

#### 8. ACCOUNTING POLICIES

#### 8a. Basis of preparation

The financial statements for the second half and full year ended December 31, 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 Interim Financial Reporting. The financial statements do not include all of the information required for a complete set of financial statements. However, selected explanatory notes have been included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements as at and for the year ended December 31, 2021.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current half-year as the last audited financial statements, except for the adoption of new and amended standards as set out in Note 8b.

#### 8. ACCOUNTING POLICIES (Cont'd)

#### 8b. Changes in accounting policies

The Group has applied the following amendments to SFRS(I)s which became effective on January 1, 2022:

- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to SFRS(I) 16)
- Reference to the Conceptual Framework (Amendments to SFRS(I) 3)
- Property, Plant and Equipment Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Onerous Contracts Cost of Fulfilling a Contract (Amendments to SFRS(I) 1-37)
- Annual Improvements to SFRS(I)s 2018 2020

The adoption of these amendments to standards and interpretations does not have a material effect on the financial statements.

#### 8c. Accounting estimates and judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last audited annual financial statements, except for:

#### **Acquisitions**

During the year, the Group made three significant acquisitions, requiring the purchase price to be allocated to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed.

Judgement is required in determining the classification of the acquisitions as asset acquisitions or business combinations. There is judgement and inherent uncertainty involved in the valuation of the assets and liabilities as well as settlement of any existing litigations between the parties.

The Group has used provisional amounts of purchase price allocation for the accounting of these acquisitions and has a one-year measurement period from the acquisition date to complete the accounting for the acquisitions. Fair value adjustments may arise on the completion of respective final purchase price allocations due to the estimation uncertainty involved.

#### 9. RELATED PARTIES

#### 9a. Related party transactions

The balances due from related parties arose from the usual trade transactions, reimbursements and for financing capital expansion.

#### 9b. Key Management Personnel

There were no changes to the key management personnel and their compensation scheme in 2H2022.

#### 10. FAIR VALUE MEASUREMENTS

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 Using quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 Using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 Using inputs not based on observable market data (unobservable input).

#### Securities

The fair value of financial assets is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

#### 10. FAIR VALUE MEASUREMENTS (Cont'd)

#### Derivatives

The Group uses derivatives for hedging and enhancement of performance purposes. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures market contracts. They are accounted on a basis consistent with that disclosed in the most recent annual financial report.

- 1. The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current market price.
- 2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.
- 3. The fair value of fuel oil swaps contracts is accounted for based on the difference between the contractual strike price with the counterparty and the current market price.
- 4. CFDs are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The fair value of the CFDs would need to be adjusted to reflect the illiquidity. However, there have been minimal trades made in the electricity future market. There is also no fixed quantity stated in the agreement. As such, the fair value of the CFDs cannot be measured reliably. Upon settlement, the gains and losses for CFDs are taken to profit or loss.

For financial instruments not actively traded in the market, fair value is determined by independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

#### Financial assets and liabilities carried at fair value

		GROU	2	
	Fair value measurement using:			
(S\$ million)	Level 1	Level 2	Level 3	Total
As at December 31, 2022				
Financial assets at FVOCI	-	-	53	53
Financial assets at FVTPL	37	-	32	69
Derivative financial assets	-	132	_	132
	37	132	85	254
Financial liabilities at FVTPL	_	(3)	(151)	(154)
Derivative financial liabilities	_	(122)	_	(122)
		(125)	(151)	(276)
	37	7	(66)	(22)
As at December 31, 2021				
Financial assets at FVOCI	-	-	53	53
Financial assets at FVTPL	85	-	28	113
Derivative financial assets	-	291	_	291
	85	291	81	457
Derivative financial liabilities	_	(143)	_	(143)
	85	148	81	314

Financial asset at FVOCI in Level 3 of the fair value hierarchy include unquoted equity shares. The fair value of the unquoted equity shares is determined by reference to the investment's adjusted net asset values as stated in the unaudited financial statements.

Financial liabilities at FVTPL in Level 3 relate to the contingent consideration on acquisition of HYNE (Note 7b(ii)).

During the year ended December 31, 2022 and December 31, 2021, there have been no transfers between the different levels of the fair value hierarchy.

#### 10. FAIR VALUE MEASUREMENTS (Cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements of financial instruments at FVOCI and FVTPL in Level 3 of the fair value hierarchy:

		GROUP	
(S\$ million)	Financial assets at FVOCI	Financial assets at FVTPL	Financial liabilities at FVTPL
As at January 1, 2022	53	28	_
Addition	-	4	(141)
Net change in fair value	1	(2)	-
Disposal	-	(2)	-
As at June 30, 2022	54	28	(141)
Addition	-	6	-
Translation adjustment	-	-	9
Net change in fair value	(1)	(2)	(19)
As at December 31, 2022	53	32	(151)
As at January 1, 2021	71	26	_
Net change in fair value	(7)	7	_
Disposal	-	(8)	_
As at June 30, 2021	64	25	
Addition	-	5	_
Net change in fair value	(11)	*	_
Disposal	-	(2)	_
As at December 31, 2021	53	28	_

#### Non-derivative financial assets and liabilities

#### Non-current

Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining non-derivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the reporting date.

#### Current

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

The fair value of financial assets and financial liabilities measured at amortised cost for the Group and Company approximate their carrying amounts, except for service concession receivables and non-current borrowings of the Group.

(S\$ million)	Financial assets at amortised costs	Other financial liabilities	Total carrying amount	Fair value
<u>GROUP</u> As at December 31, 2022				
Service concession receivables	897	_	897	1,644
Interest-bearing borrowings: – Non-current borrowings	_	(5,974)	(5,974)	(5,776)
As at December 31, 2021				
Service concession receivables	956		956	1,501
Interest-bearing borrowings: – Non-current borrowings	_	(6,637)	(6,637)	(6,654)

#### 10. FAIR VALUE MEASUREMENTS (Cont'd)

(S\$ million)	Financial assets at amortised costs	Other financial liabilities	Total carrying amount	Fair value
<u>COMPANY</u> As at December 31, 2022 Amounts due to related parties		(1,358)	(1,358)	(1,356)
As at December 31, 2021 Amounts due to related parties		(1,445)	(1,445)	(1,451)

#### 11. CONTINGENT LIABILITIES

#### Group

As at the balance sheet date, the Group had the following contingent liabilities:

	GROUP		
	As at	As at	
(S\$ million)	December 31, 2022	December 31, 2021	
Guarantees given to banks to secure banking facilities provided to:			
- Joint ventures	52	27	
- Commodities traders	168	54	
- Others	*	*	
Performance guarantees to external parties	264	260	
The periods in which the financial guarantees expire are as follows:			
- Less than 1 year	193	78	
- Between 1 year to 5 years	*	3	
- More than 5 years	27	_	
	220	81	

The Group's subsidiaries are involved in certain tax disputes, where the amount of potential exposure has been estimated to be approximately \$\$52 million (December 31, 2021: \$\$39 million), which predominately is from the disposal group.

#### Company

a. The Company has provided guarantees to banks to secure banking facilities provided to a wholly-owned subsidiary, SFS. These financial guarantee contracts are accounted for as insurance contracts. The intra-group financial guarantees granted by the Company amounted to S\$8,831 million (December 31, 2021: S\$7,849 million) with S\$4,139 million (December 31, 2021: S\$3,513 million) drawn down as at balance sheet date. The periods in which the financial guarantees expire are as follows:

	COMPANY		
	As at		
(S\$ million)	December 31, 2022	December 31, 2021	
The periods in which the financial guarantees expire are as follows:			
- Less than 1 year	800	-	
- Between 1 to 5 years	1,963	1,847	
- More than 5 years	1,376	1,666	
	4,139	3,513	

#### 11. CONTINGENT LIABILITIES (Cont'd)

#### Company (Cont'd)

- b. The Company has provided corporate guarantees of S\$159 million (December 31, 2021: S\$110 million) to a subsidiary, Sembcorp Cogen Pte Ltd (SembCogen) for the following:
  - (i) Two long-term agreements entered in 2010 for the purchase of a total 42 BBtud (Billion British thermal units per day) of liquefied natural gas (LNG) from Shell Gas Marketing Pte Ltd (Shell) (formerly known as BG Singapore Gas Marketing Pte Ltd). With a start date on May 7, 2013 and September 1, 2015 respectively, the agreements have a term of 10 years and SembCogen has an option to extend the term by two successive periods of five years each subject to fulfilment of conditions set in the agreements. The obligations of SembCogen under the LNG purchase agreements are currently secured by corporate guarantees issued by the Company in favour of Shell.

#### 12. COMMITMENTS

Commitments not provided for in the financial statements are as follows:

		GROUP		
		As at	As at	
(S\$ million)	Note	December 31, 2022	December 31, 2021	
Commitments in respect of acquisition of investments	(i)	_	1,020	
Commitments in respect of contracts placed for property, plant and equipment	(ii)	334	152	
Commitments in respect of a civil settlement in China	(iii)	45	45	
Uncalled commitments to subscribe for additional shares in joint ventures and other investments		40	52	
Commitments in respect of purchase of investment properties		30	-	
		449	1,269	

- (i) The commitments in respect of the acquisitions of SDIC and HYNE were completed during the year (see Note 5e and 7b).
- (ii) The increased commitments in FY2022 included the construction of a 150MW battery at Wilton International, Teesside, UK.
- (iii) As part of the settlement relating to the discharge of off-specification wastewater by its 98.42%-owned wastewater treatment company, Sembcorp Nanjing Suiwu Company Limited, the Group is committed to investments of S\$45 million over four years (by December 2023) to develop projects and initiatives to support environmental protection in China. As at December 31, 2022, the Group has commenced on these investments and completed certain projects including upgrading of wastewater treatment plants in China, where the actual investment spend of completed projects is subject to audit and confirmation by the Nanjing Procuratorate and court.

#### 13. <u>AUDIT</u>

The figures have not been audited or reviewed by the Company's auditors.

#### 14. AUDITORS' REPORT

Not applicable.

#### 15. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

#### 16. PROSPECTS

This release contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, availability and cost of fuel and materials, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy, directives and changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the management on future events and impact on the Group.

#### Group

The Group performed exceptionally in 2022, driven by strong performance from the Conventional Energy segment on the back of elevated power prices in Singapore and the UK, as well as increased operational capacity in the Renewables segment.

Performance of the Renewables segment will grow, as a result of contributions from acquisitions announced in 2022. The Urban business continues to secure land bank to ensure a steady land pipeline. Performance of the Conventional Energy segment is subject to energy market conditions. The sale of SEIL was completed in January 2023. Henceforth, we will recognise income from the Deferred Payment Note.

We expect macro headwinds to persist, with elevated inflation and rising interest rates weighing down on global demand. Further escalations in geopolitical tensions could also worsen supply disruptions and impact business performance.

The Group continues to focus on the execution of its transformation strategy and will leverage its energy and urban development capabilities to seize opportunities in the global energy transition.

#### 17. SUBSEQUENT EVENTS

On January 11, 2023, the Group announced the completion of an acquisition of a 100% interest in a subsidiary company, Vector Green Energy Private Limited. The equity consideration was INR27.6 billion (approximately S\$449.9 million). The acquisition is expected to be earning accretive for the financial year ending December 31, 2023.

On January 19, 2023, the Group announced the completion of the sale of the entire shareholding in its subsidiary, Sembcorp Energy India Limited for INR125.5 billion (approximately S\$2.0 billion). The gain before realisation of reserves is S\$47 million. In addition, a currency translation loss recognised in the foreign currency translation reserve and a gain in the capital reserve will be taken to profit or loss in 2023. As at December 31, 2022, the accumulated currency translation loss was S\$418 million and the capital reserve was S\$290 million.

#### 18. DIVIDEND

#### (a) Current Financial Year Reported On

Name of Dividend	2022 Interim Ordinary Exempt-1-Tier	Proposed 2022 Final Ordinary Exempt-1-Tier	Proposed 2022 Special	2022 Total
Dividend Type	Cash	Cash	Cash	Cash
Dividend Amount (cents per shares)	4.0	4.0	4.0	12.0

#### (b) Corresponding Year of the Immediately Preceding Financial Year

Name of Dividend	2021 Interim Ordinary Exempt-1-Tier	Proposed 2021 Final Ordinary Exempt-1-Tier	2021 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	2.0	3.0	5.0

#### (c) Date Payable

The proposed final tax-exempt 1-Tier dividend of 4.0 cents per ordinary share and a special dividend of 4.0 cents per ordinary share, if approved at the AGM to be held on April 20, 2023, will be paid on May 8, 2023.

#### 18. DIVIDEND (Cont'd)

#### (d) Notice of Record Date

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on April 27, 2023 to determine members' entitlements to the proposed dividend. Duly completed transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on April 26, 2023 (the "Record Date") will be registered to determine members' entitlements to the proposed dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on the Record Date will be entitled to the proposed dividend.

#### (e) Total Annual Dividend and Capital Distribution (in Dollar Value)

	FY2022	FY2021
(S\$ million)		
Name of Dividend		
Interim ordinary dividend	71	36
Final ordinary dividend*	71	53
Special dividend*	71	-
Total	213	89

\* FY2022 dividend is estimated based on the share capital, excluding treasury shares, of 1,776,783,784 ordinary shares at the end of the financial year

#### 19. INTERESTED PERSON TRANSACTIONS

For the purposes of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is required for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets (NTA) or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than 5% of the Group's latest NTA. For FY2022, 5% of the Group's consolidated NTA, as at December 31, 2021 was S\$168 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transaction of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2021, the Company obtained approval for such shareholders' mandate.

(S\$ million)	Nature of relationship	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) FY2022	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) FY2022
Sale of goods and services		-	-
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings	5.4	-
PSA International Pte Ltd and its Associates	(Private) Limited, the controlling	459.3	-
Olam International Ltd and its Associates	shareholder of the Company	41.6	-
SATS Ltd and its Associates		0.1	-
Sembcorp Marine Ltd and its Associates		45.0	-
CapitaLand Investment Limited and its Associates		4.7	-
Singapore Technologies Telemedia Pte Ltd and its Associates		368.5	-
Singapore Airlines Limited and its Associates		1.5	-
Singapore Power Limited and its Associates	*	2.3	-

#### 19. INTERESTED PERSON TRANSACTIONS (Cont'd)

(S\$ <i>million</i> ) <b>Sale of goods and services</b> (cont'd) Temasek Holdings (Private) Limited and	Nature of relationship	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$\$100,000) FY2022	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) FY2022
its Associates			
		928.7	_
Purchase of goods and services			
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings	2.0	-
Singapore Power Limited and its Associates	(Private) Limited, the controlling shareholder of the	6.6	-
Singapore Telecommunications Ltd and its Associates	Company	0.3	-
Singapore Technologies Engineering Ltd and its Associates		3.8	-
Surbana-Jurong Private Limited and its Associates		3.8	-
Starhub Ltd and its Associates		0.2	-
Pavilion Energy Pte Ltd and its Associates	Ļ	9.4	-
		26.1	_
		954.8	

# 20. <u>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)</u>

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.

#### 21. <u>REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF</u> <u>EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER</u>

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, the chief executive officer or substantial shareholder of the Company.

### **BY ORDER OF THE BOARD**

Tan Yen Hui (Ms) Company Secretary February 21, 2023

## SCHEDULE 4 TO THE PRICING SUPPLEMENT AUDITED FINANCIAL STATEMENTS OF SEMBCORP FINANCIAL SERVICES PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The information contained in this Schedule has been extracted from the audited financial statements of Sembcorp Financial Services Pte. Ltd. for the financial year ended 31 December 2022 and has not been specifically prepared for inclusion in this Pricing Supplement. The financial statements of Sembcorp Financial Services Pte. Ltd. for the financial year ended 31 December 2022 have been prepared in accordance with SFRS(I).



## Sembcorp Financial Services Pte Ltd Registration Number: 200302373G

Annual Report Year ended December 31, 2022

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

## **Directors' statement**

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended December 31, 2022.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS43 are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2022 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, notwithstanding that the Company is in net current liabilities position, as described in Note 1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Directors

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

Eugene Cheng Chee Mun Foo Fei Voon Chong Kwang Cheong Robert Yap Siew Leng

(Appointed on November 28, 2022) (Appointed on November 28, 2022)

## **Directors' interests**

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Description of interests	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Eugene Cheng Chee Mun Sembcorp Industries Ltd ("SCI")	Ordinary shares	100,933	230,483
Foo Fei Voon Sembcorp Industries Ltd	Ordinary shares	817,877	847,937
<b>Robert Chong Kwang Cheong</b> Sembcorp Industries Ltd	Ordinary shares	Nil	160,934*

\* Shares are held in the name of DBS Nominees Pte Ltd.

## **Directors' statement** (cont'd)

## **Directors' interests** (cont'd)

The conditional share awards granted to the directors are disclosed in the Appendix.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Auditors

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

On behalf of the Board of Directors

**Eugene Cheng Chee Mun** Director

February 20, 2023

Foo Fei Voon Director



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## Independent auditors' report

Member of the Company Sembcorp Financial Services Pte Ltd

## **Report on the audit of the financial statements**

### Opinion

We have audited the financial statements of Sembcorp Financial Services Pte Ltd ('the Company'), which comprise the balance sheet as at December 31, 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS43.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the financial position of the Company as at December 31, 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

## 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 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company 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 the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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. We have determined that there are no key audit matters to communicate in our report.



## Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' statement prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do 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 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, 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.

## 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 and SFRS(I)s, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

### Auditors' 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 auditors' 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 judgement and maintain professional scepticism 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 controls.
- Obtain an understanding of internal controls 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 Company's internal controls.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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.

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 controls 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 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 auditors' report unless the law or regulations preclude 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 have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

MGLLP 11

Public Accountants and Chartered Accountants

**Singapore** February 21, 2023

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### Balance sheet As at December 31, 2022

	Note	2022 \$'000	2021 \$'000
Non-current assets			
Long term receivables and prepayments	D1.1	5,138,916	4,133,004
Deferred tax assets	B2.2	_	458
Other financial assets	G1	26,512	16,074
Intangible assets	_	491	645
	_	5,165,919	4,150,181
Current assets			
Trade and other receivables	D1.2	203,926	334,581
Other financial assets	G1	29,074	7,062
Cash and cash equivalents	D3	213,683	351,953
		446,683	693,596
Total assets		5,612,602	4,843,777
	_		
Share capital	C2	15,000	15,000
Other reserves	C3	15,720	(2,933)
Revenue reserve	_	12,664	16,271
Total equity	_	43,384	28,338
Non-current liabilities			
Deferred tax liabilities	B2.2	3,390	_
Interest-bearing borrowings	C5	3,328,266	3,364,374
Other financial liabilities	G1	23,808	25,801
	_	3,355,464	3,390,175
Current liabilities			
Trade and other payables	D2	537,782	440,190
Interest-bearing borrowings	C5	1,633,600	972,388
Other financial liabilities	G1	36,452	6,610
Current tax payable	-	5,920	6,076
	-	2,213,754	1,425,264
Total liabilities	-	5,569,218	4,815,439
Total equity and liabilities		5,612,602	4,843,777

## Statement of profit or loss Year ended December 31, 2022

	Note	2022 \$'000	2021 \$'000
Revenue	B1	170,293	90,677
Cost of sales		(156,493)	(76,898)
Gross profit	_	13,800	13,779
Other operating income		99	93
Other operating expenses		(7,008)	(7,472)
Profit before tax	B3	6,891	6,400
Tax expense	B2.1	(1,498)	(2,859)
Profit for the year	_	5,393	3,541

## Statement of comprehensive income Year ended December 31, 2022

Profit for the year5,3933,541Items that may be reclassified subsequently to profit or loss:Items that may be reclassified subsequently to profit or loss:Net fair value changes on cash flow hedges18,7826,407Other comprehensive loss for the year, net of tax18,7826,407Total comprehensive income for the year24,1759,948		2022 \$'000	2021 \$'000
profit or loss:Net fair value changes on cash flow hedges18,782Other comprehensive loss for the year, net of tax18,7826,407	Profit for the year	5,393	3,541
Other comprehensive loss for the year, net of tax 18,782 6,407			
	Net fair value changes on cash flow hedges	18,782	6,407
Total comprehensive income for the year 24 175 0.948	Other comprehensive loss for the year, net of tax	18,782	6,407
	Total comprehensive income for the year	24,175	9,948

## Statement of changes in equity Year ended December 31, 2022

	Share capital \$'000	Share- based payment reserve \$'000	Hedging reserve \$'000	Revenue reserve \$'000	Total \$'000
At January 1, 2022	15,000	77	(3,010)	16,271	28,338
<b>Total comprehensive income</b> <b>for the year</b> Profit for the year	_	_	_	5,393	5,393
Other comprehensive income, net of tax Net fair value changes on cash flow hedges			<u>18,782</u> 18,782	5,393	<u>18,782</u> 24,175
Transactions with owner recognised directly in equity					
Contributions by and distributions to owner of the Company Value of employee services received for restricted shares plan issued by immediate					
holding company Treasury shares of immediate holding company transferred	-	(80)	-	_	(80)
to employees Interim one-tier tax exempt dividends in respect of year	_	(49)	_	_	(49)
2022 Total contributions by and distributions to owner of the Company		(129)		(9,000)	(9,000) (9,129)
At December 31, 2022	15,000	(52)	15,772	12,664	43,384

## **Statement of changes in equity** *(cont'd)* **Year ended December 31, 2022**

	Share capital \$'000	Share- based payment reserve \$'000	Hedging reserve \$'000	Revenue reserve \$'000	Total \$'000
At January 1, 2021	15,000	34	(9,417)	44,730	50,347
<b>Total comprehensive income</b> <b>for the year</b> Profit for the year	_	_	_	3,541	3,541
Other comprehensive income, net of tax Net fair value changes on cash flow hedges	_	_	6,407	_	6,407
Total comprehensive income for the year	_	_	6,407	3,541	9,948
Transactions with owner recognised directly in equity					
Contributions by and distributions to owner of the Company Value of employee services received for restricted shares					
plan issued by immediate holding company Treasury shares of immediate holding company transferred	_	96	_	_	96
to employees Interim one-tier tax exempt dividends in respect of year	_	(53)	_	_	(53)
2021 Total contributions by and distributions to owner of the				(32,000)	(32,000)
Company	_	43	_	(32,000)	(31,957)
At December 31, 2021	15,000	77	(3,010)	16,271	28,338

## Statement of cash flow Year ended December 31, 2022

Cash flows from operating activitiesProfit for the year $5,393$ $3,541$ Adjustments for: $5,393$ $3,541$ Fair value of restricted shares recognised $(80)$ $96$ Amortisation of intangible assets $410$ $383$ Amortisation of intangible assets $410$ $383$ Amortisation of intangible assets $18,029$ $9,711$ Tax expense $1,498$ $2,859$ Trade and other receivables $(885,749)$ $(14,272)$ Trade and other receivables $(1,654)$ $(476)$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activities $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $(139,606)$ $54,295$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and bank balances and fixed deposits $213,683$ $351,953$ Bank overdraftsC5 $(834,224)$ $(832,388)$ Restricted bank balances $(625,041)$ $(485,435)$		Note	2022 \$'000	2021 \$'000
Adjustments for:Fair value of restricted shares recognised $(80)$ 96Amortisation of intangible assets410383Amortisation of transactions costs $5,815$ $4,519$ Fair value loss on derivative contracts $18,029$ $9,711$ Tax expense $1.498$ $2.859$ Other receivables $1.498$ $2.859$ Trade and other receivables $(885,749)$ $(14,272)$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activity $(256)$ $(94)$ Net cash used in investing activity $(256)$ $(94)$ Net cash used in investing activity $(256)$ $(94)$ Net cash generated from/(used in) financing activities $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $(2,281,946)$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net (decrease)/increase in cash and cash equivalents $(139,606)$ $54,295$ Cash and cash equivalents at end of year $23$ $(45,435)$ $(539,730)$ Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents at end of year $D3$	Cash flows from operating activities			
Fair value of restricted shares recognised(80)96Amortisation of intangible assets410383Amortisation of itransactions costs $5,815$ $4,519$ Fair value loss on derivative contracts $18,029$ $9,711$ Tax expense $1,498$ $2,859$ Trade and other receivables $(885,749)$ $(14,272)$ Trade and other receivables $(885,749)$ $(14,272)$ Trade and other receivables $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activity $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Cash flows from financing activities $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Net cash generated from/(used in) financing activities $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net (decrease)/increase in cash and cash equivalents $(139,606)$ $54,295$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash	Profit for the year		5,393	3,541
Amortisation of intangible assets $410$ $383$ Amortisation of transactions costs $5,815$ $4,519$ Fair value loss on derivative contracts $18,029$ $9,711$ Tax expense $1,498$ $2,859$ Trade and other receivables $(885,749)$ $(14,272)$ Trade and other payables $97,542$ $99,212$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Proceeds from borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $(2,281,946)$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $(485,435)$ $(539,730)$ Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: $(13,683)$ $351,953$ - Cash and bank balances and fixed deposits $213,683$ $351,953$ - Bank overdrafts $C5$ $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$	Adjustments for:			
Amortisation of transactions costs $5,815$ $4,519$ Fair value loss on derivative contracts $18,029$ $9,711$ Tax expense $1,498$ $2,859$ Changes in: $1,498$ $2,859$ Trade and other receivables $(885,749)$ $(14,272)$ Trade and other payables $97,542$ $99,212$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Acquisition of intangible assets $(256)$ $(94)$ Net cash used in investing activities $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net (decrease)/increase in cash and cash equivalents $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $(485,435)$ $(539,730)$ Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: $213,683$ $351,953$ Shank overdrafts $C5$ $(834,224)$ $(832,388)$ Restricted bank balances $4,500$ $(5,000)$	Fair value of restricted shares recognised		(80)	96
Fair value loss on derivative contracts $18,029$ $9,711$ Tax expense $1,498$ $2,859$ Trade and other receivables $31,065$ $21,109$ Changes in:Trade and other receivables $97,542$ $99,212$ Trade and other receivables $97,542$ $99,212$ $99,212$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Cash flows from financing activities $(256)$ $(94)$ Cash flows from financing activities $(256)$ $(94)$ Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $(2,81,946)$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $(485,435)$ $(539,730)$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: $213,683$ $351,953$ Sank overdraftsC5 $(834,224)$ $(832,388)$ Restricted bank balances $(4,500)$ $(5,000)$			410	383
Tax expense $1,498$ $2,859$ 31,06521,109Changes in: Trade and other receivables $(885,749)$ $(14,272)$ Trade and other payables $97,542$ $99,212$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity Acquisition of intangible assets $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Cash flows from financing activities Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $(2,281,946)$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net (decrease)/increase in cash and cash equivalents 	Amortisation of transactions costs		5,815	4,519
Changes in: Trade and other receivables $31,065$ $21,109$ Changes in: Trade and other payables $(885,749)$ $(14,272)$ Trade and other payables $97,542$ $99,212$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net (decrease)/increase in cash and cash equivalents $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $(139,606)$ $54,295$ Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: $213,683$ $351,953$ Sank overdrafts $C5$ $(834,224)$ $(832,388)$ Restricted bank balances $(4,500)$ $(5,000)$	Fair value loss on derivative contracts		18,029	9,711
Changes in: Trade and other receivables $(885,749)$ $(14,272)$ Trade and other payables $97,542$ $99,212$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Acquisition of intangible assets $(256)$ $(94)$ Net cash used in investing activity $(256)$ $(94)$ Cash flows from financing activities $(256)$ $(94)$ Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net (decrease)/increase in cash and cash equivalents $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $(139,606)$ $54,295$ Cash and cash equivalents at end of year $D3$ $(625,041)$ Cash and cash equivalents comprise: $(13,683)$ $351,953$ - Cash and bank balances and fixed deposits $213,683$ $351,953$ - Bank overdrafts $C5$ $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$	Tax expense	_	1,498	2,859
Trade and other receivables $(885,749)$ $(14,272)$ Trade and other payables $97,542$ $99,212$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activity $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Cash flows from financing activities $(256)$ $(94)$ Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net (decrease)/increase in cash and cash equivalents $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $(485,435)$ $(539,730)$ Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: $213,683$ $351,953$ - Cash and bank balances and fixed deposits $213,683$ $351,953$ - Bank overdraftsC5 $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$			31,065	21,109
Trade and other payables $97,542$ $99,212$ Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activity $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Cash flows from financing activities $(256)$ $(94)$ Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $(139,606)$ $54,295$ Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: $213,683$ $351,953$ Cash and bank balances and fixed deposits $213,683$ $351,953$ Bank overdrafts $C5$ $(834,224)$ $(832,388)$ Restricted bank balances $(4,500)$ $(5,000)$	Changes in:			
Income tax paid $(1,654)$ $(476)$ Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Cash flows from financing activities $(256)$ $(94)$ Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of yearD3 $(625,041)$ Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits $213,683$ $351,953$ Bank overdraftsC5 $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$	Trade and other receivables		(885,749)	(14,272)
Net cash (used in)/from operating activities $(758,796)$ $105,573$ Cash flows from investing activity $(256)$ $(94)$ Net cash used in investing activities $(256)$ $(94)$ Cash flows from financing activities $(256)$ $(94)$ Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits $213,683$ $351,953$ Bank overdrafts $C5$ $(834,224)$ $(832,388)$ Restricted bank balances $(4,500)$ $(5,000)$	Trade and other payables		97,542	99,212
Cash flows from investing activity Acquisition of intangible assets(256)(94)Net cash used in investing activities(256)(94)Cash flows from financing activities(256)(94)Repayment of borrowings(1,654,000)(3,066,364)Proceeds from borrowings2,281,9463,047,380Decrease/(Increase) in restricted cash500(200)Dividends paid(9,000)(32,000)Net cash generated from/(used in) financing activities619,446(51,184)Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of yearD3(625,041)Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits213,683351,953Bank overdraftsC5(834,224)(832,388)- Restricted bank balances(4,500)(5,000)	Income tax paid	_	(1,654)	(476)
Acquisition of intangible assets(256)(94)Net cash used in investing activity(256)(94)Cash flows from financing activities(256)(94)Repayment of borrowings(1,654,000)(3,066,364)Proceeds from borrowings2,281,9463,047,380Decrease/(Increase) in restricted cash500(200)Dividends paid(9,000)(32,000)Net cash generated from/(used in) financing activities619,446(51,184)Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at beginning of year(139,606)54,295Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits213,683351,953Bank overdraftsC5(834,224)(832,388)- Restricted bank balances(4,500)(5,000)	Net cash (used in)/from operating activities		(758,796)	105,573
Acquisition of intangible assets(256)(94)Net cash used in investing activity(256)(94)Cash flows from financing activities(256)(94)Repayment of borrowings(1,654,000)(3,066,364)Proceeds from borrowings2,281,9463,047,380Decrease/(Increase) in restricted cash500(200)Dividends paid(9,000)(32,000)Net cash generated from/(used in) financing activities619,446(51,184)Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at beginning of year(139,606)54,295Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits213,683351,953Bank overdraftsC5(834,224)(832,388)- Restricted bank balances(4,500)(5,000)				
Net cash used in investing activity $(256)$ $(94)$ Cash flows from financing activities $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $(2,281,946)$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year $(139,606)$ $54,295$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits $213,683$ $351,953$ Bank overdraftsC5 $(834,224)$ $(832,388)$ Restricted bank balances $(4,500)$ $(5,000)$	Cash flows from investing activity			
Cash flows from financing activitiesRepayment of borrowings(1,654,000)(3,066,364)Proceeds from borrowings2,281,9463,047,380Decrease/(Increase) in restricted cash500(200)Dividends paid(9,000)(32,000)Net cash generated from/(used in) financing activities619,446(51,184)Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year(139,606)54,295Cash and cash equivalents at end of yearD3(625,041)(485,435)Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits213,683351,953Bank overdraftsC5(834,224)(832,388)- Restricted bank balances(4,500)(5,000)	Acquisition of intangible assets		(256)	(94)
Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year $(139,606)$ $54,295$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits $213,683$ $351,953$ Bank overdraftsC5 $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$	Net cash used in investing activity		(256)	(94)
Repayment of borrowings $(1,654,000)$ $(3,066,364)$ Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year $(139,606)$ $54,295$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits $213,683$ $351,953$ Bank overdraftsC5 $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$				
Proceeds from borrowings $2,281,946$ $3,047,380$ Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $9,000$ $(32,000)$ Net cash generated from/(used in) financing activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $D3$ $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: $213,683$ $351,953$ - Cash and bank balances and fixed deposits $213,683$ $351,953$ - Bank overdraftsC5 $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$	Cash flows from financing activities			
Decrease/(Increase) in restricted cash $500$ $(200)$ Dividends paid $(9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year $(139,606)$ $54,295$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ $(539,730)$ Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits $213,683$ $351,953$ - Bank overdraftsC5 $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$	Repayment of borrowings		(1,654,000)	(3,066,364)
Dividends paid $(9,000)$ $(32,000)$ Net cash generated from/(used in) financing activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits $213,683$ $351,953$ Bank overdraftsC5 $(834,224)$ $(832,388)$ $(4,500)$ Current component of the part of the	Proceeds from borrowings		2,281,946	3,047,380
Net cash generated from/(used in) financing activities619,446(51,184)Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of year(139,606)54,295Cash and cash equivalents at beginning of yearD3(485,435)(539,730)Cash and cash equivalents at end of yearD3(625,041)(485,435)Cash and cash equivalents comprise: - Cash and bank balances and fixed deposits213,683351,953- Bank overdraftsC5(834,224)(832,388)- Restricted bank balances(4,500)(5,000)	Decrease/(Increase) in restricted cash		500	(200)
activities $619,446$ $(51,184)$ Net (decrease)/increase in cash and cash equivalents $(139,606)$ $54,295$ Cash and cash equivalents at beginning of year $(485,435)$ $(539,730)$ Cash and cash equivalents at end of yearD3 $(625,041)$ $(485,435)$ Cash and cash equivalents comprise: $213,683$ $351,953$ - Cash and bank balances and fixed deposits $213,683$ $351,953$ - Bank overdraftsC5 $(834,224)$ $(832,388)$ - Restricted bank balances $(4,500)$ $(5,000)$	Dividends paid	_	(9,000)	(32,000)
Net (decrease)/increase in cash and cash equivalents(139,606)54,295Cash and cash equivalents at beginning of year(485,435)(539,730)Cash and cash equivalents at end of yearD3(625,041)(485,435)Cash and cash equivalents comprise:-Cash and cash equivalents comprise:213,683351,953- Cash and bank balances and fixed deposits213,683351,9536834,224)(832,388)- Restricted bank balances-(4,500)(5,000)	Net cash generated from/(used in) financing			
Cash and cash equivalents at beginning of year(485,435)(539,730)Cash and cash equivalents at end of yearD3(625,041)(485,435)Cash and cash equivalents comprise:D3213,683351,953Cash and bank balances and fixed deposits213,683351,953Bank overdraftsC5(834,224)(832,388)Restricted bank balances(4,500)(5,000)	activities	_	619,446	(51,184)
Cash and cash equivalents at beginning of year(485,435)(539,730)Cash and cash equivalents at end of yearD3(625,041)(485,435)Cash and cash equivalents comprise:213,683351,953- Cash and bank balances and fixed deposits213,683351,953- Bank overdraftsC5(834,224)(832,388)- Restricted bank balances(4,500)(5,000)				
Cash and cash equivalents at end of yearD3(625,041)(485,435)Cash and cash equivalents comprise: Cash and bank balances and fixed deposits Bank overdrafts Restricted bank balances <td>Net (decrease)/increase in cash and cash equivalents</td> <td></td> <td>(139,606)</td> <td>54,295</td>	Net (decrease)/increase in cash and cash equivalents		(139,606)	54,295
Cash and cash equivalents comprise:- Cash and bank balances and fixed deposits- Bank overdrafts- Restricted bank balances- Restricted bank balances	Cash and cash equivalents at beginning of year	_	(485,435)	(539,730)
- Cash and bank balances and fixed deposits       213,683       351,953         - Bank overdrafts       C5       (834,224)       (832,388)         - Restricted bank balances       (4,500)       (5,000)	Cash and cash equivalents at end of year	D3	(625,041)	(485,435)
- Cash and bank balances and fixed deposits       213,683       351,953         - Bank overdrafts       C5       (834,224)       (832,388)         - Restricted bank balances       (4,500)       (5,000)				
Bank overdrafts         C5         (834,224)         (832,388)           - Restricted bank balances         (4,500)         (5,000)	Cash and cash equivalents comprise:			
- Restricted bank balances (4,500) (5,000)	- Cash and bank balances and fixed deposits		213,683	351,953
	- Bank overdrafts	C5	(834,224)	(832,388)
(625,041) (485,435)	- Restricted bank balances	_	(4,500)	(5,000)
		_	(625,041)	(485,435)

## NOTES TO THE FINANCIAL STATEMENTS

## A. ABOUT THESE FINANCIAL STATEMENTS

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

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

The immediate and ultimate holding companies are Sembcorp Industries Ltd and Temasek Holdings (Private) Limited respectively. All companies are incorporated in the Republic of Singapore.

The Company's financial statements are prepared on a going concern basis, notwithstanding that as at December 31, 2022, the Company was in a net current liabilities of \$1,767 million (2021: \$731 million). The directors are satisfied that the Company, with undrawn committed credit facilities from banks of \$2,395 million that are guaranteed by the immediate holding company and available for draw down as at December 31, 2022, is able to meet its liabilities as and when they fall due.

The financial statements were authorised for issue by the Board of Directors on February 20, 2023.

## A1. Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) are issued by the Accounting Standards Council, which comprise standards and interpretations that are equivalent to IFRS issued by the International Accounting Standards Board.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand (\$'000), unless otherwise stated.

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policies below.

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

## A. ABOUT THESE FINANCIAL STATEMENTS (cont'd)

### A1. Basis of Preparation (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about key management judgements and estimates that are considered material to the financial statements are incorporated in respective notes to the financial statements.

Information is only being included in the financial report to the extent it is considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if:

- dollar amount is significant in value
- dollar amount is significant by nature
- financial results cannot be understood without specific disclosure
- critical to allow user to understand significant changes in Company businesses

### A2. Summary of Significant Accounting Policies

The accounting policies have been applied consistently to all periods presented in these financial statements. Besides the accounting policies described below, other accounting policies are included in the respective notes to the financial statements.

#### (i) Foreign currencies

#### Foreign currency transactions and balances

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates at the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated to the functional currency using foreign exchange rates at that date.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rates at the date of the transaction while those measured at fair value are retranslated to the functional currency at exchange rates at the date the fair value was determined.

Foreign currency differences are generally recognised in profit or loss and presented within other operating income / (expenses). However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent the hedge is effective are recognised on other comprehensive income.

## A. ABOUT THESE FINANCIAL STATEMENTS (cont'd)

### A2. Summary of Significant Accounting Policies (cont'd)

#### (ii) Adoption of new accounting policies

#### New standards and amendments

The Company has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on January 1, 2022:

- Amendment to SFRS(1) 16: COVID-19-Related Rent Concessions beyond 30 June 20212
- Amendments to SFRS(1) 1-16: Property, Plant and Equipment Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts Cost of Fulfilling a Contract
- Annual Improvements to SFRS(I)s 2018-2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

### **B. OUR PERFORMANCE**

#### B1. Turnover

This note explains how the Company's revenue is measured and recognised.

□Accounting policies		
Interest income is recognised as it accrues, using t	he effective interest method.	
	2022	2021
	\$'000	\$'000
Interest income from:		
- immediate holding company	40,529	24,321
- related corporations	121,548	65,634
- banks and financial institutions	8,216	722
	170,293	90,677

The Company has one reportable operating segment relating to the financing and treasury services for Sembcorp Industries Ltd and its subsidiaries.

### **B1. Turnover** (cont'd)

#### **Geographical segments**

The Company operates only in Singapore and the segment assets are all based in Singapore. Its customers are mainly located in Singapore. In presenting segment revenue on the basis of geographical segment, they are based on geographical location of customers.

	2022 \$'000	2021 \$'000
Revenue	Ф <b>ООО</b>	\$ 000
- Singapore	163,449	85,664
- Others	6,844	5,013
	170,293	90,677

#### **Major customer**

Revenue from Sembcorp Industries Ltd and its subsidiaries represents approximately 95% (2021: 99%) of the Company's total revenue.

### B2. Taxation

#### **B2.1** Tax Expense

#### □Accounting policies

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

### **B2. Taxation** (cont'd)

### **B2.1** Tax Expense (cont'd)

	2022 \$'000	2021 \$'000
Current tax expense	<b>\$ \$ \$ \$ \$</b>	<i>Q</i> 000
Current year	2,199	1,914
(Over)/Under provision in prior years	(701)	945
Tax expense	1,498	2,859

### Reconciliation of effective tax rate

	2022 \$'000	2021 \$'000
Profit before tax	6,891	6,400
Tax using the Singapore tax rate of 17% (2021: 17%) Non-deductible expenses	1,171 (17)	1,088 (24)
Tax incentives and tax-exempt revenues	1,045	850
(Over)/Under provision in prior years	(701)	945
	1,498	2,859

### **B2.2** Deferred Tax Assets and Liabilities

### $\Box \mathbf{Accounting}\ \mathbf{policies}$

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities and assets on a net basis.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **B2. Taxation** (cont'd)

### **B2.2** Deferred Tax Assets and Liabilities (cont'd)

	At January 1, 2021 \$'000	Recognised in equity \$'000	At December 31, 2021 \$'000	Recognised in equity \$'000	At December 31, 2022 \$'000
Deferred tax asset					
Derivatives	1,929	(1,252)	677	(406)	271
<b>Deferred tax liabilities</b> Intangible assets Derivatives	(159)	_ (60)	(159) (60)	(3,442)	(159) (3,502)
	(159)	(60)	(219)	(3,442)	(3,661)
Net deferred tax assets/(liabilities)	1,770	(1,312)	458	(3,848)	(3,390)

#### (a) Tax recognised in other comprehensive income

	Before tax \$'000	2022 Tax expense \$'000	Net of tax \$'000	Before tax \$'000	2021 Tax expense \$'000	Net of tax \$'000
Fair value changes on	22 (20)		10 500	10	(1, 2, 1, 2)	< 10 <b>7</b>
cash flow hedges	22,630	(3,848)	18,782	7,719	(1,312)	6,407
	22,630	(3,848)	18,782	7,719	(1,312)	6,407

## **B3. Profit for the Year**

#### □Accounting policies

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

### **B3. Profit for the Year** (cont'd)

□ Accounting policies (cont'd)

### Long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. This has been reported in other long-term payables.

### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related employment service is provided.

The amount expected to be paid is accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The following items have been included in arriving at profit for the year:

	2022 \$'000	2021 \$'000
Facility fee charged to a related corporation	(24)	(24)
Staff costs	1,955	2,035
Share-based payment expenses	(80)	96
Net increase in fair value of financial assets measured at fair		
value through profit or loss	18,029	9,711
Exchange gain	(18,013)	(7,887)
Amortisation of transaction costs for loans	5,815	4,519
Amortisation of intangible assets	410	383
Interest expense:		
- immediate holding company	3,925	293
- related corporations	34,654	9,931
- banks and financial institutions	106,918	59,067
Commitment fee:		
- related corporations	377	445
- banks and financial institutions	4,804	2,643

### **B4.** Share-based Incentive Plans

The Company participates in its immediate holding company, Sembcorp Industries Ltd's ("SCI") Performance Share Plan ("SCI PSP 2020") and Restricted Share Plan ("SCI RSP 2020") (collectively, the "2020 Share Plans") which were approved and adopted by the shareholders at an Annual General Meeting of SCI held on May 21, 2020.

The details of SCI Group's share-based remuneration arrangements are set out and disclosed in SCI's publicly available annual report.

#### □Accounting policies

#### Equity settled share-based incentive plan

The fair value of the compensation cost is charged to the profit or loss with a corresponding increase directly in equity. The fair value of the compensation cost is measured at grant date and amortised over the service period to which the performance criteria relates and during which the employees become unconditionally entitled to the shares.

For awards granted with market-based performance conditions, market-based performance conditions are taken into account in estimating the fair value. For awards granted with non-market-based performance conditions, the compensation cost is estimated on a basis that the amount fairly reflects the manner in which the benefits will accrue to the employee over the service period to which the performance period relates.

At the balance sheet date, the Company revises its estimates of the number of performancebased shares that the employees are expected to receive based on the achievement of nonmarket performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense, with a corresponding adjustment to equity over the remaining vesting period.

#### Cash settled share-based incentive plan

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the immediate holding company. The Company recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay. The liability takes into account the performance achieved for the year and the probability of achieving the performance conditions in the future.

Until the liability is settled, the Company will re-measure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

### **B4.** Share-based Incentive Plans (cont'd)

## **A**Key estimates and judgements

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The table below shows share-based expense that was recognised during the year.

	Note	2022 \$'000	2021 \$'000
Equity-settled share-based	(a)	(80)	96
Cash-settled share-based	(b)		(4)

#### (a) Equity-settled share-based incentive

### **Restricted Share Plan (RSP)**

The details of the movement of the restricted shares of Sembcorp Industries Ltd awarded during the year are as follows:

	2022	2021
At January 1	44,077	56,173
Conditional restricted shares awarded	_	18,534
Restricted shares lapsed	(8,912)	_
Conditional restricted shares released	(25,714)	(30,630)
At December 31	9,451	44,077

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2022, was 9,451 (2021: 44,077). The RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 9,451 (2021: 44,077) restricted shares.

#### Fair value of restricted shares

The fair values of the restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.

### **B4.** Share-based Incentive Plans (cont'd)

#### (b) Equity-settled share-based incentive

#### **Restricted Share Plan (RSP)**

The fair values of restricted shares granted in 2022 are as follows:

Date of Grant	March 31, 2022	April 1, 2022	March 30, 2021	May 31, 2021
Fair value at measurement date	S\$2.58	S\$2.58	S\$1.78	S\$2.15
Assumptions under the Monte Carlo model				
Share price	S\$2.67	S\$2.67	S\$1.86	S\$2.23
Expected volatility	36.4%	36.4%	35.5%	36.5%
Risk-free interest rate	1.9%	1.9%	0.58%	0.47%
Expected dividend	3.4%	3.4%	4.9%	4.2%

### C. OUR FUNDING

#### C1. Capital Structure

The Company manages its working capital requirements with the view to optimise interest cost. As the Company is acting as a finance and treasury centre to raise funds and to support the immediate holding company and the group entities, the net current liabilities position as shown in the financial statements resulted from balance tenure of unsecured term loans being less than a year and overdraft facilities. As at December 31, 2022, the Company has undrawn committed credit facilities from the banks of \$2,395 million available for its use.

Capital is defined as equity attributable to owners of the Company.

There were no changes in the Company's approach to capital management during the year.

In its loan agreements, the Company has covenant requirements to maintain positive tangible net worth. The Company is in compliant of this loan covenant at the reporting date.

## C2. Share Capital

## $\Box \mathbf{Accounting}\ \mathbf{policies}$

### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account, net of any tax effects.

	2022 No. of sl	2021 hares
	'000	'000
Fully paid ordinary shares, with no par value:		
At January 1 and December 31	15,000	15,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### C3. Other Reserves

	Note	2022 \$'000	2021 \$'000
Share-based payments reserve	(a)	(52)	77
Hedging reserve	(b)	15,772	(3,010)
		15,720	(2,933)

Type of other reserve	Nature
(a) Share-based payments reserve	Represents the cumulative value of services received from employees recorded on grant of equity-settled performance shares and performance-based restricted shares.
(b) Hedging reserve	The effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

### C4. Dividends

C5.

## □Accounting policies

### Dividends

Dividends on ordinary shares are recognised when they are approved for payments. Dividends on ordinary shares classified as equity are accounted for as movements in revenue reserve.

	2022 \$'000	2021 \$'000
Interim one-tier tax exempt dividend for ordinary shares	9,000	32,000
Interest-bearing Borrowings		
	2022 \$'000	2021 \$'000
Non-current liabilities		
Medium term notes	1,823,160	1,523,378
Unsecured term loans	1,505,106	1,840,996
	3,328,266	3,364,374
Current liabilities		
Bank overdrafts	834,224	832,388
Unsecured term loans	799,376	140,000
	1,633,600	972,388
Total borrowings	4,961,866	4,336,762

Included in interest-bearing borrowings were S\$242 million (2021: S\$254 million) of loans taken with a related corporation.

### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	2022	2021
Nominal interest rate		
S\$ medium term notes	2.45% - 4.25%	2.45% - 4.25%
S\$ floating rate loans	1.13% - 4.14%	0.96% - 1.58%
JPY fixed rate loans	0.77%	0.77%
Bank overdrafts	Up to 3.80%	Up to 0.21%

### **C5.** Interest-bearing Borrowings (cont'd)

#### Terms and debt repayment schedule (cont'd)

	2022 \$'000	2021 \$'000
Within 1 year	799,376	140,000
After 1 year but within 5 years	1,955,013	2,290,866
After 5 years	1,373,253	1,073,508
Total unsecured loans and medium term notes	4,127,642	3,504,374
Bank overdrafts	834,224	832,388
Total unsecured loans, medium term notes and bank		
overdraft	4,961,866	4,336,762

In April 2020, the Company together with its immediate holding company established a \$3 billion Multicurrency Debt Issuance Programme in addition to the existing \$2.5 billion Programme. Under the Programme, the Company, together with other subsidiaries of its immediate holding company (the Issuers and the "Issuing Subsidiaries") may from time to time issue Notes and Securities subject to availability of funds from the market. The obligations of the Company under the Programme are fully guaranteed by the immediate holding company. At balance sheet date, the Company had issued \$1,825,000,000 (2021: \$1,525,000,000) medium term notes.

	Nominal interest rate	Year of issue	Year of maturity	Principal 2022 \$'000	amount 2021 \$'000
S\$ medium term notes	4.25%	2010	2025	100,000	100,000
S\$ medium term notes	3.64%	2013	2024	200,000	200,000
S\$ medium term notes	3.59%	2014	2026	150,000	150,000
S\$ medium term notes	2.45%	2021	2031	400,000	400,000
S\$ medium term notes	2.66%	2021	2032	675,000	675,000
S\$ medium term notes	3.74%	2022	2029	300,000	_
			_	1,825,000	1,525,000

At balance sheet date, an amount of \$489,250,000 (2021: \$419,250,000) medium term notes was subscribed by a related corporation.

During the year, the Company issued \$300 million medium term notes bearing a fixed interest of 3.74% per annum, payable semi-annually in arrears, with maturity dates of 20 April 2029.

In 2021, the Company redeemed \$100 million medium term notes and also issued \$1,075 million medium term notes bearing a fixed interest of 2.45% and 2.66% per annum, payable semi-annually in arrears, with maturity dates of 9 June 2031 and 6 April 2032.

#### **C5.** Interest-bearing Borrowings (cont'd)

#### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Unsecured term loans \$'000
Balance at January 1, 2021	3,514,744
Changes from financing cash flows:	
Proceeds from borrowings	3,047,380
Repayment of borrowings	(3,066,364)
Total changes from financing cash flows	(18,984)
Non-cash items:	
Upfront fees prepayment	8,614
Total liability related – other changes	8,614
Balance at December 31, 2021	3,504,374
Datance at December 51, 2021	5,504,574
Balance at January 1, 2022	3,504,374
Changes from financing cash flows:	
Proceeds from borrowings	2,281,946
Repayment of borrowings	(1,654,000)
Total changes from financing cash flows	627,946
Non-cash items:	
Upfront fees prepayment	(4,678)
Total liability related – other changes	(4,678)
Balance at December 31, 2022	4,127,642
Dalahet al December 31, 2022	4,127,042

### C6. Contingent Liabilities

#### □Accounting policies

#### Intra-group financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

### C6. Contingent Liabilities (cont'd)

As at the balance sheet date, the Company has the following contingent liabilities:

	2022 \$'000	2021 \$'000
Guarantees issued under its banking facilities on behalf of: - immediate holding company	941	941

These guarantee contracts are accounted for as insurance contracts.

The Company is undertaking the credit risk of its immediate holding company in connection with the guarantees it has issued, of which management has assessed the credit risk to be minimal in 2022 and 2021.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the Company's future cash flows.

As of balance sheet date, there is no provision made in respect of the obligations as the probability of outflow of economic benefits was assessed to be remote.

The guarantee contracts will expire within the next 12 months.

### D. OUR WORKING CAPITAL

### D1. Trade and Other Receivables

Trade and other receivables mainly consist of amounts owed to the Company by customers and amounts paid to the Company's suppliers and banks in advance.

### □Accounting policies

Trade and other receivables are initially recognised at the amount of consideration receivable that is unconditional, unless they contain significant financing components, whereby they will be recognised at fair value.

Subsequently, trade and other receivables are measured at amortised cost only if (i) the asset is held within a business model whose objective is to collect the contractual cash flows and (ii) the contractual term give rise to cash flows that are solely payments of principal and interest. The carrying value of trade and other receivables is reduced by appropriate allowances for estimated irrecoverable amounts. The estimated irrecoverable amounts and calculation of loss allowances are based on the policies set out in Note E3. Interest income, foreign exchange gains or losses, impairment losses and gains or losses on derecognition relating to these receivables are recognised in profit or loss.

### **D. OUR WORKING CAPITAL** (cont'd)

### D1.1 Long term receivables and prepayments

	2022 \$'000	2021 \$'000
Long-term loans due from:		
- immediate holding company	1,358,000	1,445,000
- related corporations	3,778,086	2,685,444
	5,136,086	4,130,444
Prepayments	2,830	2,560
	5,138,916	4,133,004

The long-term loans due from related corporations bear interest ranging from 1.20% to 10.18% (2021: 1.19% to 6.16%) per annum, are unsecured and are repayable from 2024 to 2043 (2021: 2022 to 2043).

The long-term loans due from immediate holding company bear interest ranging from 1.73% to 4.44% (2021: 1.54% to 3.72%) per annum, are unsecured and repayable on 2024 (2021: 2024).

### **D1.2** Trade and other receivables

	2022 \$'000	2021 \$'000
Other receivables	2,801	172
Amounts due from (trade):		
- immediate holding company	6,407	1,575
- related corporations	28,537	15,592
Prepayments	2,454	2,374
	40,199	19,713
Short-term loans from:		
- related corporations	163,727	314,868
	203,926	334,581

The short-term loans due from related corporations bear interest ranging from 1.39% to 10.18% (2021: 1.21% to 4.99%) per annum, are unsecured and repayable within the next 12 months.

## **D. OUR WORKING CAPITAL** (cont'd)

### D2. Trade and Other Payables

Trade and other payables mainly consist of amounts the Company owes to its suppliers that have been invoiced or are accrued. They also include taxes and social security amounts due in relation to the Company's role as an employer.

### Accounting policies

Trade and other payables (excluding advance payments from customers and retirement benefit obligations) are classified as financial liabilities measured at amortised cost using the effective interest method. Trade payables are not interest-bearing and are stated at their nominal value.

	2022 \$'000	2021 \$'000
Interest payable to:		
- immediate holding company	798	35
- related corporations	11,660	4,182
- banks	22,403	11,573
Amounts due to:		
- immediate holding company (trade)	_	54
	34,861	15,844
Accrued operating expenses and other payables	2,307	2,018
	37,168	17,862
Short term loans from:		
- related corporations	500,614	422,328
-	537,782	440,190

The short-term loans due to related corporations bear interest ranging from 1.32% to 4.74% (2021: 0.08% to 2.50%) per annum, are unsecured and repayable within the next 12 months.

### D3. Cash and Cash Equivalents

### $\Box \mathbf{Accounting}\ \mathbf{policies}$

Cash and cash equivalents which comprise cash balances and bank deposits are classified as financial assets measured at amortised cost. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

### **D. OUR WORKING CAPITAL** (cont'd)

### **D3.** Cash and Cash Equivalents (cont'd)

	Note	2022 \$'000	2021 \$'000
Cash at bank and in hand		213,683	184,448
Fixed deposits		_	167,505
Cash and cash equivalents in the balance sheet		213,683	351,953
Restricted bank balances		(4,500)	(5,000)
Bank overdrafts*	C5	(834,224)	(832,388)
Cash and cash equivalents in the statement of cash			
flows		(625,041)	(485,435)

The interest rate per annum of cash and cash equivalents, excluding bank overdrafts of the Company range from 0.05% to 3.75% (2021: 0.08% to 0.30%). Included in this balance is restricted cash of \$4,500,000 (2021: \$5,000,000) and cash placed with a related corporation of \$329,000 (2021: \$185,000) respectively.

\* The Company runs a cash pool via a related corporation for Sembcorp Group of companies as part of its cash management and treasury activities. The Company's bank overdrafts represent the cash placed by Sembcorp Group of companies with the Company as part of the cash pooling system. The cash pool pays interest rates ranging from 0.03% to 3.80% (2021: 0.02% to 0.21%) per annum.

### E. OUR FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

#### Financial Risk Management Objectives and Policies

The Company's day-to-day operations, new investment opportunities and funding activities introduce financial risks, which are actively managed by management with Board oversight. These risks are grouped into the following categories:

- Market: The risk that fluctuations in foreign exchange and interest rates adversely impact the Company's results.
- Liquidity: The risk that the Company will not be able to meet the financial obligations as they fall due.
- Credit: The risk that a counterparty will not fulfil its financial obligations under a contract or other arrangement.

The Board has adopted the Group Treasury Policies and financial authority limits to manage these risks. The Group Treasury Policies set out the parameters for financing structure, liquidity, counterparty risk management, foreign exchange risk management and use of derivative transactions. Derivative transactions are permitted only if it involves underlying assets or liabilities.

### E1. Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates and prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

### (i) Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's variable-rate debt obligations and loan portfolio. The Company primarily adopts natural hedge to manage the interest rate risk arising from its loan portfolio and debt obligations. In addition, the Company uses interest rate swaps and cross currency swaps to hedge and manage its interest rate exposure, where applicable.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

In these hedge relationships, the main sources of ineffectiveness could be due to:

- the effect of the counterparties' and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of the hedged transactions.

#### Sensitivity analysis

It is estimated that 100 basis point ("bp") change in interest rate at the reporting date would increase/(decrease) equity and profit before tax by the following amounts. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity		Profit before tax	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
	\$'000	\$'000	\$'000	\$'000
December 31, 2022				
Variable rate instruments	18,518	(18,518)	5,303	(5,303)
December 31, 2021				
Variable rate instruments	5,697	(5,697)	7,283	(7,283)

### E1. Market Risk (cont'd)

#### (i) Interest rate risk (cont'd)

The Company has outstanding interest rate swaps as follows:

	2022 \$'000	2021 \$'000
Interest rate swaps		
Notional amount	599,000	254,952
Derivative financial assets	19,912	7,037
Notional amount	233,952	200,000
Derivative financial liabilities	(4,794)	(7,776)

Outstanding interest rate swaps taken up with related corporations are as follows:

	2022 \$'000	2021 \$'000
Interest rate swaps		
Notional amount	299,000	254,952
Derivative financial assets	11,676	7,037
Notional amount	233,952	100,000
Derivative financial liabilities	(3,981)	(3,981)

#### (ii) Foreign currency risk

The Company is exposed to currency risk on transactions that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions primarily are denominated are the US dollar ("USD"), British Pound ("GBP"), Chinese Yuan ("RMB") and Japanese Yen ("JPY"). Such risks are hedged either by forward foreign exchange contracts or cross currency swaps in respect of actual or forecasted currency exposures which are reasonably certain.

The Company is exposed to foreign currency risk on lending and borrowings that are denominated in a currency other than Singapore dollars. The Company's exposures to foreign currency are as follows:

	USD \$'000	GBP \$'000	RMB \$'000	JPY \$'000	Others \$'000
December 31, 2022					
Financial assets					
Cash and cash equivalents	1,329	15	19	_	10
Trade and other receivables	161,099	_	_	301	377
	162,428	15	19	301	387
Financial liabilities					
Trade and other payables	(58,748)	(220,216)	(9,107)	(301)	(383)
Interest-bearing borrowings	(134,326)	_	_	(82,805)	(100,297)
	(193,074)	(220,216)	(9,107)	(83,106)	(100,679)
Net financial liabilities Add: Foreign exchange contracts	(30,646)	(220,201)	(9,088)	(82,805)	(100,293)
and cross currency swaps (net)	30,807	219,876	9,103	82,805	100,297
Net currency exposure	161	(325)	15	_	4

### E1. Market Risk (cont'd)

#### (ii) Foreign currency risk (cont'd)

	USD \$'000	GBP \$'000	RMB \$'000	JPY \$'000	Others \$'000
December 31, 2021					
Financial assets					
Cash and cash equivalents	141,127	3	3	_	12
Trade and other receivables	147,397	_	66,293	345	_
	288,524	3	66,296	345	12
<b>Financial liabilities</b> Trade and other payables Interest-bearing borrowings	(70,226) (215,301) (285,527)	(129,223)	(29,194)	(345) (95,156) (95,501)	(3)
-	(285,527)	(129,223)	(29,194)	(95,501)	(3)
Net financial assets/(liabilities) (Less)/Add: Foreign exchange contracts and cross	2,997	(129,220)	37,102	(95,156)	9
currency swaps (net)	(1,065)	129,227	(36,682)	95.156	_
Net currency exposure	1,932	7	420	-	9

### Sensitivity analysis

A 10% strengthening of foreign currencies against Singapore dollar at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables (i.e. interest rates) remain constant.

	Profit befo	Profit before tax		
	2022 \$'000	2021 \$'000		
- USD	16	193		
- GBP	(32)	1		
- RMB	2	42		
- Others		1		

The Company has outstanding foreign exchange contracts and cross currency swaps as follows:

	2022 \$'000	2021 \$'000
Foreign exchange contracts		
Notional amount	855,266	746,222
Derivative financial assets	31,816	16,099
Notional amount	1,122,449	708,184
Derivative financial liabilities	(39,194)	(15,647)
Cross currency swaps		
Notional amount	98,700	_
Derivative financial assets	3,858	_
Notional amount	99,999	99,999
Derivative financial liabilities	(16,272)	(8,988)

### E1. Market Risk (cont'd)

#### (ii) Foreign currency risk (cont'd)

Outstanding foreign exchange contracts and cross currency swaps taken up with related corporations are as follows:

	2022	2021
	\$'000	\$'000
Foreign exchange contracts		
Notional amount	688,793	447,215
Derivative financial assets	24,381	11,407
Notional amount	473,056	434,836
Derivative financial liabilities	(26,175)	(8,039)
Cross currency swaps		
Notional amount	99,999	99,999
Derivative financial liabilities	(16,272)	(8,988)

#### E2. Hedges

The Company uses derivative instruments (derivatives) (as disclosed in Note G1) for managing its risks as described above. Derivatives are contracts whose value are derived from an underlying price index (or other variable) that require little or no initial net investment and are settled at a future date.

The Company designates derivatives as hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction (cash flow hedge).

### $\Box$ Accounting policies

Derivatives are carried on the balance sheet at fair value. Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative. The method of recognising changes in fair value depends on whether the derivative is designated in an accounting hedge relationship. Derivatives not designated as accounting hedges are referred to as economic hedges.

Fair value gains and losses attributable to economic hedges are recognised in the statement of profit or loss while recognition of fair value gains and losses of those attributable to accounting hedges depends on the nature of the item being hedged.

### E2. Hedges (cont'd)

### □ Accounting policies (cont'd)

The effective portion of changes in fair value of derivatives designated as fair value hedge are recognised in profit or loss at the same time when all changes in the fair value of the underlying item relating to the hedged risks are recognised in profit or loss. The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in the hedging reserve (in equity).

Certain determinants of fair value included in derivatives or mismatches between the timing of the instrument and the underlying item in the hedge relationship can cause hedge ineffectiveness. Any ineffectiveness is recognised immediately in profit or loss as change in fair value of derivatives.

When the underlying hedged item is sold or repaid, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in the hedging reserve for a cash flow hedge, is recognised immediately in profit or loss

When the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in the hedging reserve for a cash flow hedge, is recognised in profit or loss when the hedged item is recognised in profit or loss, which may occur over time.

## Skey estimates and judgements

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Company considers the critical terms in assessing if each designated derivative is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are due to:

- the effect of the counterparties' and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of hedged transactions.

### E2. Hedges (cont'd)

#### **Interest Rate Benchmark Reform**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative nearly risk-free rates (interest rate benchmark reform).

The Audit Committee of the Company's immediate holding company monitors and manages the Company's transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. The committee reports to the Board of Directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from interest rate benchmark reform.

The Company has outstanding loans and derivatives (as hedges to the loans) in SOR which extend beyond the anticipated cessation date of the rates on June 30, 2023. The Company has completed transitioning these loans and derivatives from SOR to SORA as at December 31, 2022. The Company continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by interest rate benchmark reform.

In 2021, the Company's exposure to the interest rate benchmark reform was attributable to the SOR bank loans and the interest rate swaps to hedge these loans maturing from 2024 to 2026. The Company's exposure to SOR that is directly affected by the interest rate benchmark reform is the nominal amount of \$160,000,000.

The Company designates certain interest rate swaps and cross currency interest rate swaps in cash flow hedge relationships.

#### **Cash Flow Hedges**

At the reporting date, the Company held the following instruments to hedge exposures to changes in foreign currency and interest rates:

		———— Maturity ————				
	Rate (\$)	Interest rate (%)	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000	
2022						
<b>Interest rate risk</b> Interest rate swap (IRS)						
- Float-to-fixed	_	1.05 - 2.36	_	460,000		
<b>Cross currency swap</b> EUR/SGD		1.80		98,700		

## E2. Hedges (cont'd)

Cash Flow Hedges (cont'd)

		Maturity —					
	Rate (\$)	Interest rate (%)	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000		
2021							
<b>Interest rate risk</b> Interest rate swap (IRS)							
- Float-to-fixed		1.05 - 2.51	_	160,000	-		

The cash flow hedge reserve amounts at the balance sheet date relating to items designated as hedged items as follows:

2022	Balance in hedging reserve for continuing hedges \$'000
Interest rate risk	
Other financial liabilities	13,895
<b>Foreign currency and interest rate risk</b> Other financial assets	1,877
2021 Interest rate risk Other financial liabilities	(3,010)

## E2. Hedges (cont'd)

### Cash Flow Hedges (cont'd)

The amounts related to items designated as hedging instruments are as follows:

			<u>Carrying</u> <u>Amount</u>				
2022	Nominal Amount \$'000	Quantity '000	Assets/ (Liabilities) \$'000	Line item in the balance sheet where the hedging instrument is included	Change in value of hedging instrument recognised in other comprehensive income \$'000	Amount reclassified from hedging	Line item affected in profit or loss because of the reclassi- fication
Interest rate risk				Other financial			Other operating
Interest rate swap	460,000	SGD460,000	16,742	assets	20,369	_	expenses
Foreign currency and interest rate risk							
Cross currency swap				Other financial			Other operating
cross currency swap	98,700	EUR70,000	3,858	assets	2,261	_	expenses
2021							
Interest rate risk				01			0.1
Interest rate swap	100,000	SGD100,000	(3,981)	Other financial liabilities	5,715	-	Other operating expenses
Interest rate swap	60.000	SGD60.000	354	Other financial assets	2.004		Other operating
mulesi iale swap	00,000	3000,000	554	asse15	2,004	_	expenses

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

	2022 Hedging reserve \$'000	2021 Hedging reserve \$'000
Balance at January 1	(3,010)	(9,417)
Changes in fair value:		
Foreign currency and interest rate risk	2,261	_
Interest rate risk	20,369	7,719
Tax on movements on reserves during the year	(3,848)	(1,312)
Balance at December 31	15,772	(3,010)

### E3. Liquidity Risk

The Company manages its liquidity risk with the view to maintain sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals, loan disbursements and repayment of borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Company to meet its obligations.

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Company updates the relevant effective interest rate to reflect the change that is required by the reform. No immediate gain or loss is recognised.

The table below analyses the maturity profile of the Company's financial liabilities (including derivative financial liabilities) based on the expected contractual undiscounted cash inflows/ (outflows), including interest payments and excluding the impact of netting arrangements:

		Cash flows					
	Carrying	Contractual cash	Less than	Between	Over		
	amount	flow	1 year	1 and 5 years	5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000		
December 31, 2022							
Derivatives							
Derivative financial assets	(55,586)						
- inflow		992,478	629,713	362,765	_		
- outflow		(938,514)	(600,347)	(338,167)	_		
Derivative financial liabilities	60,260						
- inflow		1,167,011	857,310	309,701	_		
- outflow		(1,232,960)	(896,925)	(336,035)	-		
Non-derivative financial							
liabilities							
Trade and other payables*	536,982	(536,982)	(536,982)	_	_		
Interest-bearing borrowings	4,961,866	(5,677,194)	(1,657,013)	(820,008)	(3,200,173)		
	5,503,522	(6,226,161)	(2,204,244)	(821,744)	(3,200,173)		
December 31, 2021							
Derivatives							
Derivative financial assets	(23,136)						
- inflow		753,258	457,110	296,148	_		
- outflow		(730,122)	(450,048)	(280,074)	_		
Derivative financial liabilities	32,411						
- inflow		789,515	413,190	376,325	_		
- outflow		(825,492)	(422,877)	(402,615)	_		
Non-derivative financial							
liabilities							
Trade and other payables*	439,303	(439,303)	(439,303)	_	_		
Interest-bearing borrowings	4,336,762	(4,721,642)	(1,039,851)	(2,468,874)	(1,212,917)		
	4,785,340	(5,173,786)	(1,481,779)	(2,479,090)	(1,212,917)		

\* Excludes employee benefits

### E4. Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under contracts or arrangements. The Company does not have significant credit risk exposures.

The Company only deals with related parties and financial institutions with good credit rating. To minimise the Company's counterparty risk, the Company enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating. For amounts due from related parties, the Company considers the financial assets to have a low credit risk by taking into consideration the immediate holding company's commitment as well as its financial ability to settle the amount, in estimating the risk of default used in measuring ECL.

### □Accounting policies

The Company recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised costs.

The Company measures loss allowances at an amount equal to 12-month ECLs.

12-month ECLs are the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected credit life of the instrument is less than 12 months).

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without due costs or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If the credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

### E4. Credit risk (cont'd)

□ Accounting policies (cont'd)

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For amounts due from related parties, the Company considers the financial assets to have a low credit risk by taking into consideration qualitative factors, which includes the immediate holding company's (Sembcorp Industries Limited) financial ability to settle the amounts, in estimating the risk of default used in measuring ECL.

### Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as 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 Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised costs 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- breach of contract such as a default or past due outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- the restructuring of a loan or advanced by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation or is having significant financial difficulty; or
- the disappearance of an active market for a security because of financial difficulties.

### E4. Credit risk (cont'd)

### □ Accounting policies (cont'd)

Presentation of loss allowance for ECLs in the balance sheet

Loss allowance for financial assets measured at amortised costs are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### **A**Key estimates and judgements

When the Company determines whether the credit risk has increased significantly, the Company 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 Company's historical experience and informed credit assessment, taking into account forward-looking information. Customer collectability is assessed on an ongoing basis and any resulting impairment losses are recognised in the profit or loss.

As the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each financial asset, including derivatives, in the balance sheet.

### **E5.** Financial Instruments

#### □Accounting policies

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 Using quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 Using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 Using inputs not based on observable market data (unobservable input).

### Derivatives

Derivatives are used by the Company for hedging and enhancement of performance purposes. These derivatives are mainly foreign exchange contracts, interest rate swaps and cross currency swaps.

- 1. The fair value of foreign exchange contracts is accounted for based on the difference between the contractual price and the current forward market price.
- 2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Company is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

#### Non-derivative non-current financial assets and liabilities

Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining non-derivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the balance sheet date.

For non-current financial assets and liabilities that are traded in the market, quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for disclosure purposes.

### **E5. Financial Instruments** (cont'd)

□ Accounting policies (cont'd)

### Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, which is the fair value of the consideration given or received. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

For financial instruments not actively traded in the market, fair value is determined by independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

#### Estimation of fair values

#### Fair value hierarchy

The following table sets forth by level within the fair value hierarchy of the financial assets and liabilities that were accounted for at fair value as of December 31, 2022. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

At December 31, 2022	Fair value measurement Level 2 \$'000
Derivative financial assets	55,586
Derivative financial liabilities	(60,260)
At December 31, 2021 Derivative financial assets	23,136
Derivative financial liabilities	(32,411)

### **E5.** Financial Instruments (cont'd)

### Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	Note	Mandatorily at FVTPL \$'000	Fair value- hedging instruments \$'000	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Total carrying value \$'000	Fair value \$'000
December 31, 2022							
Long-term receivables*	D1.1	_	_	5,136,086	_	5,136,086	4,914,209
Other financial assets	G1	34,986	20,600	_	_	55,586	55,586
		34,986	20,600	5,136,086	_	5,191,672	4,969,795
Interest-bearing borrowings*		_	_	_	3,328,266	3,328,266	3,131,113
Other financial liabilities*	G1/B4	60,260	_	_	_	60,260	60,260
		60,260	_	_	3,328,266	3,388,526	3,191,373
December 31, 2021							
Long-term receivables*	D1.1	_	_	4,130,444	—	4,130,444	4,146,650
Other financial assets	G1	22,782	354	-	-	23,136	23,136
		22,782	354	4,130,444	_	4,153,580	4,169,786
Interest-bearing borrowings*		_	_	_	3,364,374	3,364,374	3,368,393
Other financial liabilities*	G1/B4	28,430	3,981	-	—	32,411	32,411
		28,430	3,981	_	3,364,374	3,396,785	3,400,804

\* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their shortterm nature and where the effect of discounting is immaterial.

### F. OUR COMPANY STRUCTURE

### F1. Significant Related Party Transactions

For the purposes of the financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the Company had the following significant transactions with related parties during the year:

	2022 \$'000	2021 \$'000
Management fees to immediate holding company Payment on behalf by immediate holding company –	2,050	2,047
payroll costs	730	603

### **Compensation of Key Management Personnel**

Key management personnel of the Company are those having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel of the Company.

None of the four directors earned any directors' fees or other remuneration in respect of their appointments as directors of the Company during the current year and prior year. The directors are not paid directly by the Company but receive remuneration from the Company's immediate holding company, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

## G. OTHER DISCLOSURES

### G1. Other Financial Assets and Liabilities

### □Accounting policies

#### **Classification and Measurement**

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

## G. OTHER DISCLOSURES (cont'd)

### G1. Other Financial Assets and Liabilities (cont'd)

#### □ Accounting policies (cont'd)

The Company initially recognises financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company classifies financial liabilities as measured at amortised cost or FVTPL.

Financial assets and liabilities at FVTPL

All other financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI, as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial liability is classified as FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial assets and financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

#### Derecognition

The Company derecognises a financial asset when a) the contractual rights to the cash flows from the financial asset expire, or b) when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or if the Company neither transfers nor retains substantially all of the risks and rewards of ownership, it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its balance sheet but retains either all or substantially all of its risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

# G. OTHER DISCLOSURES (cont'd)

## G1. Other Financial Assets and Liabilities (cont'd)

	Assets		Liabilities	
	Current \$'000	Non- current \$'000	Current \$'000	Non- current \$'000
2022				
At FVTPL:				
<ul> <li>Cross currency swaps</li> </ul>	—	_	—	16,272
<ul> <li>Interest rate swaps</li> </ul>	_	3,170	_	4,794
<ul> <li>Foreign exchange swap contracts</li> </ul>	29,074	2,742	36,452	2,742
	29,074	5,912	36,452	23,808
Cash flow hedges:				
<ul> <li>Interest rate swaps</li> </ul>	_	16,742	_	_
<ul> <li>Cross currency swaps</li> </ul>	_	3,858	_	_
5 1		20,600	_	_
		,		
Total	29,074	26,512	36,452	23,808
2021				
At FVTPL:				0.000
<ul> <li>Cross currency swaps</li> </ul>	—	-	—	8,988
<ul> <li>Interest rate swaps</li> </ul>	-	6,683	-	3,795
<ul> <li>Foreign exchange swap contracts</li> </ul>	7,062	9,037	6,610	9,037
	7,062	15,720	6,610	21,820
Cash flow hedges:				
<ul> <li>Interest rate swaps</li> </ul>	_	354	_	3,981
<u>^</u>		354	_	_
Total	7,062	16,074	6,610	25,801

### G. OTHER DISCLOSURES (cont'd)

### G2. New or Revised Accounting Standards and Interpretations Not Yet Effective

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after January 1, 2022:

#### Applicable to 2023 financial statements

- SFRS(I) 17 Insurance Contracts and Amendments to SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback

#### Mandatory effective date deferred

• Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Company does not expect significant impact on the financial statements upon the adoption of these new SFRS(I)s.

### SCHEDULE 5 TO THE PRICING SUPPLEMENT AUDITED FINANCIAL STATEMENTS OF SEMBCORP INDUSTRIES LTD AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The information contained in this Schedule has been extracted from the annual report of Sembcorp Industries Ltd for the financial year ended 31 December 2021 and has not been specifically prepared for inclusion in this Pricing Supplement. The financial statements of Sembcorp Industries Ltd for the financial year ended 31 December 2021 have been prepared in accordance with SFRS(I) and IFRS.

# **Independent Auditors' Report**

#### Members of the Company Sembcorp Industries Ltd

#### Report on the audit of the financial statements Opinion

We have audited the financial statements of Sembcorp Industries Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at December 31, 2021, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 51 to 112.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 financial position of the Group and the Company as at December 31, 2021 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

#### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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 the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Impairment assessment of property, plant and equipment, long-term contracts, and interests in associates and joint ventures and goodwill (collectively, the Group's non-financial assets) (Refer to Notes D1, D3 and G4 to the financial statements: property, plant and equipment of S\$7,094,000,000, goodwill of \$\$159,000,000, long-term contracts of \$\$103,000,000 and associates and joint ventures of \$\$1,600,000,000).

Risk:

As at December 31, 2021, the Group's non-financial assets for the Conventional Energy segment amounted to \$\$5,022,000,000. The Group's key Conventional Energy segment assets are in China, India, Singapore and United Kingdom.

Management performs impairment assessment of these assets at least annually and as and when indicators of impairment occur. As a result of management's impairment review, the Group recognised impairment losses totalling \$\$212,000,000 as the recoverable amounts for certain CGUs did not support the assets' carrying amounts.

An impairment loss exists when the net carrying amount of the assets is in excess of the recoverable amount. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and its value-in-use (VIU). As the fair values of these assets are not readily determinable, the Group measures the recoverable amount using the discounted cash flow technique to derive the assets' VIU.

The determination of the recoverable amounts of these CGUs involves a high degree of judgement and is subject to significant estimation uncertainties, principally, the discount rates, gross margin forecasts and plant load factors. The gross margin forecasts and plant load factors take into account expected customer demand and forecasted tariff rates. These are inherently subject to estimation uncertainties as well as political and regulatory developments.

# Independent Auditors' Report

#### **Report on the audit of the financial statements** (cont'd)

Impairment assessment of property, plant and equipment, long-term contracts, and interests in associates and joint ventures and goodwill (collectively, the Group's non-financial assets) (cont'd)

Our response:

We assessed the Group's process for identifying and reviewing the CGUs subject to impairment testing.

We, including our valuation specialists to the extent appropriate, reviewed the key assumptions supporting the value-in-use calculations to arrive at the recoverable amounts of these CGUs. We compared the plant load factors and gross margin forecasts to what has been achieved historically and taking into consideration prevailing industry trends. We compared the discount rates to available market observable data including market and country risk premiums and any asset-specific risk premium.

We performed sensitivity analysis of the key assumptions and the key drivers of the cash flow forecasts for the individual CGUs and considered the likelihood of such changes arising.

We assessed the related disclosures on key assumptions applied in determining the recoverable amounts of the CGUs.

#### Our findings:

The Group has a process for identifying and reviewing the CGUs for impairment testing. The impairment assessments incorporated the known relevant considerations as at the balance sheet date. The disclosures describing the inherent degree of estimation uncertainty and the sensitivity of the assumptions applied are appropriate.

#### Valuation of trade and service concession receivables

(Refer to Note E1 to the financial statements: Trade receivables of \$\$1,000,000,000 and service concession receivables of S\$956,000,000)

#### Risk:

As at December 31, 2021, the Group's gross trade and service concession receivables totalled \$\$1,956,000,000 against which a loss allowance of S\$46,000,000 was recorded.

Management estimates the loss allowance based on the ageing of overdue balances, repayment histories of individual debtors, existing customer-specific and market conditions and forward-looking information. Such assessment of expected credit losses is inherently subjective and requires the exercise of significant management judgement.

#### Our response:

We reviewed the Group's estimation process in determining the amount of loss allowance recognised on these receivables.

We reviewed significant inputs to the model which management uses to estimate the Group's expected credit loss and considered the reasonableness of these inputs.

We assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving management's assessment on recoverability of these receivables.

#### Our findings:

The Group has processes to assess credit risk and determine the amount of loss allowance to be recognised on trade and service concession receivables.

#### Management's assessment of the recoverability of these receivables are supported by available evidence.

We found the disclosures in describing the areas of judgement and inherent degree of estimation uncertainties involved, to be appropriate.

#### **Other Information**

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon

We have obtained the following items prior to the date of this auditors' report:

- Group FY2021 Highlights
- Chairman and CEO's Statement
- Group Financial Review
- **Renewables Review**
- Integrated Urban Solutions Review
- Conventional Energy Review
- Directors' Statement

The following items (the Reports) are expected to be made available to us after that date:

- Our Leadership
- Environmental, Social and Governance Review
- Corporate Information
- Supplementary Information •
- Shareholding Statistics
- Additional Information on Directors Seeking Re-election

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 auditors' 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 Reports, 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.

# Independent Auditors' Report

### Report on the audit of the financial statements (cont'd)

#### Auditors' 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 auditors' 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 judgement and maintain professional scepticism 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 auditors' 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
  auditors' 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 consolidated 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 auditors' 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 auditors' report is Koh Wei Peng.



**KPMG LLP** Public Accountants and Chartered Accountants

Singapore February 23, 2022

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# **Balance Sheets**

As at December 31, 2021

		Group		Compar	ıy —
(S\$ million)	Note	2021	2020	2021	2020
Non-current assets					
Property, plant and equipment	D1	7,094	7,204	365	383
Investment properties	D2	138	135	_	_
Investments in subsidiaries	G1	_	-	2,309	2,308
Associates and joint ventures	G4	1,600	1,588	_	_
Other financial assets	H1	219	250	_	_
Trade and other receivables	E1	982	995	3	3
Contract costs	B2(c)	1	1	_	-
Intangible assets	D3	390	348	25	26
Deferred tax assets	B3(b)	38	37	_	_
		10,462	10,558	2,702	2,720
Current essets			_		
Current assets Inventories	E2	222	196	7	4
Trade and other receivables	E2 E1		1,571	115	91
	B2(c)	1,986 28	1,571	115	91
Contract assets				_	
Contract costs	B2(c)	1	1		
Assets held for sale Other financial assets	B7 H1		30		
		352	159	-	-
Cash and cash equivalents	E4	1,344	1,032	427	358
		3,933	3,004	549	453
Total assets		14,395	13,562	3,251	3,173
Current liabilities					
Trade and other payables	E3	1,708	1,159	155	99
Lease liabilities	D1.1	14	11	5	4
Contract liabilities	B2(c)	121	141	2	3
Provisions	H2	40	26	19	11
Other financial liabilities	H1	87	40	_	_
Current tax payable		181	157	49	55
Interest-bearing borrowings	C5	754	593	_	_
		2,905	2,127	230	172
Net current assets		1,028	877	319	281
		1,020	0//	212	201

		Group	p	Compan	y
(S\$ million)	Note	2021	2020	2021	2020
Non-current liabilities					
Deferred tax liabilities	B3(b)	392	294	25	28
Other long-term payables	E3	105	108	1,465	1,613
Lease liabilities	D1.1	244	215	110	112
Provisions	H2	64	38	12	11
Other financial liabilities	H1	56	98	_	_
Interest-bearing borrowings	C5	6,637	7,135	_	_
Contract liabilities	B2(c)	74	71	27	28
		7,572	7,959	1,639	1,792
Total liabilities		10,477	10,086	1,869	1,964
Net assets		3,918	3,476	1,382	1,209
Equity attributable to owners of the Company:					
Share capital	C2	566	566	566	566
Reserve for own shares	С3	(15)	(11)	(15)	(11)
Other reserves	С3	(133)	(369)	5	*
Revenue reserve		3,349	3,153	826	654
		3,767	3,339	1,382	1,209
Non-controlling interests	G2	151	137	_	_
Total equity		3,918	3,476	1,382	1,209

# Consolidated Statement of Profit or Loss

Year ended December 31, 2021

	١	Group	
(S\$ million)	Note	2021	2020
Continuing operations			
Turnover	B1, B2	7,795	5,447
Cost of sales		(6,693)	(4,660)
Gross profit		1,102	787
General and administrative expenses		(432)	(344)
Other operating income, net		140	126
Non-operating income		22	49
Non-operating expenses		(218)	(176)
Finance income	C6	26	35
Finance costs	C6	(423)	(499)
Share of results of associates and joint ventures, net of tax		206	233
Profit before tax		423	211
Tax expense	B3	(123)	(32)
Profit from continuing operations <sup>1</sup>	B4	300	179
Discontinued operation			
Loss from discontinued operation, net of tax <sup>1</sup>	G6	-	(330)
Loss on the Distribution <sup>2</sup>		_	(970)
Loss from discontinued operation		_	(1,300)
Profit / (Loss) for the year	_	300	(1,121)
Profit / (Loss) attributable to:			
Owners of the Company:			
Profit from continuing operations		279	157
Loss from discontinued operation		-	(1,154)
Profit / (Loss) attributable to owners of the Company		279	(997)
Non-controlling interests:			
Profit from continuing operations		21	22
Loss from discontinued operation		-	(146)
Profit / (Loss) attributable to non-controlling interests		21	(124)
Profit / (Loss) for the year	_	300	(1,121)
Earnings per share (cents):	B5		
Basic		15.63	(56.81)
Diluted <sup>3</sup>		15.44	(56.81)
Earnings per share (cents) – Continuing operations:	B5		
Basic		15.63	7.84
Diluted		15.44	7.78

# Consolidated Statement of Comprehensive Income

Year ended December 31, 2021

	Grou	
(S\$ million) No	ote 2021	202
Profit / (Loss) for the year	300	(1,121
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	84	(1
Exchange differences on monetary items forming part of net investment in foreign operation	1	(2
Net change in fair value of cash flow hedges	181	(143
Net change in fair value of cash flow hedges reclassified to profit or loss	(2)	10
Cost of hedging reserve – changes in fair value	(46)	(43
Cost of hedging reserve – reclassified to profit or loss	47	42
Realisation of reserves upon the Distribution	-	(12
Realisation of reserves upon disposal / liquidation of subsidiaries and assets held for sale	*	3
Share of other comprehensive income of associates and joint ventures	35	(1
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary F	2 (1)	· · ·
Income tax relating to these items B3		
	268	(16
Items that may not be reclassified subsequently to profit or loss:		
Defined benefit plan actuarial gains and losses	20	(1
Change in fair value of financial assets at fair value through other comprehensive income	(20)	(1-
Income tax relating to these items B3	(c) (6)	
	(6)	(2
Other comprehensive income / (loss) for the year, net of tax B3	(c) 262	(18
Total comprehensive income / (loss) for the year	562	(1,30
Total comprehensive income / (loss) attributable to:		
Owners of the Company	536	(1,18
Non-controlling interests	26	(12
Total comprehensive income / (loss) for the year	562	(1,30
Total comprehensive income / (loss) attributable to owners of the Company:		
Continuing operations	536	(2
Discontinued operation	_	(1,15

<sup>1</sup> After elimination of inter-segment finance income of S\$nil (2020: S\$38 million) with corresponding reduction of inter-segment finance expense in discontinued operation.

<sup>2</sup> On September 11, 2020, the Company distributed its holdings of ordinary shares in the capital of a subsidiary, Sembcorp Marine Ltd (SCM) to its shareholders (the Distribution).

<sup>3</sup> In computing the 2020 fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares would be antidilutive.

# Consolidated Statement of Changes in Equity Year ended December 31, 2021

					Attributable	to owners of t	he Company —								
			Foreign currency			Share-based			Cost of					Non-	
(S\$ million)	Share capital	Reserve for own shares	translation reserve	Capital reserve	Merger reserve	payments reserve	Fair value reserve	Hedging reserve	hedging reserve	Revenue reserve	Total	Perpetual securities	Total	controlling interests	Total equity
	capital	own shares	reserve	Teserve	Teserve	reserve	reserve	reserve	reserve	Teserve	Iotai	securities	Iotai	interests	equity
Group															
Balance at January 1, 2021	566	(11)	(475)	160	29	(10)	60	(132)	(1)	3,153	3,339		3,339	137	3,476
Total comprehensive income for the year															
Profit for the year	_	_	_	_	-	_	_	_	_	279	279	_	279	21	300
Other comprehensive income															
Foreign currency translation differences for foreign operations	_	_	81	_	_	-	_	_	_	_	81	_	81	3	84
Exchange differences on monetary items forming part of															
net investment in foreign operations	-	-	1	-	-	-	-	-	-	-	1	-	1	-	1
Net change in fair value of cash flow hedges	-	-	-	-	-	-	-	136	-	-	136	-	136	2	138
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	_	-	-	-	-	10	_	-	10	_	10	_	10
Cost of hedging reserve – changes in fair value	-	-	_	-	-	-	-	-	(46)	-	(46)	_	(46)	_	(46)
Cost of hedging reserve – reclassified to profit or loss	-	-	_	-	-	-	-	-	47	-	47	_	47	_	47
Net change in fair value of financial assets at fair value through other comprehensive income	_	_	_	_	-	_	(20)	-	_	_	(20)	_	(20)	_	(20)
Realisation of reserves upon disposal / liquidation of subsidiaries and asset held for sale	_	_	*	_	_						*		*		*
Transfer of reserves			(8)	(2)		*	*			10					
Net change in fair value of cash flow hedges			(0)	(2)											(1)
reclassified to cost of investment of a subsidiary	-				_			(1)	_	-	(1)	_	(1)	*	(1)
Defined benefit plan actuarial gains and losses	_	-	_	-	_		_	-	_	14	14		14		14
Share of other comprehensive income of associates and joint ventures	_	_		-	_	-	-	35	-	*	35		35		35
Total other comprehensive income for the year	_	_	74	(2)	-	*	(20)	180	1	24	257		257	5	262
Total comprehensive income for the year	_		74	(2)		*	(20)	180	1	303	536		536	26	562
Transactions with owners of the Company, recognised directly in equity															
Share-based payments	_	_	_	_	_	14	_	_	_	_	14	_	14	_	14
Purchase of treasury shares	_	(13)	_	_	_	_	_	_	_	_	(13)	_	(13)	_	(13)
Treasury shares transferred to employees	_	9	_	_	_	(9)	_	_	_	_	_	_	_	_	_
Acquisition of non-controlling interests	_	_	_	(2)	_	_	_	_	_	_	(2)	_	(2)	2	_
Dividend paid to owners (Note C4)	_	_	_	_	_	_	_	_	_	(107)	(107)	_	(107)	_	(107)
Dividend paid / payable to non-controlling interests	_	_	_	_	_	_	_	_	_	_	_	_	_	(14)	(14)
Total transactions with owners	_	(4)	_	(2)	_	5	_	_	_	(107)	(108)	_	(108)	(12)	(120)
At December 31, 2021	566	(15)	(401)	156	29	(5)	40	48	_	3,349	3,767		3,767	151	3,918

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# Consolidated Statement of Changes in Equity

Year ended December 31, 2021

	ſ				Attributable	to owners of t	he Company —				]				
			Foreign currency			Share-based			Cost of					Non-	
(S\$ million)	Share capital	Reserve for own shares	translation reserve	Capital reserve	Merger reserve	payments reserve	Fair value reserve	Hedging reserve	hedging	Revenue reserve	Total	Perpetual securities	Total	controlling interests	Total equity
Group															
Balance at January 1, 2020	566	(4)	(482)	156	29	(9)	74	(87)	_	5,827	6,070	801	6,871	1,008	7,879
											.,			1	
Total comprehensive income for the year															
Loss for the year	-	_	_	_	_	_	-	_	_	(997)	(997)	_	(997)	(124)	(1,121)
Other comprehensive income															
Foreign currency translation differences for foreign operations			(22)						_		(22)		(22)	5	(17)
Exchange differences on monetary items forming part of			(22)								(22)		(22)	5	(17)
net investment in foreign operation	_	_	(2)	_	_	_	_	_	_	_	(2)	_	(2)	_	(2)
Net change in fair value of cash flow hedges	_	_	_	_	_	_	_	(115)	_	_	(115)	_	(115)	(13)	(128)
Net change in fair value of cash flow hedges reclassified to profit or loss	_	_	_	_	_	_	_	86	_	_	86	_	86	5	91
Cost of hedging reserve – changes in fair value	_	_	_	_	-	-	-	_	(43)	_	(43)	_	(43)	_	(43)
Cost of hedging reserve – reclassified to profit or loss	_	_	_	_	_	_	_	_	42	_	42	_	42	_	42
Net change in fair value of financial assets at fair value through															
other comprehensive income	-	_	_	_	_	_	(14)	_	-	-	(14)	-	(14)	_	(14)
Realisation of reserves upon the Distribution	_	_	_	(125)	_	_	_	_	_	_	(125)	_	(125)	_	(125)
Realisation of reserves upon disposal of subsidiaries / assets held for sale	_	_	31	4	_	*	_	_	_	_	35	_	35	1	36
Defined benefit plan actuarial gains and losses	_	_	_	_	_	_	_	_	_	(9)	(9)	-	(9)	*	(9)
Share of other comprehensive income of associates and joint ventures	_	_	_	_	_	_	_	(16)	_	_	(16)	-	(16)	_	(16)
Total other comprehensive income for the year	_	_	7	(121)	_	*	(14)	(45)	(1)	(9)	(183)	-	(183)	(2)	(185)
Total comprehensive income for the year	-	_	7	(121)	_	*	(14)	(45)	(1)	(1,006)	(1,180)	_	(1,180)	(126)	(1,306)
Transactions with owners of the Company,															
recognised directly in equity				425							425		425	47.4	
Contribution by non-controlling interests	_	-		125	_	_	_	_	_	_	125		125	474	599 *
Capital reduction / distribution to non-controlling interests	_	-		_	-		_	_	_	_		_	-	*	
Share-based payments	_	(10)	_	-	_	8	_	-	_	-	8	_	8		8
Purchase of treasury shares	-	(16)	-	_	-	-	-	_	_	_	(16)	-	(16)	-	(16)
Treasury shares transferred to employees	_	5	_	_	-	(9)	-		_	_	-	_	-	*	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	_	_	_	-	_	-		(1.200)
Disposal of non-controlling interest in subsidiaries	-	-	-	-	-	-	-	_	-	_	-	(010)	(010)	(1,208)	(1,208)
Perpetual securities distribution paid Accrued perpetual securities distribution (Note C4)	-	-	-	_	-	-	-	_	-	(17)	(17)	(818)	(818)	_	(818)
	_	-	_	- *	-	-	-	_	-	(17)	(17)	17	-	-	
Transfer of reserve	-	-	-		-	-	-	_	-		- (F 4)	-	- (Г 4)	-	
Dividend paid to owners (Note C4)	_	-	_	-	-	-	-	-	-	(54)	(54)	_	(54)	(11)	(54)
Dividend paid / payable to non-controlling interests	_	-	_	_	-	_	-	-	-	(1 507)	(1 507)	_	(1 507)	(11)	(11)
Dividend distribution in specie (Note G6)		- (7)		125		(1)		_	_	(1,597)	(1,597)	(001)	(1,597)	(745)	(1,597)
Total transactions with owners	-	(7)	(475)	125	-	(1)	-	(122)	(1)	(1,668)	(1,551)	(801)	(2,352)	(745)	(3,097)
At December 31, 2020	566	(11)	(475)	160	29	(10)	60	(132)	(1)	3,153	3,339	-	3,339	137	3,476

# **Consolidated Statement of Cash Flows**

Year ended December 31, 2021

(\$\$ million) Note	Group 2021	2020
Cash flows from operating activities		
Profit for the year:		
Continuing operations	300	179
Discontinued operation	_	(1,300)
Adjustments for:		
Dividend	(2)	(2)
Finance income	(26)	(73)
Finance costs	423	569
Depreciation and amortisation	457	579
Amortisation of deferred income and capital grants	(4)	(4)
Share of results of associates and joint ventures, net of tax	(206)	(233)
Gain / (Loss) on disposal of:		
<ul> <li>property, plant and equipment, intangible assets and other financial assets</li> </ul>	(21)	(9)
<ul> <li>assets held for sale</li> </ul>	(3)	30
Loss / (Gain) on disposal and liquidation of subsidiaries	3	(20)
Changes in fair value of financial instruments	(29)	25
Loss on the Distribution	_	970
Equity settled share-based compensation expenses	14	8
Allowance for:		
<ul> <li>impairment of investment in an associate and a joint venture</li> </ul>	212	113
<ul> <li>impairment loss in value of assets and assets written off, net</li> </ul>	11	70
– impairment of goodwill	_	27
<ul> <li>expected credit loss</li> </ul>	19	11
– intangible assets	*	6
<ul> <li>impairment on assets held for sale</li> </ul>	1	4
Negative goodwill	-	(17)
Provision for remediation of legacy sites	30	4
Inventories written down and allowance for stock obsolescence (net)	2	134
Tax expense B3(a)	123	(25)
Operating profit before working capital changes	1,304	1,046
Changes in:		
Inventories	(28)	(50)
Receivables (i)	(489)	(53)
Payables	498	(301)
Contract costs	*	(501)
Contract assets	(13)	(163)
Contract liabilities	(17)	118
Contract nubinities	1,255	594
Tax paid	(36)	(103)
Net cash from operating activities	1,219	491

	Group	
(S\$ million) Note	2021	2020
Cash flows from investing activities		
Dividend received	95	198
Interest received	30	68
Proceeds from:		
<ul> <li>disposal of interests in subsidiaries, net of cash disposed</li> </ul>	-	54
<ul> <li>divestment of asset held for sale</li> </ul>	30	47
<ul> <li>sale of property, plant and equipment</li> </ul>	17	14
– sale of intangible assets	*	*
- disposal of other financial assets and business	311	150
Loan repayment from related parties	-	1
Non-trade balances with related corporations, net of repayment	-	5
Acquisition of subsidiaries, net of cash acquired	-	(9)
Acquisition of additional investments in joint ventures and associates	*	(2)
Acquisition of other financial assets	(293)	(165)
Purchase of property, plant and equipment and investment properties	(282)	(318)
Purchase of intangible assets	(8)	(15)
Distribution in specie, net of cash in SCM	-	(1,309)
Net cash used in investing activities	(100)	(1,281)
Cash flows from financing activities		
Proceeds from share issued to non-controlling interests of subsidiaries	_	599
Proceeds from share options exercised with issue of treasury shares	-	(1)
Purchase of treasury shares	(13)	(15)
Repayment of lease liabilities	(15)	(28)
Proceeds from borrowings	3,403	5,241
Repayment of borrowings	(3,752)	(4,351)
Dividends paid to owners of the Company	(107)	(54)
Dividends paid to non-controlling interests of subsidiaries	(17)	(8)
Payment in restricted cash held as collateral	(24)	5
Perpetual securities distribution paid	_	(818)
Capital reduction paid to non-controlling interests	_	*
Interest paid	(330)	(515)
Net cash (used in) / from financing activities	(855)	55
Net increase / (decrease) in cash and cash equivalents	264	(735)
Cash and cash equivalents at beginning of the year	1,009	1,740
Effect of exchange rate changes on balances held in foreign currency	24	4
Cash and cash equivalents at end of the year E4	1,297	1,009
	1,237	1,009

- i. In 2020, the Group has received strategic spares of S\$16 million as settlement with a vendor recognised in 2019 under other receivables.
- ii. In September 2020, the Company subscribed to SCM's S\$1.5 billion equity rights issue through the conversion of a loan receivable from SCM. The Company subsequently distributed all its shares in SCM to its ordinary shareholders through a distribution in specie (Note C4).

#### A. About These Financial Statements

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

The Company is 49.52% owned by Temasek Holdings (Private) Limited. Under SFRS(I) 10 Consolidated Financial Statements, the Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The financial statements comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

On May 27, 2021, the Group announced its strategic plan to transform its portfolio from brown to green, by focusing on growing its renewable energy and integrated urban solutions businesses, supporting sustainable development, in addition to the conventional energy business.

The financial statements were authorised for issue by the Board of Directors on February 23, 2022.

#### A1. Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise specified.

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policies.

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions, which are based on historical experience and various other factors believed to be reasonable under the circumstances, form the basis of judgement about carrying value of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about key management judgements and estimates that are considered material to the financial statements are incorporated in respective notes to the financial statements.

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million unless otherwise stated. '\*' denotes financial value that is less than S\$1 million.

Information is only being included in the financial report to the extent it is considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if:

- dollar amount is significant in value
- dollar amount is significant by nature ٠
- financial results cannot be understood without specific disclosure
- critical to allow user to understand significant changes in group businesses ٠

#### Impact of COVID-19

In 2021, border closures, production stoppages and workplace closures have resulted in slowdowns in the overall economies and activities, Integrated Urban Solutions' completion and handover of land and residential and commercial property sales and construction progress, to adhere to the respective governments' movement control measures. The COVID-19 related reliefs received from the Government in 2021 are disclosed in Note B4.

The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets. Uncertainties continue to persist with regard to the COVID-19 pandemic with the potential resurgence of infections globally, which could change these assumptions in the future.

#### A2. Summary of Significant Accounting Policies

The accounting policies have been applied consistently by Group entities to all periods presented in these financial statements. Besides the accounting polices described below, other accounting policies are included in the respective notes to the financial statements.

#### i. Foreign currencies

#### Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group entities using exchange rates at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated to the functional currency using foreign exchange rates at that date.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rates at the date of the transaction while those measured at fair value are translated to the functional currency using exchange rates at the date the fair value was determined.

Foreign currency differences are recognised in profit or loss, except when arising from the translation of the following items, in which case the differences are recognised in other comprehensive income:

- Equity instruments designated as fair value through other comprehensive income (FVOCI). (However, upon impairment, the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

#### Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than Singapore dollar are expressed in Singapore dollar using exchange rates prevailing at the balance sheet date. Income and expense items and cash flows are translated at the average exchange rates for each month and exchange differences arising are recognised directly in other comprehensive income.

On disposal of a foreign entity, the cumulative amount previously recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

#### Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to the foreign currency translation reserve in the consolidated statement of comprehensive income and are released to the consolidated statement of profit or loss upon disposal of the investment as part of the gain or loss on disposal.

A financial liability designated as a hedge of a net investment in a foreign operation to the extent that the

#### **A.** About These Financial Statements (cont'd)

#### A2. Summary of Significant Accounting Policies (cont'd)

#### ii. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group. All intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition includes fair values of any contingent or deferred consideration arrangement and any pre-existing equity interest in the subsidiary. From January 1, 2017, acquisition related costs are recognised in the profit or loss as incurred whereas prior to this date, acquisition related costs formed part of the cost of acquisition. The unwinding of any interest element of deferred consideration is recognised in profit or loss.

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 or loss on the date of acquisition.

Business combinations that involve entities under common control are excluded from the scope of SFRS(I) 3. Such combinations are accounted at historical costs in a manner similar to the pooling-of-interest method, in the preparation of the consolidated financial statements. Under this method of accounting, the difference between the value of the share capital issued and the value of shares received is taken to the merger reserve.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or financial assets at FVOCI depending on the level of influence retained.

From January 1, 2010, changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. The difference between the change in the carrying amounts of the non-controlling interests (NCI) and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. Prior to January 1, 2010, any excess of the cost of acquisition of NCI over the carrying amount of the interest in the net assets acquired at the date of acquisition was recognised as goodwill.

On a transaction-by-transaction basis, the measurement of NCI is either at fair value or at the NCI's share of the fair value of the identifiable net assets of the acquiree.

#### Non-controlling interest

NCI comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statements of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the NCI based on their respective interest in a subsidiary, even if this results in the NCI having a deficit balance.

Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of net assets of the subsidiary.

#### Associates and joint ventures

Associates and joint ventures are accounted for using the equity method of accounting from the date that significant influence commences until the date that significant influence ceases and are recognised initially at cost. The cost of investments includes transaction costs. When the Group's share of losses exceeds its interest in the associate or joint venture, the carrying amount of the investment (including any other unsecured receivables, that in substance, form part of the Group's net investment) is reduced to zero, and the recognition of further losses is discontinued unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition. Where the audited financial statements are not yet available for the purpose of statutory filing, the share of results is arrived at from management financial statements.

#### Impairment for associates and joint ventures

An impairment loss in respect of an associate or joint venture shall be recognised if, and only if, the recoverable amount of the investment is less than the carrying amount. An impairment loss is recognised in the profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

#### iii. Adoption of new accounting policies New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on January 1, 2021:

- Amendments to SFRS(I) 16 COVID-19 Related Rent Concessions
- Phase 2 (IBOR Phase 2)

In accordance with the transition provisions, the IBOR Phase 2 amendments are applied retrospectively to hedging relationships and financial instruments. The Group's comparative amounts have not been restated. Since the Group has no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at December 31, 2020, there is no impact on opening equity balances as a result of retrospective application.

The adoption of these amendments to standards and interpretations does not have a material effect on the financial statements.

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform –

#### **B.** Our Performance

#### **B1. Segments Information**

The principal activities of the Company are those of an investment holding company, corporate headquarter and the production and supply of utilities services, terminalling and storage of petroleum products and chemicals.

The Group is organised into business units based on nature of products and services and geographical location of the business or venture. In 2021, as part of the strategic plan to transform its portfolio from brown to green, the Group has re-organised its businesses into four (2020: three) reportable segments namely Renewables, Integrated Urban Solutions, Conventional Energy and Other businesses and Corporate. Consequently, prior year's reported segment information has been re-presented accordingly.

The operating segments outlined below have been identified based on reports reviewed by the Group's President & CEO that are used to make strategic decision, allocate resources, monitor, and assess performance. The performance of operating segments is evaluated based on net profit and is measured in accordance with the Group's accounting policies.

The principal activities of key subsidiaries are as follows:

#### i. Renewables

The Renewables segment's principal activities are the provision of electricity from solar and wind resources (both self-generated and imported), energy storage, trading of Energy Attribute Certificates as well as provision of system services that support integration of renewables into grid. This segment also includes the development and provision of installation, operation and maintenance of solar, wind and energy storage assets;

#### ii. Integrated Urban Solutions

The Integrated Urban Solutions segment supports sustainable development through its suite of urban, water as well as waste and waste-to-resource solutions. The segment's businesses comprise the development of largescale integrated urban developments and integrated townships such as industrial parks, business, commercial and residential spaces, production and reclamation of water and industrial wastewater treatment as well as solid waste management and waste-to-resource solutions. This segment also includes carbon capture, utilisation and storage (CCUS) projects;

#### iii. Conventional Energy

The Conventional Energy segment's principal activities include the sale of energy molecules (including natural gas, steam and electricity from a diversity of fossil fuels such as natural gas and coal). This segment also includes sale of water products from its integrated assets; and

#### iv. Other Businesses and Corporate

The Other Businesses and Corporate segment comprises businesses mainly relating to specialised construction, minting, the Group's captive insurance and financial services, as well as corporate costs.

#### a. Operating Segments

Information regarding the results of each reportable segment is included below.

				Other		
		Integrated Urban	Conventional	Businesses and		
(S\$ million)	Renewables	Solutions	Energy		Elimination	Total
2021						
Turnover						
External sales	354	465	6,679	297	_	7,795
Inter-segment sales	*	8	33	10	(51)	_
Total	354	473	6,712	307	(51)	7,795
Results						
Earnings before interest, taxes, depreciation						
and amortisation <sup>1</sup> (EBITDA)	251	143	964	(70)	_	1,288
Share of results of associates and joint ventures, net of tax	27	97	81	1	_	206
Adjusted EBITDA	278	240	1,045	(69)	_	1,494
Depreciation and amortisation	(82)	(54)		(8)	_	(457)
Other non-cash (expenses) / income:	( )					. ,
<ul> <li>Impairment of investment in a</li> </ul>						
joint venture	-	-	(212)	_	-	(212)
<ul> <li>Allowance for impairment in value</li> </ul>						
of assets and assets written off	*	(4)		(1)	-	(11)
– Others	*	-	1	5	_	6
Finance income	5	15	30	104	(128)	26
Finance costs	(117)	(13)		(121)	128	(423)
Profit / (Loss) before tax	84	184	245	(90)	-	423
Tax expense	(25)	(17)		(22)	_	(123)
Non-controlling interests	(3)	(6)	,	_	_	(21)
Profit / (Loss) for the year	56	161	174	(112)	_	279
Assets						
Segment assets	2,778	1,432	8,774	1,498	(1,744)	12,738
Associates and joint ventures	265	877	458	_	_	1,600
Tax assets	7	20	13	17	_	57
Total assets	3,050	2,329	9,245	1,515	(1,744)	14,395
Liabilities						
Segment liabilities	1,747	586	5,217	4,098	(1,744)	9,904
Tax liabilities	98	52	310	113		573
Total liabilities	1,845	638	5,527	4,211	(1,744)	10,477
Capital expenditure <sup>2</sup>	189	50	71	7		317
	109		/ 1	/	_	517

<sup>1</sup> Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off.

<sup>2</sup> Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

#### B. Our Performance (cont'd)

#### B1. Segments Information (cont'd)

a. Operating Segments (cont'd)

		Integrated		Other Businesses		
(S\$ million)	Renewables	Urban Solutions	Conventional Energy	and Corporate	Elimination	Total
			55			
2020						
Turnover	281	422	4 5 7 1	173		E 447
External sales	201	422	4,571		(40)	5,447
Inter-segment sales		429	_	10 183	(40)	E 447
Total	281	429	4,594	105	(40)	5,447
Results						
Earnings before interest, taxes, depreciation	225	107	202	(40)		1 10/
and amortisation <sup>1</sup> (EBITDA)	225	107	892	(40)		1,184
Share of results of associates and	27	102	102	1		222
joint ventures, net of tax Adjusted EBITDA	27	103 210	102 994	(39)		233 1,417
				,	_	
Depreciation and amortisation	(77)	(50)	(309)	(8)	-	(444
Other non-cash income / (expenses):						
<ul> <li>Impairment of investment in an associate and a joint venture</li> </ul>			(81)	(32)		(113
<ul> <li>Allowance for impairment in value</li> </ul>	_	_	(01)	(52)	_	(112
of assets and assets written off, net	(1)	(9)	(66)	*	_	(76
<ul> <li>Write-off of inventory</li> </ul>	(1)	()	(53)			(53
<ul> <li>Write-down inventory to net realisable value</li> </ul>			(45)			(45
<ul> <li>Impairment of goodwill</li> </ul>			(43)			(42
<ul> <li>Mpairment of goodwill</li> <li>Negative goodwill</li> </ul>		17	(27)			17
<ul> <li>Impairment of asset held for sale</li> </ul>		(4)				
<ul> <li>Impairment of asset field for sale</li> <li>Others</li> </ul>	- *	(4)	1			(4
– Others Finance income	5	13	44	2 167	(194)	35
	(127)	(16)		(168)	156	(499
Finance costs Profit before tax	52	161	(344)	,		
		-		(78)	(38)	211
Tax (expense) / credit	(7)	(16)		(26)	-	(32
Non-controlling interests	1	(5)		(104)	(20)	(22
Profit / (Loss) from continuing operations	46	140	113	(104)	(38)	157
Loss from discontinued operation, net of tax and NCI						(1 1 E /
Loss for the year						(1,154 ( <b>997</b>
						(997
Assets						
Segment assets	2,731	1,442	8,076	2,340	(2,676)	11,913
Associates and joint ventures	227	743	618	-	-	1,588
Tax assets	7	20	15	19	-	61
Total assets	2,965	2,205	8,709	2,359	(2,676)	13,562
Liabilities						
Segment liabilities	1,665	703	5,912	4,031	(2,676)	9,635
Tax liabilities	71	50	226	104	_	451
Total liabilities	1,736	753	6,138	4,135	(2,676)	10,086
Capital expenditure <sup>2</sup>	119	53	80	17	-	269

<sup>1</sup> Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off.

<sup>2</sup> Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

#### b. Geographical Segments

The Group's geographical segments are presented in six principal geographical areas: Singapore, India, UK, Rest of Asia, China and Middle East. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

	Turn	over	Capital Ex	penditure
(S\$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Singapore	4,817	2,914	212	110
India	1,496	1,573	27	53
UK	859	460	58	30
Rest of Asia	379	211	7	38
China	210	191	13	33
Middle East	32	63	_	*
Other Countries	2	35	_	5
Total	7,795	5,447	317	269
	Non-curre	Non-current Assets		Assets
(S\$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
India	4,721	4,988	5,941	6,099
Singapore	1,967	1,878	3,464	2,740
China	1,436	1,577	1,948	2,069
CHIHA				
Rest of Asia	1,303	1,236	1,586	1,519
		1,236 637	1,586 1,131	1,519 860
Rest of Asia	1,303		-	860
Rest of Asia UK	1,303 731	637	1,131	

Majority of the Group's revenue is from Singapore and India which contributed to 62% (2020: 53%) and 19% (2020: 29%) respectively.

24% (2020: 20%) and 41% (2020: 45%) of the Group's total assets are located in Singapore and India respectively.

#### B. Our Performance (cont'd)

#### **B2.** Turnover

This note explains how our Group's revenue from contracts with customers are measured and recognised. Turnover of the discontinued operation is shown in Note G6.

## Accounting policies

Revenue is measured based on consideration specified in a contract with customer. The Group recognises revenue when it transfers control over a good or service to a customer.

For all revenue contracts with customers, the Group accounts for modifications to the scope or price (or both) of a contract, as separate contracts, if the modifications add distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group applies a new transaction price, combining the remaining consideration with the consideration promised on the modification, to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and recognises a cumulative adjustment to revenue at the date of the modification.

#### **Revenue from Contracts with Customers**

#### a. Sale of Electricity, Utilities and Gas and Related Services

The sale of electricity, utilities and gas and related services are determined to be a series of distinct goods satisfied over time. This is because the customers simultaneously receive and consume the benefits provided by the Group. Invoices are generated monthly based on the output delivered to the customers. No significant element of financing is deemed present as the sales are typically made with a credit term of 30 days, consistent with market practice.

Revenue from these sales is recognised based on price (including variable considerations) specified in the contracts. Variable considerations such as off specification delivery are reviewed and estimated monthly. A refund liability is recognised in provisions for off specification delivery and outage, if any.

When the period between the satisfaction of a performance obligation and payment by the customer exceeds one year, the Group adjusts the consideration for time value of money and recognises a financing component.

#### b. Service Concession Revenue

The Group has entered into service concession contracts with local governments or governing agencies (the grantor) to design, build and operate (including the maintenance of) water treatment plants or power generation plants over an agreed period ranging from 22 to 30 years. At the end of the concession period, these assets are to be transferred to the grantor and any extension will be based on mutual agreements. These contractual arrangements fall within the scope of SFRS(I) INT 12.

The Group recognises and measures revenue for building (construction services) and operating these assets as specified in the contracts in accordance with SFRS(I) 15 for the services performed. Revenue relating to construction services under a service concession arrangement is recognised over time when the performance obligations are satisfied.

Operation or service revenue is recognised in the period in which the services are provided by the Group, consistent with the Group's accounting policy on recognising revenue on sale of electricity, utilities and gas and related services (see Note B2(a) above). When the Group provides more than one service in a service concession arrangement, the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

c. Construction of Infrastructure and Related Engineering Services The Group builds specialised assets for customers for which the Group does not have an alternative use. Revenue is recognised when control over the specialised asset has been transferred to customers.

#### **Contracts with Enforceable Right to Payment**

For contracts where the Group has contractual enforceable rights to payment, revenue is recognised over time with reference to the Group's progress towards completing the construction of the specialised asset. The stage of completion is typically assessed either by surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method), depending on which method is commensurate with the pattern of transfer of control to customers. 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 and instead are expensed as incurred.

The Group recognises a financing component using discount rates at contract inception if the delivery of goods and payment by customers exceed one year. If the period between the delivery and payment is one year or less, the Group applies the practical expedient not to adjust for significant financing component.

For contracts with standard warranty terms on the performance of the asset, a warranty provision is estimated based on historical data, from known and expected warranty work as well as contractual obligations to be performed after completion. The warranty expense incurred could be higher or lower than the provision made.

#### d. Sales of Development Properties

The Group develops and sells residential projects to customers through fixed price contracts. For such contracts, the Group does not have enforceable rights to payment in accordance with the contractual terms. Revenue is recognised at a point in time when the control over the residential project has been transferred to customers and customers' acceptance have been obtained, which is also when the rights to payment become enforceable.

#### e. Sales of Other Goods

Revenue is recognised at a point in time when the goods are transferred to customers and the criteria for acceptance have been satisfied.

#### Rental Income

Rental income receivable under operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of total rental income, over the term of the lease.

Contingent rentals are recognised as income in the accounting period in which they are earned.

#### B. Our Performance (cont'd)

#### B2. Turnover (cont'd)

### **Key estimates and judgements**

The Group has applied judgement and estimates in its revenue recognition of long-term contracts. Any increases or decreases in estimated revenue or costs due to change in circumstances are reflected in the profit or loss in the period in which the changes become known to management. The key estimates and judgements applied are:

#### **Performance Obligation**

Significant judgement is required in determining whether the performance obligations are distinct. The Group's assessment includes considerations of whether customers can benefit from the good or service either on its own or together with other resources that are readily available to the customers and whether the Group's promise to transfer the good or service to the customers is separately identifiable from other promises in the contracts. The Group has assessed that long-term contracts with customers have a single performance obligation in view that the services in the contracts are not distinct.

#### Variable Considerations

For contracts with variable considerations (i.e. liquidated damages, or where customers can contractually rescind the delivery of utilities and gas which do not meet the specifications), the Group has applied judgement in determining the transaction price, based on evaluation of any potential risks and factors which may affect the completion or delivery of the contracts, in accordance with the contractual obligations.

#### Percentage of Completion

For revenue recognised over time, the percentage of completion for certain contracts is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs for each contract. In making these estimates, the Group has relied on the expertise of surveying engineers and management's past experiences from completed projects. The estimated total costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

#### **Onerous Contracts**

The Group conducts critical review of all its long-term construction contracts regularly. Allowance is made to account for onerous contracts. The Group monitors and reviews the progress of all long-term land development and construction contracts, taking into consideration inputs from internal project managers and external customers in estimating the total contract costs to complete as well as evaluating any potential risks and factors which may affect contract prices, costs and timely completion of these contracts. The review also encompasses the cost analysis process whereby both actual costs incurred and future costs to complete are critically examined.

#### Cost Allocation Method on Long-term Land Development Contracts

Land development costs incurred are capitalised as work-in-progress and allocated to the respective parcels of land based on the relative sales method.

#### Fulfilment Costs

Significant judgement is required to determine if the contract costs recognised are expected to be recovered. Such judgement includes assessment of any potential risks and factors which may affect customers' ability to take delivery of the rig, ship and construction. The assessment also encompasses the analysis of the industry outlook and customers' financial health.

#### Information regarding the turnover is included below:

(S\$ million)	Note	2021	2020
Revenue from contracts with customers	(a)	7,790	5,444
Rental income		5	3
		7,795	5,447

There was no revenue from performance obligations satisfied or partially satisfied in previous periods due to change in estimate of the transaction price in 2021 and 2020.

#### **Revenue from Contracts with Customers**

a. Disaggregation of Revenue from Contracts with Customers In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major product / service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments. Following the change in reportable segments in 2021 (see B1), certain product / service line items are re-presented.

		Re	eportable segme	nts	
		Integrated Urban	Conventional	Other Businesses and	
(S\$ million)	Renewables	Solutions	Energy	Corporate	Total
2021					
Primary geographical markets					
Singapore	45	252	4,236	284	4,817
India	285	_	1,211	_	1,496
UK	20	_	838	1	859
Rest of Asia	4	3	362	10	379
China	*	205	*	*	205
Middle East	_	-	32	*	32
Other countries	_	-	_	2	2
Total	354	460	6,679	297	7,790
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	350	_	6,276	*	6,626
Provision of water products, reclamation of water and industrial wastewater treatment		187	126	_	313
Solid waste management	_	237	1	_	238
Service concession revenue	_	15	185	_	200
Construction and engineering related activities	_	_	_	271	271
Others	4	21	91	26	142
Total	354	460	6,679	297	7,790
Timing of revenue recognition					
Over time	319	446	6,677	271	7,713
At a point in time	35	14	2	26	77
Total	354	460	6,679	297	7,790

Timing of revenue recognition	
Over time	319
At a point in time	35
Total	354

#### **B.** Our Performance (cont'd)

#### B2. Turnover (cont'd)

a. Disaggregation of Revenue from Contracts with Customers (cont'd)

	[	Re	eportable segme	nts ———	
(S\$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Total
2020					
Primary geographical markets					
Singapore	10	197	2,546	161	2,914
India	262	_	1,312	_	1,574
UK	9	_	451	*	460
Rest of Asia	_	3	198	10	211
China	_	186	1	*	187
Middle East	_	-	63	_	63
Other countries	_	33	_	2	35
Total	281	419	4,571	173	5,444
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	281	_	4,114	*	4,395
Provision of water products, reclamation of water and industrial	201		.,		1,000
wastewater treatment	-	177	127	-	304
Solid waste management	-	183	-	_	183
Service concession revenue	-	40	198	_	238
Construction and engineering related activities	_	_	-	151	151
Others	*	19	132	22	173
Total	281	419	4,571	173	5,444
Timing of revenue recognition					
Over time	271	407	4,570	149	5,397
At a point in time	10	12	1	24	47
 Total	281	419	4,571	173	5,444

Service concession revenue included interest revenue of S\$64 million (2020: S\$68 million).

#### b. Transaction Price Allocated to Remaining Performance Obligations

### Accounting policies

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to ٠ date, then it recognises revenue in that amount.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at balance sheet date. This is estimated based on the expected progress of the projects or expected energy output. Estimated amounts of considerations which are variable in nature are not included in the table below.

(S\$ million)	Note	Within the next 12 months	Between 1 to 5 years	More than 5 years	Total
2021					
Segment					
Renewables	(i)	_	_	_	_
Integrated Urban Solutions		88	206	218	512
Conventional Energy		1,346	1,252	436	3,034
Other Businesses and Corporate		336	654	_	990
Total		1,770	2,112	654	4,536
2020					
Segment					
Renewables	(i)	_	_	_	_
Integrated Urban Solutions		71	164	636	871
Conventional Energy		1,051	2,378	537	3,966
Other Businesses and Corporate		319	773	_	1,092
Total		1,441	3,315	1,173	5,929

- i. energy output is variable in nature and the Group has a right to invoice the customers amounts that corresponds directly with its actual energy output.
- c. Assets and Liabilities Related to Contracts with Customers **Contract Assets and Contract Liabilities**

The Group and the Company have recognised the following assets and liabilities related to contracts with customers:

(S\$ million)		I
Contract assets		
Contract liabilities		
Current		
Non-current		
Total		

#### Contract assets

The contract assets primarily relate to the Group's conditional rights to consideration for work completed or utilities delivered but not yet billed at the balance sheet date. If the value of the goods transferred or services rendered for the contract exceeds payments received from customers, a contract asset is recognised. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

In 2021, these contracts relate to the right to consideration in respect of renewable obligation certificates and infrastructure construction. In 2020, these contracts relate to the Group's infrastructure construction. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group does not disclose information about its remaining performance obligations as the Renewables

Gro	oup	Com	pany
2021	2020	2021	2020
28	15	_	-
121	141	2	3
74	71	27	28
195	212	29	31

#### **B.** Our Performance (cont'd)

#### B2. Turnover (cont'd)

c. Assets and Liabilities Related to Contracts with Customers (cont'd) Contract Assets and Contract Liabilities (cont'd)

Significant changes in the contract assets balances during the period are as follows:

	G	Group		pany
(S\$ million)	2021	<b>2020</b> <sup>1</sup>	2021	2020
Transfer of contract assets recognised at the beginning of the year to trade receivables	(10)	(301)	-	-
Recognition of revenue, net of transfer to trade receivables during the year	25	461	_	_
Distribution of a subsidiary	-	(1,649)	_	-
Cumulative catch-up adjustments arising from:				
- Changes in measurement of progress	*	(1)	_	_
<ul> <li>Contract modifications</li> </ul>	(2)	3	_	_

<sup>1</sup> 2020 included amount from the discontinued operation prior to the Distribution.

#### Contract liabilities

Contract liabilities refer to payments received from customers that exceed the revenue recognised, which include advance received for connection and capacity charges used for delivery of utilities and revenue is recognised either over time or at a point in time. For revenue recognised over time, the balance at year end will be recognised over the remaining period stipulated in the contracts.

Significant changes in the contract liabilities balances during the year are as follows:

	Gro	oup	Com	pany
(S\$ million)	2021	<b>2020</b> <sup>1</sup>	2021	2020
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(130)	(137)	(3)	(3)
Increases due to cash received, excluding amounts recognised as revenue during the year	115	257	_	_
Distribution of a subsidiary	-	(147)	_	_
Currency translation changes	3	2	_	_
Cumulative catch-up adjustments arising from:				
- Changes in measurement of progress	(3)	2	_	_
- Contract modifications	(4)	(2)	_	_

<sup>1</sup> 2020 included amount from the discontinued operation prior to the Distribution.

#### **Contract Costs**

The Group capitalises costs incurred in fulfilling the contract as contract costs only if (a) these costs can be specifically identified as costs relating directly to a contract or an anticipated contract; (b) these costs generate or enhance resources that will be used in satisfying performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are expensed to profit or loss immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in 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.

	Gre	Group		
S\$ million)	December 31, 2021	December 31, 2020		
Current assets				
Costs to secure contracts	1	1		
Fulfilment cost	*	*		
Total	1	1		
Non-current assets				
Costs to secure contracts	1	1		

#### Costs to secure contracts

Management expects the incremental costs of securing contracts to be recoverable. The Group has therefore capitalised them in the amount of less than S\$1 million (2020: less than S\$1 million) as at December 31, 2021.

#### Fulfilment cost

Costs incurred relating to construction that are to be sold upon completion are capitalised as fulfilment cost for future performance obligations. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised. In 2021, S\$nil (2020: S\$167 million mainly from the discontinued operation prior to the Distribution) was amortised to cost of sales and there was no impairment losses (2020: S\$nil).

#### **B3.** Taxation

This note explains how our Group tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets held across the Group together with our view on whether we expect to be able to make use of these in future.

#### a. Tax Expenses

#### Accounting policies

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax is the expected tax payable or recoverable in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

#### B. Our Performance (cont'd)

#### B3. Taxation (cont'd)

a. Tax Expenses (cont'd)

#### Accounting policies (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- i. the initial recognition of goodwill;
- ii. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- iii. differences relating to investments in subsidiaries, joint ventures and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

## (F) Key estimates and judgements

The Group is subjected to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group takes into account current understanding and interpretations of existing tax laws and applies judgement as to whether the tax balances will be utilised and / or reversed in foreseeable future. The eventual taxes paid or received may vary, for which the differences will be charged to profit or loss in the period when determination is made.

		Group		
(S\$ million)	Note	2021	2020	
Current tax expense				
Current year		66	55	
Over provided in prior years		(14)	(17)	
Foreign withholding tax		9	18	
		61	56	
Deferred tax expense				
Movements in temporary differences		33	(29)	
Under provided in prior years		15	4	
Effect of changes in tax rates	(i)	15	*	
		63	(25)	
Land appreciation tax expense				
Current year		(1)	1	
Tax expense on continuing operations		123	32	

Reconciliation of effective tax rate

		Gro	up
(S\$ million)	lote	2021	2020
Profit for the year from continuing operations		300	179
Total tax expense		123	32
Share of results of associates and joint ventures, net of tax		(206)	(233)
Profit / (Loss) before share of results of associates and joint ventures, and tax expense from continuing operations		217	(22)
Tax using Singapore tax rate of 17%		37	(4)
Effect of changes in tax rates	(i)	15	*
Effect of different tax rates in foreign jurisdictions		14	22
Tax incentives and income not subject to tax		(46)	(22)
Expenses not deductible for tax purposes		92	42
Utilisation of deferred tax benefits not previously recognised		(12)	(27)
Under / (Over) provided in prior years		1	(13)
Deferred tax benefits not recognised		6	5
Foreign withholding tax		9	18
Deferred tax on unremitted dividend income		2	5
Land appreciation tax		(1)	1
Effect of tax reduction on land appreciation tax		_	*
Others		6	5
Tax expense on continuing operations		123	32

i i effect from 2023.

#### b. Deferred Tax Assets and Liabilities

#### Accounting policies

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities and assets on a net basis.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## (H) Key estimates and judgements

Certain Group entities have tax benefits arising from unutilised tax losses, tax credits and deductible temporary differences, which are available for offset against future taxable profits. The utilisation of these tax benefits, for which deferred tax asset was recognised, is premised on these Group entities' ability to generate taxable profits in the foreseeable future.

Related to the enactment of United Kingdom (UK) corporation tax rate from 19% to 25%, which will take

### **B.** Our Performance (cont'd)

#### B3. Taxation (cont'd)

### b. Deferred Tax Assets and Liabilities (cont'd)

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

			Group		
(S\$ million)	At January 1	Recognised in profit or loss continuing operations (Note (a))	Recognised in equity (Note (c))	Translation adjustments	At December 31
2021					
Deferred tax liabilities					
Property, plant and equipment	400	61	_	(5)	456
Other financial assets	24	*	19	*	43
Trade and other receivables	30	2	_	_	32
Intangible assets	30	(2)	-	*	28
Other items	5	7	5	*	17
Total	489	68	24	(5)	576
Deferred tax assets					
Property, plant and equipment	(86)	7	_	*	(79)
Inventories	(2)	*	_	-	(2)
Trade receivables	(3)	(1)	-	*	(4)
Trade and other payables	(12)	*	_	(1)	(13)
Tax losses	(45)	(26)	_	2	(69)
Provisions	(30)	2	_	*	(28)
Other financial liabilities	(26)	*	13	1	(12)
Retirement benefit obligations	6	*	_	*	6
Other items	(34)	13	_	*	(21)
Total	(232)	(5)	13	2	(222)

					Group				
(S\$ million)	At January 1	Recognised in profit or loss continuing operations (Note (a))	Recognised in profit or loss discontinued operation	Recognised in equity (Note (c))	Acquisition of subsidiary	Disposal of subsidiary	Distribution of a subsidiary	Translation adjustments	At December 31
2020									
Deferred tax liabilities									
Property, plant and equipment	445	53	(5)	*	2	(1)	(85)	(9)	400
Other financial assets	28	*	-	(4)	_	-	_	*	24
Trade and other receivables	25	5	-	_	_	-	_	-	30
Intangible assets	62	(3)	(1)	_	2	-	(28)	(2)	30
Other items	5	3	*	(2)	-	*	(1)	*	5
Total	565	58	(6)	(6)	4	(1)	(114)	(11)	489
Deferred tax assets									
Property, plant and equipment	(160)	(7)	2	_	_	*	79	*	(86)
Inventories	(2)	*	*	_	_	-	*	-	(2)
Trade receivables	(3)	*	*	_	_	*	*	*	(3)
Trade and other payables	(28)	(1)	(4)	*	*	-	21	*	(12)
Tax losses	(6)	(52)	(57)	_	_	*	65	5	(45)
Provisions	(45)	*	*	_	-	-	15	*	(30)
Other financial liabilities	(29)	(1)	-	3	_	-	1	*	(26)
Retirement benefit obligations	6	*	*	_	_	-	*	*	6
Other items	(12)	(22)	-	_	_	*	*	*	(34)
Total	(279)	(83)	(59)	3	*	*	181	5	(232)

#### B. Our Performance (cont'd)

#### B3. Taxation (cont'd)

b. Deferred Tax Assets and Liabilities (cont'd)

	Company						
(S\$ million)	At January 1, 2020	Recognised in profit or loss	At December 31, 2020	Recognised in profit or loss	At December 31, 2021		
Deferred tax liabilities							
Property, plant and equipment	36	(1)	35	(4)	31		
Deferred tax assets							
Provisions	(7)	*	(7)	1	(6)		

The deferred tax liabilities and assets amounts determined after appropriate offsetting included in the balance sheet are as follows:

	Group		Company —		
(S\$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	
Deferred tax liabilities	392	294	25	28	
Deferred tax assets	(38)	(37)	_	_	
	354	257	25	28	

As at December 31, 2021, a deferred tax liability of S\$3 million (2020: S\$2 million) for potential taxable temporary differences arising from undistributed retained earnings related to investment in subsidiaries and joint ventures was not recognised.

Deferred tax assets have not been recognised where:

- i. they qualify for offset against the tax liabilities of member companies within the Group under the Loss Transfer System of Group Relief but the terms of the transfer have not been ascertained as at year end; or
- ii. it is uncertain that future taxable profit will be available against which the Group entities can utilise the benefits.

The deferred tax assets that have not been recognised, which are available to be set off against future taxable income subject to the tax provisions and agreement by the relevant tax authorities of the various jurisdictions, are disclosed below:

	Group		
(S\$ million)	December 31, 2021	December 31, 2020	
Deductible temporary differences	49	44	
Tax losses	95	146	
Capital allowances	60	49	
	204	239	

Tax losses of the Group amounting to \$\$53 million (2020: \$\$44 million) will expire between 2022 and 2027 (2020: 2021 and 2026). The remaining tax losses, capital allowances and deductible temporary differences do not expire under current tax legislation.

The unrecognised tax losses are reported to the extent that the taxable temporary differences arising from deferred tax liabilities of S\$1,041 million (2020: S\$998 million) have been set off against the unused tax losses.

#### c. Other Comprehensive Income

There are no income tax relating to each component of other comprehensive income, except as tabled below:

Group					
[	— 2021 —		[	— 2020 —	
Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
178	(31)	147	(38)	1	(37)
20	(6)	14	(11)	2	(9)
198	(37)	161	(49)	3	(46)
	178 20	Before tax         Tax expense           178         (31)           20         (6)	2021           Before tax         Tax expense         Net of tax           178         (31)         147           20         (6)         14	2021         Net of tax         Before tax           Before tax         expense         of tax         Before tax           178         (31)         147         (38)           20         (6)         14         (11)	2021         2020           Before tax         Tax expense         Net of tax         Before tax         Tax expense           178         (31)         147         (38)         1           20         (6)         14         (11)         2

#### B4. Profit for the Year

### Accounting policies

#### Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

#### Grant Income

Government grants relating to asset are credited to a deferred asset grant account at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached. These grants are then recognised in profit or loss as other operating income on a straight-line basis over the estimated useful lives of the relevant assets.

Non-monetary government grants and assets received are valued at fair value or nominal amounts.

Grants that compensate the Group for expenses already incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

#### **B.** Our Performance (cont'd)

#### **B4.** Profit for the Year (cont'd)

Detailed below are the key amounts recognised in arriving at our profit for the year:

	Г	Group	
S\$ million)	Note	2021	2020
a. Expenses			
Materials		5,323	3,293
Staff costs:			
<ul> <li>salaries, bonuses and other personnel related costs</li> </ul>		454	371
<ul> <li>contributions to defined contribution plan</li> </ul>		36	27
<ul> <li>equity-settled share-based payments</li> </ul>	B6	14	8
<ul> <li>cash-settled share-based payments</li> </ul>	B6	*	*
<ul> <li>contributions to defined benefit plan</li> </ul>		1	1
Depreciation:			
<ul> <li>property, plant and equipment</li> </ul>	D1	432	413
<ul> <li>investment properties</li> </ul>	D2	3	4
Sub-contract cost		282	184
Repair and maintenance		99	114
Provision for remediation of legacy sites	H2	30	4
Amortisation of intangible assets	D3	22	27
Allowance for / (write-back of) impairment losses (net):			
<ul> <li>receivables and contract assets</li> </ul>	F4	19	1
<ul> <li>property, plant and equipment</li> </ul>	D1, (i)	3	64
<ul> <li>intangible assets, excluding goodwill</li> </ul>	D3, (i)	*	(
Property, plant and equipment written off		8	(
Inventories written off and written down	E2	2	98
Audit fees paid / payable to:			
<ul> <li>auditors of the Company</li> </ul>		1	2
<ul> <li>other member firms of KPMG International</li> </ul>		2	
<ul> <li>other auditors</li> </ul>		*	;
Non-audit fees paid / payable to:			
<ul> <li>auditors of the Company</li> </ul>		*	
<ul> <li>other member firms of KPMG International</li> </ul>		*	
<ul> <li>other auditors</li> </ul>		*	
Intangible assets written off	D3	*	
Bad debts written off		*	r

	lion)

		Gro	up
(S\$ million)	Note	2021	2020
b. Other operating income / (expenses)			
Net change in fair value of financial assets at FVTPL (mandatorily measured)		43	(27)
Grants received (income related)	(ii)	20	38
Gain on disposal of property, plant and equipment		13	5
Net exchange gain / (loss)		7	15
Gain from derecognition of financial assets		_	3
Net change in fair value of cash flow hedges		-	*
c. Non-operating income / (expenses)			
Gain / (Loss) on disposal / liquidation of:			
<ul> <li>other financial assets</li> </ul>		8	3
<ul> <li>assets held for sale</li> </ul>	B7	3	(30
– subsidiaries		(3)	23
Net change in fair value of financial assets at FVTPL (designated on initial recognition)		7	2
Gross dividend income from financial assets at FVOCI		2	2
Allowance for impairment losses:			
<ul> <li>associate and joint venture</li> </ul>		(212)	(113
<ul> <li>assets held for sale</li> </ul>	(iii)	(1)	(4)
– goodwill	(i)	_	(27)
Negative goodwill		_	17

In 2020, there were changes in market conditions from what was assumed at the time of purchase, the remaining i. goodwill ascribed for UKPR's acquisition of S\$27 million was impaired based on the estimated value-in-use (VIU) from a revised strategy for the business to focus primarily in the grid services market. Together with the impairment losses on property, plant and equipment of S\$34 million and long-term customer contracts of S\$6 million, the total impairment charge recognised in 2020 amounted to S\$67 million.

The recoverable amounts of these assets were based on cash flow projection for the estimated remaining useful life of the plants ranging up to 2039. The cash flow took into consideration the increase in energy capacity and reduction on underlying demand due to energy efficiency and reduced industrial production. These factors negatively impacted the market supply and demand forecast on the estimated electricity and forecasted margins. Inflation rate of 2.5% has been used to project overheads and other general expenses.

- ii. Grant income of \$\$20 million (2020: \$\$38 million) in 2021 included \$\$10 million (2020: \$\$34 million) COVID-19 related relief mainly in the form of Jobs Support Scheme (JSS) and Job Growth Incentive (JGI). The JSS and JGI are temporary schemes introduced in the Singapore Budget to help enterprises retain and expand the hiring of local employees.
- iii. Assets held for sale were measured at fair value less cost to sell as at December 31 of preceding year. Impairment arose as a result of increased book value during the year up to the date of disposal.

#### B. Our Performance (cont'd)

#### B5. Earnings Per Share

	Group	) —
(S\$ million)	2021	2020
a. Profit / (Loss) attributable to owners of the Company:		
Continuing operations:		
Profit attributable to equity holders of the Company	279	157
Less: Profit attributable to perpetual security holders of the Company	-	(17)
	279	140
Discontinued operation:		
Loss from discontinued operation, net of tax attributable to owners of the Co	mpany –	(1,154)
Profit / (Loss) for the year attributable to owners of the Company	279	(1,014)
b. Weighted average number of ordinary shares (in million)		
Issued ordinary shares at January 1	1,781	1,786
Effect of performance shares and restricted shares released	4	3
Effect of own shares held	(1)	(4)
Weighted average number of ordinary shares	1,784	1,785
Adjustment for dilutive potential ordinary shares		
<ul> <li>performance shares</li> </ul>	15	8
<ul> <li>restricted shares</li> </ul>	7	7
Weighted average number of ordinary shares adjusted for		
all dilutive potential shares	1,806	1,800
c. Earnings per ordinary share (cents)		
– basic <sup>1</sup>	15.63	(56.81)
– diluted <sup>2, 3</sup>	15.44	(56.81)
Earnings per ordinary share (cents) – Continuing operations		
– basic <sup>1</sup>	15.63	7.84
– diluted <sup>2</sup>	15.44	7.78

<sup>1</sup> Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (excluding perpetual security holders) by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

<sup>2</sup> Diluted earnings per ordinary share is calculated by dividing the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: performance shares and restricted shares.

<sup>3</sup> In computing the 2020 fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares were antidilutive.

#### **B6.** Share-based Incentive Plans

This section sets out details of the Group's share-based remuneration arrangements, including details of the Company's PSP and RSP, collectively known as Share Plans. The Company's 2020 Share Plans was approved and adopted by the shareholders at an Annual General Meeting of the Company held on May 21, 2020.

To accelerate the Group's transformation from Brown to Green, the Board has approved a long term 5-year Transformation Incentive plan (PSP-TI). The PSP-TI's performance targets are aligned to the execution of the Environmental, Social, and Governance (ESG) transformation targets laid out in the 2025 Strategy Plan.

## Accounting policies

#### Equity settled share-based incentive plan

The fair value of the compensation cost is charged to the profit or loss with a corresponding increase directly in equity. The fair value is measured at grant date and amortised over the service period to which the performance criteria relates and during which the employees become unconditionally entitled to the shares.

For awards granted with market-based performance conditions, market-based performance conditions are taken into account in estimating the fair value. For awards granted with non-market-based performance conditions, the compensation cost is estimated on a basis that the amount fairly reflects the manner in which the benefits will accrue to the employee over the service period to which the performance period relates.

At the balance sheet date, the Group revises its estimates of the number of performance-based shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense, with a corresponding adjustment to equity over the remaining vesting period.

The share-based payments reserve relating to the performance shares released is transferred to share capital when new shares are issued. When treasury shares are issued, the cost of treasury shares is transferred to share-based payments reserve.

In the Company's separate financial statements, the fair value of performance shares and restricted shares granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

#### Cash settled share-based incentive plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the Company. The Group recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay. The liability takes into account the performance achieved for the year and the probability of achieving the performance conditions in the future.

Until the liability is settled, the Group will re-measure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

#### (<sup>+)</sup> Key estimates and judgements

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

#### B. Our Performance (cont'd)

#### B6. Share-based Incentive Plans (cont'd)

The table below shows share-based expense that was recognised during the year.

(S\$ million)	Note	2021	2020
Equity-settled share-based	(a)	14	8
Cash-settled share-based	(b)	*	*

#### a. Equity-settled share-based incentive

#### Performance Share Plan (PSP)

One of the primary objectives of the SCI PSP 2020 is to further motivate key senior management, who has the responsibility and are able to drive the growth of the Company, to strive for superior performance and to deliver long-term shareholder value.

Awards granted under the SCI PSP 2020 are performance-based. Performance targets set under the SCI PSP 2020 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth.

The ERCC grants an initial number of shares (initial award) which are conditional on targets set for a performance period. A specified number of shares will only be released by the ERCC to the participants at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over the performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

For grants made in 2021, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

2- o	r 3-Year PSP Performance Conditions	Final Number of Shares to be Released	
1.	Absolute Total Shareholders' Return (ATSR)	0% to 200% of initial grant	
2.	Relative Total Shareholders' Return (RTSR)		
3.	Gross Renewable Energy Capacity		
5-Ye	ar PSP-TI Performance Conditions	Final Number of Shares to be Released	
1.	Gross Installed Renewable Energy Capacity	0% to 140% of initial grant	
2.	Sustainable Solutions' Profit		
3.	Sustainable Land Banking and Land Sales		
4.	Greenhouse Gas Emission Intensity Reduction		

#### **Restricted Share Plan (RSP)**

The number of the restricted share awards granted was based on the achievement of stretched financial and nonfinancial targets for the preceding financial year, with emphasis on organisational transformation to meet future challenges and adherence to environment, health and safety standards.

For the grant awarded in 2021, a third of the SCI RSP awards granted will vest immediately with the remaining twothirds of the awards vesting over the following two years in equal tranches.

To align the interests of the non-executive directors with the interests of shareholders, up to 30% of the aggregate directors' fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards under the SCI RSP 2020. Non-executive directors were not awarded any shares except as part of their directors' fees (except for Wong Kim Yin, who is the Group President & CEO, and who does not receive any directors' fees). The awards granted comprised fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares (including shares obtained by other means) worth the value of their annual base retainer; any excess may be sold as desired, subject to SGX-ST listing rules. A non-executive director may only dispose of all of his shares one year after leaving the board.

The actual number of shares awarded to each non-executive director will be determined by reference to the volumeweighted average price of a share on the Singapore Exchange (SGX) over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the Annual General Meeting (AGM) (or, if the resolution to approve the final dividend is not approved, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. A non-executive director who steps down before the payment of the share component will receive all of his director's fees for the year (calculated on a pro-rated basis, where applicable) in cash.

Movement in the number of shares under the Company's PSP and RSP are as follows:

	2021		202	20
	PSP	RSP	PSP	RSP
At January 1	7,682,784	10,512,748	5,319,353	4,010,900
Shares awarded	11,579,491	2,973,712	_	5,918,949
Shares released	_	(5,924,403)	_	(4,149,575)
Shares lapsed	(1,360,565)	(1,254,333)	(612,333)	(280,798)
Performance shares lapsed arising from targets not met	(3,604,282)	_	(849,553)	-
Conditional performance shares adjusted pursuant to the Distribution <sup>1</sup>	_	_	3,825,317	5,013,272
At December 31	14,297,428	6,307,724	7,682,784	10,512,748

<sup>1</sup> In 2020, as a result of the adjustments due to the Distribution, (a) an additional 3,825,317 SCI Shares are proposed to be released under the outstanding SCI Share Awards granted under the SCI PSP, assuming the full achievement of the requisite pre-determined performance conditions and targets over the performance period in respect of such outstanding SCI Share Awards; and (b) an additional 5,013,272 SCI Shares will be conditionally released under the outstanding SCI Share Awards granted under the SCI RSP over the requisite time period in respect of such outstanding SCI Share Awards.

#### B. Our Performance (cont'd)

#### B6. Share-based Incentive Plans (cont'd)

- a. Equity-settled share-based incentive (cont'd)
  - SCI PSP

PSP awards granted have both market-based and non-market-based performance conditions. The Committee review achievement of the performance targets annually. For the period 2018 to 2020, as the result of not achieving the targets, no PSP shares granted were vested.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2021, was 14,297,428 (2020: 7,682,784). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 22,348,888 (2020: 11,524,176) performance shares.

#### SCI RSP

Of the restricted shares released, 420,456 (2020: 269,972) restricted shares were cash-settled. The remaining restricted shares were released via the issuance of treasury shares.

The total number of restricted shares outstanding, including award(s) achieved but not released, as at December 31, 2021, was 6,307,724 (2020: 10,512,748). The RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 6,307,724 (2020: 10,512,748) restricted shares.

Awards for the performance and corporate objectives achieved in 2021 will be granted in 2022 (2020: achieved in 2020 will be granted in 2021).

The fair values of the performance and restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.

		PSP Date of Grant				
	May 31, 2021	May 31, 2021	August 6, 2021	2020		
Fair value at measurement date	S\$2.841	S\$2.601	S\$1.67	NA		
Assumptions under the Monte Carlo model						
Share price	S\$2.23	S\$2.23	S\$2.00	NA		
Expected volatility	36.5%	36.5%	NA	NA		
Risk-free interest rate	0.4%	0.6%	0.4% - 1.3%	NA		
Expected dividend	3.9%	4.2%	3.7%	NA		

<sup>1</sup> Fair value computed based on different performance periods.

	[	RSP Date of Grant		
	March 30, 2021	May 31, 2021	February 27, 2020	
Fair value at measurement date	S\$1.78	S\$2.15	S\$1.81	
Assumptions under the Monte Carlo model				
Share price	S\$1.86	S\$2.23	S\$1.90	
Expected volatility	35.5%	36.5%	23.4%	
Risk-free interest rate	0.58%	0.47%	0.77% – 0.96%	
Expected dividend	4.9%	4.2%	3.5%	

#### b. Cash-settled share-based incentive

Based on achievement, the non-managerial participants of the Group will receive a cash-settled notional restricted shares award known as the Sembcorp Challenge Bonus.

There were no restricted shares awarded and paid under Sembcorp Challenge Bonus during the year. In 2020, with the ERCC's approval on the achievement factor for performance targets for the performance period 2019, a total of S\$0.9 million, equivalent to 440,335 notional restricted shares, were awarded and paid.

#### B7. Assets Held for Sale

#### Accounting policies

Assets or disposal groups are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs to sell if they are expected to be recovered principally through a sale transaction rather than through continuing use.

Any impairment losses on initial classification and subsequent gains or losses on re-measurement are recognised in profit or loss. Subsequent increases in fair value less costs to sell are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

- a. As at December 31, 2020, the carrying value of CSE Holding Pte Ltd, a wholly owned subsidiary, of \$\$30 million was classified as asset held for sale as the conditions precedent in the conditional agreement to divest its entire 32% stake in joint venture company Shenzhen Chiwan Sembawang Engineering Co (CSE) to Chixiao Enterprise Co were substantially met. The total gross consideration was RMB150 million (approximately \$\$30 million). The Group's share of the cumulative translation gain of \$\$3 million has been realised in profit or loss upon the completion of the sale on February 5, 2021.
- b. On February 6, 2020, the Group divested 100% of their interest in the water business in Chile, which was classified as asset held for sale as at December 31, 2019. Upon completion of sale, the Group realised its share of the cumulative translation loss of S\$31 million in profit or loss.

#### C. Our Funding

In 2021, the Group has tapped into new sources of financing, repositioning to transform its portfolio from brown to green. The Group issued its inaugural Green Bonds and sustainability-linked notes during the year. Please refer to Note C5 for further details.

Equity value as at December 31, 2021 is enhanced by the profit for the year and the favourable fuel price for the fuel oil swaps as well as appreciation of RMB, USD and GBP against SGD.

#### C1. Capital Structure

#### **Capital management**

The Group maintains a disciplined approach to capital management. The Group seeks to optimise the overall portfolio, maintain investor, creditor and market confidence, fund future developments and growth, while at the same time maintain an appropriate dividend policy.

The Group's policy is to borrow centrally using a mixture of long-term and short-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain Group entities.

Capital is defined as equity attributable to the equity holders.

The Group's debt-to-capitalisation ratio as at the balance sheet date was as follows:

		Group	
(S\$ million)	Note	2021	2020
Debt	C5	7,391	7,728
Total equity		3,918	3,476
Total debt and equity		11,309	11,204
Debt-to-capitalisation ratio		0.65	0.69

There were no changes in the Group's approach to capital management during the year except as disclosed above.

Some of the Group entities are required to maintain a certain ratio of net borrowings to net assets and level of leverage under their respective loan arrangements with banks. These externally imposed capital requirements have been complied with as at the respective balance sheet dates.

#### C2. Share Capital and Treasury Shares

### Accounting policies

#### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects.

#### Repurchase, disposal and re-issue of share capital (treasury shares)

When the ordinary shares are reacquired by the Company, the consideration paid is recognised as deduction from equity, presented as reserve for own shares (Note C3). Reacquired shares are classified as treasury shares.

When the treasury shares are subsequently sold or re-issued, the cost of the treasury shares is reversed from reserve for own shares account and the realised gain or loss on the transaction is presented as a change in equity of the Company. No gain or loss is recognised in profit or loss.

	Number of s	shares
	Issued Share Capital	Treasury Shares
At January 1, 2020	1,787,547,732	1,966,276
Treasury shares purchased	_	8,152,100
Treasury shares transferred pursuant to restricted share plan	_	(3,879,603)
At December 31, 2020	1,787,547,732	6,238,773
Treasury shares purchased	_	6,780,700
Treasury shares transferred pursuant to restricted share plan	_	(5,503,947)
At December 31, 2021	1,787,547,732	7,515,526
	1,787,547,732	.,,

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

#### Issued and paid up capital

As at December 31, 2021, the Company's issued and paid up capital excluding treasury shares comprised 1,780,032,206 (2020: 1,781,308,959) ordinary shares.

#### **Treasury shares**

During the year, the Company acquired 6,780,700 (2020: 8,152,100) ordinary shares in the Company by way of onmarket purchases. 5,503,947 (2020: 3,879,603) treasury shares were re-issued pursuant to the Restricted Share Plan (RSP).

As at December 31, 2021, the Company held 7,515,526 (2020: 6,238,773) of its own uncancelled shares as treasury shares that may be re-issued upon the vesting of performance shares and restricted shares under the Performance Share Plan (PSP) and RSP respectively.

#### C3. Other Reserves

		Gro	Group		pany
(S\$ million)	Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Distributable					
Reserve for own shares		(15)	(11)	(15)	(11)
Non-distributable					
Foreign currency translation reserve	(a)	(401)	(475)	_	_
Capital reserve	(b)	156	160	_	_
Merger reserve	(c)	29	29	_	_
Share-based payments reserve	(d)	(5)	(10)	5	*
Fair value reserve	(e)	40	60	_	_
Hedging reserve	(f)	48	(132)	_	_
Cost of hedging reserve	(g)	_	(1)	_	_
		(148)	(380)	(10)	(11)

#### **C. Our Funding** (cont'd)

#### C3. Other Reserves (cont'd) Type of other reserve Nature a. Foreign currency Comprises: translation reserve foreign exchange differences arising from translation of the financial statements of foreign entities. ii. effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign entities, and iii. translation of foreign currency loan used to hedge or form part of the Group's net investments in foreign entities. b. Capital reserve Comprises: i. acquisitions and disposals with non-controlling interests that do not result in a change of control, capitalisation of accumulated profits for the issue of bonus shares, capital reserve (net of goodwill) on consolidation and equity accounting, ii. asset revaluation reserve, capital redemption reserve, convertible loan stock reserve, iii. transfer from revenue reserve in accordance with the regulations of the foreign jurisdiction in which the Group's subsidiaries, associates and joint ventures operate, and treasury shares of a subsidiary, and iv. recognition of call options issued to non-controlling interests of subsidiaries. c. Merger reserve The difference between the values of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method. d. Share-based Represents the cumulative value of services received from employees recorded on grant of payments reserve equity-settled share options, performance shares and performance-based restricted shares. Includes the cumulative net change in the fair value of equity investments designated at e. Fair value reserve FVOCI until the investments are derecognised. This does not include impairment losses recognised in profit or loss prior to January 1, 2018. f. Hedging reserve The effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. g. Cost of hedging reserve Represents the change in fair value of the forward element for the forward exchange contracts ('forward points') for funding purposes, which is accounted for in cost of hedging reserve.

#### C4. Dividends

#### Accounting policies

#### Dividends

Dividends on ordinary shares are recognised when they are approved for payments. Dividends on ordinary shares and redeemable preference shares classified as equity are accounted for as movements in revenue reserve.

A liability to distribute non-cash assets as dividend to its owners is measured at the fair value of the assets to be distributed. The differences between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.

#### **Perpetual Securities**

Perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issue and the perpetual securities are classified and presented as equity. Distributions are treated as dividends which are directly debited from equity. Incremental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

#### **Dividend Paid**

## (S\$ million)

Interim one-tier tax-exempt dividend of 2 cents per share in respect o nil per share in respect of year 2020)

Final one-tier tax-exempt dividend of 4 cents per share in respect of cents per share in respect of year 2019)

Subject to the approval by the shareholders at the next Annual General Meeting, the directors have proposed a final ordinary one-tier tax exempt dividend of 3 cents per share (2020: one-tier tax exempt dividend of 4 cents per share). This amounts to an estimated net dividend of \$\$53 million (2020: \$\$71 million) in respect of the year ended December 31, 2021, based on the number of issued shares as at December 31, 2021.

The proposed dividend of 3 (2020: 4) cents per share has not been included as a liability in the financial statements.

#### **Perpetual Securities Distribution**

In 2020, the Company redeemed and cancelled all outstanding perpetual securities with value of \$\$818 million, including accrued distributions of S\$17 million.

#### **Special Distribution**

On September 11, 2020, the Company demerged its Marine segment by effecting a distribution in specie of all the ordinary shares in the issued share capital of SCM (as disclosed in Note G6). The Group's carrying value and Company's cost of investment of these SCM shares at date of the Distribution, were S\$2,561 million and S\$2,248 million, respectively.

The Distribution was measured at fair value using the closing price of the SCM shares of S\$0.182 prior to the Distribution, amounting to S\$1,597 million, equivalent to approximately S\$0.89 per SCI share, based on 1,786,431,697 SCI shares in issue (excluding 1,116,035 treasury shares) as at September 11, 2020.

Distribution at fair value less transaction costs of \$\$6 million resulted in loss on the Distribution of \$\$970 million recognised

#### C5. Interest-bearing Borrowings

		Group	
(S\$ million)	Note	December 31, 2021	December 31, 2020
Current liabilities			
Non-convertible debentures		11	11
Secured term loans	(a)	601	477
Unsecured term loans	(b)	142	105
Total		754	593
Non-current liabilities			
Non-convertible debentures		154	167
Secured term loans	(a)	2,574	3,018
Unsecured term loans	(b)	3,909	3,950
Total		6,637	7,135
Total interest-bearing borrowings (measured at amortised cost)		7,391	7,728

	Group and Company		
	2021	2020	
of year 2021 (2020:			
	36	_	
year 2020 (2020: 3			
-	71	54	
	107	54	

#### C. Our Funding (cont'd)

#### C5. Interest-bearing Borrowings (cont'd)

Effective Interest Rates and Maturity of Liabilities

	Gro Effective inte	A second seco
	2021	2020
Floating rate loans	0.96 – 10.81	0.88 – 11.35
Fixed rate loans	0.77 – 11.48	0.77 – 11.48
Bonds and notes	2.45 – 4.25	2.94 – 4.25
Debentures	9.15 – 9.65	9.65

#### a. Secured Term Loans

The secured term loans are collaterised by the following assets:

		Group Net Book Value	
(S\$ million)	Note	December 31, 2021	December 31, 2020
Property, plant and equipment	D1(i)	4,487	4,724
Investment properties	D2	_	18
Mutual funds	H1	83	85
Trade and other receivables	E1	1,325	1,337
Intangible assets	D3	*	*
Inventories	E2	127	112
Cash and cash equivalents	E4	259	262
Equity shares of a subsidiary		241	244

#### b. Unsecured Term Loans

Included in the unsecured term loans of the Group are medium-term notes which the Company has jointly established with Sembcorp Financial Services Pte Ltd (SFS), a wholly owned subsidiary of the Company via the S\$2.5 billion and S\$3.0 billion Multicurrency Debt Issuance Programmes (the Programme). Under the Programme, the Company, together with SFS and certain other Group entities (the Issuing Subsidiaries), may from time-to-time issue Notes and Securities under the Programme subject to availability of funds from the market. The obligations of the Issuing Subsidiaries under the Programme are fully guaranteed by the Company.

As at December 31, 2021 and December 31, 2020, the Group has the following outstanding medium-term notes issued under the Programme:

	Nominal		Year of	Principa	l amount
(S\$ million)	interest rate	Year of issue	maturity	December 31, 2021	December 31, 2020
S\$ medium-term notes	4.25%	2010	2025	100	100
S\$ medium-term notes	3.64%	2013	2024	200	200
S\$ medium-term notes	2.94%	2014	2021	_	100
S\$ medium-term notes	3.59%	2014	2026	150	150
S\$ medium-term notes	2.45%	2021	2031	400	-
S\$ medium-term notes	2.66%	2021	2032	675	_
				1,525	550

On June 9, 2021, and October 6, 2021, the Group issued S\$400 million Green Bonds and S\$675 million sustainabilitylinked notes, respectively, under the Programme. As at December 31, 2021, S\$233 million Green Bonds and S\$675 million sustainability-linked notes have been utilised.

As at December 31, 2021, an amount of S\$419 million (2020: S\$165 million) medium-term notes were held by a related corporation.

#### Reconciliation of movements of liabilities to cash flows arising fro

		202				202	20	
(S\$ million)	Accrued interest payable (Note E3)	Interest- bearing borrowings (Note C5)	Lease liabilities (Note D1.1)	Total	Accrued interest payable (Note E3)	Interest- bearing borrowings (Note C5)	Lease liabilities (Note D1.1)	Total
Balance at January 1	11	7,728	226	7,965	57	10,800	504	11,361
Cash flows								
Cash payments	_	(3,752)	(15)	(3,767)	_	(4,351)	(28)	(4,379)
Cash proceeds	-	3,403	-	3,403	_	5,241	_	5,241
Interest paid	(323)	_	(7)	(330)	(503)	_	(12)	(515)
Non-cash items								
Acquisition of subsidiary	-	_	_	_	_	_	6	6
Disposal of subsidiaries / disposal group held for sale	_	_	_	_	_	*	*	*
Distribution of a subsidiary	-	_	_	_	(14)	(3,794)	(297)	(4,105)
Interest expenses, including amortisation of capitalised transaction costs	327	18	9	354	471	11	21	503
New leases	527	10	43	43	4/1		41	41
Write-off of lease liabilities			*	*			(10)	(10)
Remeasurement of lease liabilities / Adjustment to upfront fees	_	_	2	2	_	(15)	1	(14)
Foreign exchange						. ,		
movement	*	(6)	*	(6)	*	(164)	*	(164)
	327	12	54	393	457	(3,962)	(238)	(3,743)
Balance at December 31	15	7,391	258	7,664	11	7,728	226	7,965

|--|

#### C. Our Funding (cont'd)

#### C6. Net Interest Expense

### Accounting policies

Finance income is recognised in profit or loss as it accrues, using the effective interest rate method. It includes interest income from non-current receivables.

Finance costs include interest expense on borrowings and lease liabilities, unwinding of discounts on provision, amortisation of capitalised transaction costs, transaction costs written off and termination of interest rate swaps. Finance costs are expensed in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset.

In calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the impaired financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

	Г	Group	
(S\$ million)	Note	2021	2020
Finance income			
Finance income from financial assets measured at amortised cost			
<ul> <li>associates and joint ventures</li> </ul>		6	6
– bank and others		20	29
		26	35
Finance costs	_		
Interest paid and payable to, measured at amortised cost			
– banks and others		374	454
Amortisation of capitalised transaction costs		12	11
Unwind of discount on restoration costs	H2	1	1
Significant financing component from contracts with customers		4	3
Interest rate swaps:			
<ul> <li>changes in fair value through profit or loss</li> </ul>		18	17
<ul> <li>ineffective portion of changes in fair value</li> </ul>		5	4
Interest expense on amortisation of lease liability	D1.1	9	9
		423	499

#### **C7.** Contingent Liabilities

### **Key estimates and judgements**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, an obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### Group

The Group has provided guarantees to banks to secure banking facilities provided to joint ventures and commodities traders. These financial guarantee contracts are accounted for as insurance contracts. The principal risk to which the Group and the Company is exposed is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate this risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's and Company's future cash flows.

Estimates of the Group's and Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of the balance sheet date, there is no provision made in respect of the obligations.

As at the balance sheet date, the Group had the following contingent liabilities:

#### (S\$ million)

Guarantees given to banks to secure banking facilities provided to:

- Joint ventures
- Commodities traders
- Others

Performance guarantees to external parties

Gro	oup
December 31, 2021	December 31, 2020
27	41
54	_
*	1
260	362
	December 31, 2021 27 54 *

#### C. Our Funding (cont'd)

#### **C7.** Contingent Liabilities (cont'd)

**Group** (cont'd)

The periods in which the financial guarantees expire are as follows:

	Gr Gr	oup
	December 31, 2021	December 31, 2020
less than 1 year	78	33
Between 1 to 5 years	3	9
More than 5 years	-	*
	81	42

The Group's subsidiaries are involved in certain tax disputes, where the amount of potential exposure has been estimated to be approximately \$\$39 million (2020: \$\$38 million). Due to the nature of these tax disputes, the potential outcome and obligation is uncertain. No provisions have been recorded in this regard.

#### Company

a. The Company has provided guarantees to banks to secure banking facilities provided to a wholly owned subsidiary, SFS. These financial guarantee contracts are accounted for as insurance contracts.

The intra-group financial guarantees granted by the Company amounted to \$\$7,849 million (2020: \$\$7,950 million), with \$\$3,513 million (2020: \$\$3,525 million) drawn down as at the balance sheet date. The periods in which the financial guarantees expire are as follows:

	Con	npany
(S\$ million)	December 31, 2021	December 31, 2020
Less than 1 year	_	100
Between 1 to 5 years	1,847	3,175
More than 5 years	1,666	250
	3,513	3,525

b. The Company has provided corporate guarantees of \$\$110 million (2020: \$\$93 million) to a subsidiary, Sembcorp Cogen Pte Ltd (SembCogen) for the following:

i. Two long-term agreements entered in 2010 for the purchase of a total 42 BBtud (Billion British thermal units per day) of liquefied natural gas (LNG) from Shell Gas Marketing Pte Ltd (Shell) (formerly known as BG Singapore Gas Marketing Pte Ltd). With a start date on May 07, 2013 and September 01, 2015 respectively, the agreements have a term of 10 years and SembCogen has an option to extend the term by 2 successive periods of 5 years each subject to fulfilment of conditions set in the agreements. The obligations of SembCogen under the LNG purchase agreements are currently secured by corporate guarantees issued by the Company in favour of Shell.

#### **C8.** Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets such as network infrastructure and IT systems. These amounts are not recorded in the consolidated balance sheet since the Group has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that the Group is committed to pay.

Commitments not provided for in the financial statements are as follows:

#### (S\$ million)

- Commitments in respect of acquisition of investments
- Commitments in respect of contracts placed for property, plant and e
- Uncalled commitments to subscribe for additional shares in joint and other investments
- Commitments in respect of a civil settlement in China
- a. Commitments in respect of acquisition of investments:
  - i. and solar photovoltaic assets for RMB 3.3 billion (approximately \$\$700 million).
  - ii. In December 2021, the Group signed an equity transfer agreement for a 35% interest in SDIC New Energy Investment Co., Ltd for an equity consideration of approximately RMB 1.5 billion (approximately S\$320 million). The acquisition was completed on January 28, 2022.
- b. As part of the settlement relating to the discharge of off-specification wastewater by its 98.42% (2020: 95%) owned joint venture wastewater treatment company, Sembcorp Nanjing Suiwu Company Limited, the Group is committed to investments of \$\$45 million over four years (by December 2023) to develop projects and initiatives to support environmental protection in China. As at December 31, 2021, the Group has commenced on these investments and completed certain projects including upgrading of wastewater treatment plants in China, where the actual investment spend of completed projects is subject to audit and confirmation by the Nanjing Procuratorate and court.

		Gro	oup
	Note	2021	2020
	(a)	1,020	_
equipment	(0)	152	215
ventures			
		52	52
	(b)	45	45
		1,269	312

In November 2021, the Group signed an agreement to acquire a 98% interest in a portfolio of operational wind

#### **D.** Our Assets

In 2021, in line with the Group's strategic plan on energy transition and sustainable development, the Group has continued to invest in renewable power equipment to enhance its energy sustainability portfolio.

#### D1. Property, Plant and Equipment

#### Accounting policies

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment losses. The cost initially recognised includes acquisition costs, costs directly attributable to bringing the assets to the location and working condition for their intended use and capitalised borrowing costs. Cost also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of PPE and estimated costs to be incurred for restoring the asset upon expiry of the lease agreement.

#### i. Subsequent Expenditure

Subsequent expenditure is recognised in the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of PPE are expensed to profit or loss when incurred. For items subject to regular overhauls, the overhaul costs incurred are capitalised and the carrying amounts of replaced components are written off to profit or loss.

#### ii. Depreciation

Depreciation is based on the cost of an asset less its residual value (i.e. the estimated net amount to be obtained from disposal). Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each major component of an item of PPE as follows:

Leasehold land and wet berthage	Lease period of 3 to 60 years
Buildings	3 to 50 years
Improvements to premises	3 to 30 years
Quays and dry docks	6 to 60 years
Infrastructure	8 to 60 years
Plant and machinery	3 to 30 years
Marine vessels	7 to 31 years
Tools and workshop equipment	3 to 10 years
Furniture, fittings and office equipment	1 to 10 years
Motor vehicles	2 to 10 years

No depreciation is provided on freehold land and capital work-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

#### iii. Impairment

At the end of each reporting period, assessment is performed to identify whether there is any indication that an asset may be impaired. Impairment occurs when the carrying value of assets or its smallest identifiable, independent asset group that generates cash flows (cash-generating unit (CGU)) is greater than their recoverable amount. The recoverable amount is the higher of the assets' fair value less cost to sell and their value-in-use (VIU) (i.e. present value of the net cash flows they are expected to generate). The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

#### iv. Reversals of impairment

Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for an asset is recognised in profit or loss.

#### v. Disposals

Gains or losses arising from the retirement or disposal of PPE are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

#### (the set imates and judgements)

Judgments are used in estimating the recoverable amount of an asset, i.e. in determining an asset's fair value and in assessing its VIU (the future cash flows expected to be generated by the asset and the pre-tax discount rate in bringing them to present value). In making these estimates, the Group considers the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the PPE and changes to the expected usage of the asset.

The Group also applies judgement in determining an asset's depreciation methods, estimated useful lives and residual values. These are reviewed annually, taking into consideration factors such as changes in the expected level of usage and technological developments, and adjusted prospectively where appropriate.

### D. Our Assets (cont'd)

### D1. Property, Plant and Equipment (cont'd)

(S\$ million)	Note	Leasehold and freehold land, wet berthage and buildings	Improvements to premises	Quays and dry docks	Infrastructure	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work- in-progress	Right-of-use assets (Note D1.1)	
Group											
Cost / Valuation											
Balance at January 1, 2021		388	75	12	56	9,420	63	65	158	312	1(
Translation adjustments		4	4	-	(1)	(26)	*	*	*	2	
Additions		2	2	*	_	139	7	23	136	49	
Reclassification		5	6	-	*	113	1	7	(132)	*	
Acquisition of subsidiaries	(iii)	-	_	-	_	1	-	-	_	_	
Transfer from investment properties	D2	4	_	-	_	_	*	-	_	_	
Transfer to intangible assets		-	_	-	_	_	-	-	(1)	_	
Transfer to other financial assets		-	_	-	_	_	*	-	_	_	
Remeasurement adjustments for right-of-use assets		-	_	-	_	_	-	-	_	3	
Disposals / Write-offs		(2)	(2)	*	_	(63)	(1)	(7)	(2)	(7)	
Balance at December 31, 2021		401	85	12	55	9,584	70	88	159	359	1(
Accumulated Depreciation and Impairment Losses											
Balance at January 1, 2021		100	21	9	24	3,022	46	35	6	82	
Translation adjustments		1	1	_	*	4	*	*	*	*	
Depreciation for the year	B4(a)	9	3	*	4	381	6	10	_	19	
Reclassification		(1)	*	_	_	1	*	_	_	_	
Transfer from investment properties	D2	3	_	-	_	_	_	-	_	_	
Disposals / Write-offs		(1)	(1)	*	_	(55)	(1)	(6)	_	(6)	
Impairment losses	B4(a)	*	*	_	_	1	*	2	_	*	
Balance at December 31, 2021		111	24	9	28	3,354	51	41	6	95	-
Carrying Amounts											
At January 1, 2021		288	54	3	32	6,398	17	30	152	230	-
At December 31, 2021		290	61	3	27	6,230	19	47	153	264	
	-										

Total
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6 432 - 3 (70) 3 3,719

### D. Our Assets (cont'd)

### D1. Property, Plant and Equipment (cont'd)

		Leasehold and freehold land, wet berthage	Improvements	Quays and		Plant and	Marine	Tools and workshop	Furniture, fittings and office	Motor	Capital work-	Right-of-use assets	
(S\$ million)	Note	and buildings	to premises	dry docks	Infrastructure	machinery	vessels	equipment	equipment	vehicles	in-progress	(Note D1.1)	Total
Group													
Cost / Valuation													
Balance at January 1, 2020		1,921	100	1,572	94	10,856	327	74	205	83	1,315	625	17,172
Translation adjustments		4	2	6	(6)	(280)	3	*	(1)	*	1	(1)	(272)
Additions		2	4	_	2	73	_	*	9	6	206	42	344
Reclassification		*	3	6	7	494	(21)	1	1	2	(505)	12	-
Acquisition of subsidiaries		1	*	_	_	2	_	_	*	4	4	15	26
Transfer to investment properties	D2	_	*	_	_	_	_	_	*	_	(1)	_	(1)
Transfer from other category of assets	(v)	_	_	_	_	16	_	_	_	*	*	_	16
Remeasurement adjustments for right-of-use assets		_	_	_	_	_	_	_	_	_	_	1	1
Reversal of accrued capital expenditure	(vii)	_	_	_	_	_	_	_	_	_	(69)	_	(69)
Disposals / Write-offs		(1)	*	_	_	(23)	(1)	*	(2)	(2)	(7)	(30)	(66)
Disposal of subsidiaries		*	_	_	_	*	_	_	*	*	_	_	*
Distribution of a subsidiary		(1,539)	(34)	(1,572)	(41)	(1,718)	(308)	(75)	(149)	(28)	(786)	(352)	(6,602)
Balance at December 31, 2020		388	75	12	56	9,420	_	_	63	65	158	312	10,549
Accumulated Depreciation and Impairment Losses													
Balance at January 1, 2020		590	54	385	30	3,374	86	65	167	51	6	161	4,969
Translation adjustments		2	(1)	*	(1)	(38)	*	(2)	*	(1)	*	(1)	(42)
Depreciation for the year												. ,	,
<ul> <li>Continuing operations</li> </ul>	B4(a)	9	2	*	4	370	_		6	7	_	15	413
– Discontinued operation		23	*	19	3	39	7	3	6	1	_	15	116
Reclassification		_	_	_	_	*	*	_	_	_	_	_	_
Transfer to investment properties	D2	_	*	_	_	_	_	_	*	_	_	_	*
Disposals / Write-offs		*	*	_	_	(16)	(1)	*	(2)	(1)	*	(20)	(40)
Disposal of subsidiaries		*	_	_	_	*	_	_	*	*	_	_	*
Impairment losses	(vi), B4(a)	1	*	_	_	63	_	_	*	_	_	_	64
Distribution of a subsidiary		(525)	(34)	(395)	(12)	(770)	(92)	(66)	(131)	(22)	-	(88)	(2,135)
Balance at December 31, 2020		100	21	9	24	3,022	_	_	46	35	6	82	3,345
Carrying Amounts													
At January 1, 2020		1,331	46	1,187	64	7,482	241	9	38	32	1,309	464	12,203
At December 31, 2020		288	54	3	32	6,398		_	17	30	152	230	7,204
		200	54	5	52	0,390	_	_	17	30	132	250	7,204

#### **D. Our Assets** (cont'd)

#### D1. Property, Plant and Equipment (cont'd)

#### Group

i. Property, plant and equipment with the following net book values have been pledged to secure loan facilities granted to subsidiaries:

		Group		
(S\$ million)	Note	December 31, 2021	December 31, 2020	
Freehold land and buildings		160	160	
Leasehold land and buildings including right-of-use assets		44	43	
Plant and machinery		4,241	4,465	
Capital work-in-progress		8	19	
Other assets		34	37	
	C5(a)	4,487	4,724	

- ii. During the year, interest and direct staff costs amounting to \$\$2 million (2020: \$\$23 million) and \$\$2 million (2020: S\$3 million), respectively were capitalised as capital work-in-progress. Included in these amounts are capitalised interest costs calculated using a capitalisation rate from 4.04% to 4.99% (2020: 4.28% to 6.50%).
- iii. Property, plant and equipment arising from the acquisition of subsidiaries was at fair value at the acquisition date.
- iv. In 2021, property, plant and equipment included additional provision for restoration costs amounting to S\$16 million (2020: S\$5 million) (Note H2).
- v. In 2020, additions to plant and machinery include a S\$16 million settlement with a vendor in the form of strategic spares.
- vi. In 2020, following the decision of a major customer to exit its Singapore operations, an impairment of S\$21 million was recognised to reduce the carrying value of a wastewater treatment plant and a woodchip boiler facility to its net realisable value. An impairment of \$\$8 million was also made to a wastewater treatment plant in China due to the contract termination with a customer who has stopped production. There were also impairment triggers for UK Power Reserve (UKPR) which resulted in S\$34 million charged (Note B4(i)). These impairment charges were recognised in cost of sales.

- vii. The amount represents a reduction in capital work-in-progress due to reversal of accrued expenditure on completion of projects.
- viii. A subsidiary in India has entered into an agreement to convert an existing leasehold land upon which its property, plant and equipment reside, to freehold land. The subsidiary has fully paid for the conversion of the leasehold land based on the freehold rate. As at December 31, 2021, the land has not been transferred to the subsidiary. Pursuant to the current lease agreement, it is provided that in the event that the land is not transferred, the lessor is obliged to renew the lease for a further period on mutually agreed terms and conditions. No impairment or provision for restoration cost has been recorded as at December 31, 2021. As the alienation of this leasehold land is in progress and the subsidiary management has assessed that delay in the above transfer was of administrative in nature and the transfer will happen in due course of time. During 2021, this leasehold land is reported together with other rented land under right-of-use assets.

#### Change in estimates

In 2021, the Group revised its estimates for the useful lives of certain assets within plant and machinery from 25 to 30 years in line with the term of the Engineering, Procurement and Construction (EPC) contracts, taking into consideration that the assets have been operating within design limits and are in good condition due to regular maintenance, as observed by an external consultant during a technical study conducted. The effect of these changes on depreciation expense in current and future periods on assets currently held is as follows:

(S\$ million)	2021	2022	2023	2024	2025	Later
Group						
(Decrease) / Increase in depreciation expense						
and increase / (decrease) in profit before tax	(6)	(25)	(25)	(25)	(25)	106

#### Gr

### D. Our Assets (cont'd)

### D1. Property, Plant and Equipment (cont'd)

	Leasehold and freehold land, wet berthage	Improvements	Quays and	Plant and	Furniture, fittings and office	Motor	Capital work-	Right-of-use assets	
(S\$ million)	and buildings	to premises	dry docks	machinery	equipment	vehicles	in-progress	(Note D1.1)	Total
Company									
Cost									
Balance at January 1, 2021	20	7	8	730	20	3	7	142	937
Additions	*	*	*	23	2	*	9	3	37
Remeasurement adjustments for right-of-use assets	_	_	_	_	_	-	_	*	*
Reclassification	_	_	_	1	_	_	(1)	_	_
Disposals / Write-offs	*	*	*	(19)	*	*	_	*	(19)
Balance at December 31, 2021	20	7	8	735	22	3	15	145	955
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2021	13	7	4	466	17	1	_	46	554
Depreciation for the year	1	*	*	44	2	*	_	5	52
Disposals / Write-offs	*	*	*	(17)	*	*	_	*	(17)
Impairment losses	*	*	_	*	*	1	_	*	1
Balance at December 31, 2021	14	7	4	493	19	2	_	51	590
Carrying Amounts									
At January 1, 2021	7	-	4	264	3	2	7	96	383
At December 31, 2021	6	_	4	242	3	1	15	94	365
Company									
Cost									
Balance at January 1, 2020	20	7	8	723	19	3	1	144	925
Additions	*	*	_	10	1	*	6	*	17
Reclassification	_	_	_	*	_	-	*	-	_
Transfer from / (to) other category of assets	_	_	_	_	_	-	*	-	*
Disposals / Write-offs	_	*	_	(3)	*	-	-	(2)	(5)
Balance at December 31, 2020	20	7	8	730	20	3	7	142	937
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2020	12	7	4	432	16	1	_	44	516
Depreciation for the year	1	*	*	32	1	*	-	4	38
Disposals / Write-offs	-	*	-	(3)	*	-	-	(2)	(5)
Impairment losses		_	-	5	-	-	-	-	5
Balance at December 31, 2020	13	7	4	466	17	1	_	46	554
Carrying Amounts									
At January 1, 2020	8	_	4	291	3	2	1	100	409
At December 31, 2020	7	_	4	264	3	2	7	96	383

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#### **D. Our Assets** (cont'd)

#### D1.1 Right-of-use Assets and Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, please refer to Note D2 Investment Properties and Note B2 under Rental Income.

## Accounting policies

The Group determines whether an arrangement is or contains a lease at inception. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Group.

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-ofuse assets. These right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The policy on impairment and reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable ٠
- variable lease payment that are based on an index or a rate, initially used at the commencement date ٠
- ٠ the extension option if the Group is reasonably certain to exercise that option
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option ٠
- amounts expected to be payable by the Group under residual value guarantees, and ٠
- payments of penalties for terminating the lease, if the leases term reflects the Group exercising that option ٠

These lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee's incremental borrowing rate. The resulting finance cost is charged to profit or loss over the lease period.

Lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments, with a corresponding adjustment to the right-of-use asset or in profit or loss if the carrying amount of the asset has been reduced to zero.

Payment associated with short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

#### Adoption of the amendment to SFRS(I) 16 COVID-19-related rent concession:

Rent concessions linked to COVID-19 pandemic are not assessed and accounted for as lease modifications but are taken to profit or loss.

### **Key estimates and judgements**

The Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. If the Group should exercise the extension option, the potential future lease payments would result in an increase in lease liability.

#### a. Amounts recognised in the balance sheets

(S\$ million)	Gro	oup
	December 31, 2021	December 31, 2020
Right-of-use assets		
Leasehold land and buildings	247	226
Plant and machinery	6	*
Motor vehicles	11	3
Furniture, fittings and office equipment	*	1
Total	264	230
Lease liabilities		
Current	14	11
Non-current	244	215
Total	258	226
Maturity analysis		
Within 1 year	14	11
After 1 year but within 5 years	56	36
After 5 years	188	179
Total	258	226

In 2021, cost of S\$nil (2020: S\$15 million) was transferred from property, plant and equipment and remaining additions to the right-of-use assets were S\$49 million (2020: S\$42 million).

	Com	pany
(S\$ million)	December 31, 2021	December 31, 2020
Right-of-use assets		
Leasehold land and buildings	67	66
Plant and machinery	27	30
Total	94	96
Lease liabilities		
Current	5	4
Non-current	110	112
Total	115	116
Maturity analysis		
Within 1 year	5	4
After 1 year but within 5 years	18	17
After 5 years	92	95
Total	115	116

## D. Our Assets (cont'd)

## D1.1 Right-of-use Assets and Leases (cont'd)

b. Amounts recognised in profit or loss

	Gro	oup
(S\$ million)	2021	2020
Depreciation charge of right-of-use assets:		
<ul> <li>Leasehold land and buildings</li> </ul>	16	12
– Plant and machinery	1	1
– Motor vehicles	2	1
<ul> <li>Furniture, fittings and office equipment</li> </ul>	*	1
Total	19	15
	_	
Interest expense on lease liabilities (included in finance cost)	9	9
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	*	3
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in cost of goods sold and administrative expenses)	6	4
Expense relating to variable lease payments not included in lease liabilities (included in cost of goods sold and administrative expenses)	*	*

The total cash outflow for leases in 2021 of S\$22 million (2020: S\$40 million) has been reduced by less than S\$1 million (2020: S\$1 million) of rent concessions linked to COVID-19 received from lessors and taken to profit or loss.

## **D2.** Investment Properties

The Group holds certain properties for rental yields and for capital appreciation.

## Accounting policies

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives ranging from 20 to 60 years or the lease period of 15 to 16 years. The assets' depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. No depreciation is provided on freehold land.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions when it increases the future economic benefits, embodied in the specific asset to which it relates, and its costs can be measured reliably. The carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised as an expense when incurred.

The policy on impairment and reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

		[	Group	
(S\$ million)	Note	Investment properties	Investment properties work-in- progress	Total
Cost				
Balance at January 1, 2021		158	3	161
Translation adjustments		6	*	6
Additions		*	2	2
Reclassification		*	*	-
Transfer to property, plant and equipment	D1	(4)	_	(4)
Transfer to inventories		(1)	_	(1)
Disposals / Write-offs		*	-	*
Balance at December 31, 2021		159	5	164
Accumulated Depreciation				
Balance at January 1, 2021		26	_	26
Translation adjustments		*	-	*
Depreciation for the year	B4(a)	3	-	3
Transfer to property, plant and equipment	D1	(3)	-	(3)
Disposals / Write-offs		*	_	*
Balance at December 31, 2021		26	-	26
Carrying Amounts				
At January 1, 2021		132	3	135
At December 31, 2021		133	5	138

#### **D. Our Assets** (cont'd)

D2. Investment Properties (cont'd)

		[	— Group ——	]
			Investment properties	
		Investment	work-in-	
(S\$ million)	Note	properties	progress	Total
Cost				
Balance at January 1, 2020		146	3	149
Translation adjustments		4	*	4
Additions		1	6	7
Reclassification		6	(6)	-
Transfer from property, plant and equipment	D1	1	_	1
Transfer to inventories		*	_	*
Disposals / Write-offs		*	_	*
Balance at December 31, 2020		158	3	161
Accumulated Depreciation				
Balance at January 1, 2020		21	_	21
Translation adjustments		1	_	1
Depreciation for the year	B4(a)	4	_	4
Transfer from property, plant and equipment	D1	*	_	*
Disposals / Write-offs		*	_	*
Balance at December 31, 2020		26	-	26
Carrying Amounts				
At January 1, 2020		125	3	128
At December 31, 2020		132	3	135

#### Amounts recognised in profit or loss for investment properties

	Gro	oup
(S\$ million)	2021	2020
Rental income	10	7
Operating expenses arising from rental of investment properties	7	5

The fair value of the investment properties as at the balance sheet date is \$\$186 million (2020: \$\$191 million). The fair values are mostly determined by independent professional valuers using a combination of investment income method and direct or market comparison techniques, including adjustments to reflect the specific use of the investment properties. Such valuation is derived from observable market data from an active and transparent market. In the absence of current prices in an active market, the fair values are determined by considering the aggregate of the estimated cash flow expected to be received from renting out the properties or Directors' valuation. A yield that reflects the specific risks inherent in the cash flows is then applied to the net annual cash flows to obtain the fair values.

Investment properties of S\$nil (2020: S\$18 million) have been pledged to secure loan facilities.

The Group leases out its investment properties. The lease agreement based on changes to a price index. Non-cancellable operating lease re-

	Grou	up
(S\$ million)	2021	2020
Lease receivable:		
Within 1 year	10	6
1 to 2 years	9	6
2 to 3 years	6	5
3 to 4 years	3	5
4 to 5 years	2	3
More than 5 years	7	14
	37	39

#### D3. Intangible Assets

The balance sheet contains significant intangible assets, mainly in relation to goodwill, intellectual property rights and long-term contracts.

# Accounting policies

## a. Goodwill

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the
- acquiree; less
- the net amount recognised (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a negative goodwill is recognised immediately in profit or loss.

recognised as an expense in profit or loss and is not reversed in a subsequent period.

of or discontinued or (ii) the goodwill is impaired. Similarly, negative goodwill that has previously been taken to reserves is not taken to profit or loss when the business is disposed of or discontinued.

## b. Service Concession Arrangements

to charge for usage of the concession infrastructure. This intangible asset is measured at fair value upon initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period when the Group has a right to charge the public for the usage of the infrastructure to the end of the concession period.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 25 to 30 years.

ent	provides	for	additional	lease	payments	annually
rent	tals receiv	able	e are as foll	ows:		

- Goodwill is measured at cost less accumulated impairment losses. The goodwill cost represents the excess of:
- Goodwill is not amortised but is tested for impairment on an annual basis. An impairment loss on goodwill is
- Goodwill that has previously been taken to reserves is not taken to profit or loss when (i) the business is disposed
- The Group recognises an intangible asset arising from a service concession arrangement when it has a right

### **D. Our Assets** (cont'd)

D3. Intangible Assets (cont'd)

## Accounting policies (cont'd)

## c. Long-term Contracts

Long-term revenue and supplier contracts are fair valued using cash flow projections over the contractual period of 1 to 30 years. Amortisation is recognised in profit or loss on a straight-line basis over the contractual period.

## d. Other Intangible Assets

Included in other intangible assets are water rights which are perpetual in nature. Water rights are measured at cost less accumulated impairment.

Other intangible assets with a finite life are measured at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally generated goodwill is recognised in profit or loss as an expense as incurred. Other intangible assets are amortised on a straight-line basis from the date the asset is available for use and over its estimated useful lives ranging from 3 to 30 years.

#### Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditures are expensed as incurred.

#### Impairment (except for Goodwill, separately disclosed in (a))

Intangible assets that have indefinite useful lives or that are not yet available for use are tested for impairment annually. For intangible assets with finite useful lives, the policy on impairment is consistent with property, plant and equipment as disclosed in Note D1.

## Reversal of Impairment (except for Goodwill, separately disclosed in (a))

The policy on reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

# (F) Key estimates and judgements

The determination of the recoverable amounts of goodwill and other intangible assets involves a high degree of judgement and is subject to significant estimation uncertainties, principally, the discount rates, gross margin forecasts and plant load factors. The gross margin forecasts and plant load factors take into account expected customer demand and forecasted tariff rates. These are inherently subject to estimation uncertainties as well as political and regulatory developments.

		Group							
(S\$ million)	Note	Goodwill	Service concession arrangements	Long-term contracts	Others	Total			
Cost									
Balance at January 1, 2021		277	54	236	74	641			
Translation adjustments		1	4	*	*	5			
Additions	(i)	-	1	_	84	85			
Acquisition of subsidiary		*	_	_	_	*			
Disposal	(i)	-	*	_	(22)	(22)			
Transfer from other category of asset		-	_	_	1	1			
Write-off	B4(a)	-	(1)	(1)	_	(2)			
Balance at December 31, 2021		278	58	235	137	708			
Accumulated Amortisation and Impairment Losses									
Balance at January 1, 2021		118	21	122	32	293			
Translation adjustments		1	4	*	*	5			
Amortisation charge for the year	B4(a)	-	3	11	8	22			
Disposal		-	*	_	_	*			
Impairment losses	B4(a), B4(c), (ii)	-	_	_	*	*			
Write-off	B4(a)	-	*	(1)	(1)	(2)			
Balance at December 31, 2021		119	28	132	39	318			
Carrying Amounts									
At January 1, 2021		159	33	114	42	348			
At December 31, 2021		159	30	103	98	390			

		Group								
(S\$ million)	Note	Goodwill	Service concession arrangements	Long-term contracts	Others	Total				
Cost										
Balance at January 1, 2021		277	54	236	74	641				
Translation adjustments		1	4	*	*	5				
Additions	(i)	-	1	_	84	85				
Acquisition of subsidiary		*	_	_	_	*				
Disposal	(i)	-	*	_	(22)	(22)				
Transfer from other category of asset		-	_	_	1	1				
Write-off	B4(a)	-	(1)	(1)	_	(2)				
Balance at December 31, 2021		278	58	235	137	708				
Accumulated Amortisation and Impairment Losses										
Balance at January 1, 2021		118	21	122	32	293				
Translation adjustments		1	4	*	*	5				
Amortisation charge for the year	B4(a)	_	3	11	8	22				
Disposal		_	*	_	_	*				
Impairment losses	B4(a), B4(c), (ii)	_	_	_	*	*				
Write-off	B4(a)	_	*	(1)	(1)	(2)				
Balance at December 31, 2021		119	28	132	39	318				
Carrying Amounts										
At January 1, 2021		159	33	114	42	348				
At December 31, 2021		159	30	103	98	390				

### **D. Our Assets** (cont'd)

## D3. Intangible Assets (cont'd)

					— Group –			
		I	Service		Intellectual			I
( <b>1</b> )			concession	Long-term	property			
(S\$ million)	Note	Goodwill	arrangements	contracts	rights	development	Others	Total
Cost								
Balance at								
January 1, 2020		299	63	232	299	50	42	985
Translation adjustments		(4)	3	(6)	-	_	*	(7)
Additions		_	1	_	_	-	58	59
Acquisition of subsidiaries		-	-	10	-	-	*	10
Disposal of subsidiary		-	(12)	-	-	-	_	(12)
Disposal		-	*	-	-	-	(23)	(23)
Transfer from other								
category of asset		-	*	-	-	_	*	*
Write-off	B4(a)	-	(1)	-	-	-	*	(1)
Distribution of a subsidiary		(18)	_	_	(299)	(50)	(3)	(370)
Balance at								
December 31, 2020		277	54	236	_		74	641
Amortisation and Impairment Losses								
Balance at January 1, 2020		90	23	100	114	_	28	355
Translation adjustments		1	1	(1)		_	*	1
Amortisation charge				(.)				
for the year								
<ul> <li>Continuing operations</li> </ul>	B4(a)	_	4	17	_	_	6	27
<ul> <li>Discontinued operation</li> </ul>		_	_	_	19	_	_	19
Disposal of subsidiary		_	(6)	_	_		_	(6)
Disposal		_	*		_	_	_	*
	B4(a),							
Impairment losses	B4(c), (ii)	27	_	6	_	_	_	33
Distribution of a subsidiary		_	_	_	(133)	_	(2)	(135)
Write-off	B4(a)	_	(1)	_	_	_	*	(1)
Balance at	. ,		. , ,					. /
December 31, 2020		118	21	122	_	_	32	293
Carrying Amounts								
At January 1, 2020		209	40	132	185	50	14	630
		159	33	114	_		42	348
								2.0

The additions during the year mainly related to the increase in carbon allowances and the disposal was for the i. settling of the Group's carbon obligation.

ii. In 2021, the Group recognised impairment loss on goodwill of S\$nil (2020: S\$27 million) in non-operating expenses and long-term contracts of S\$nil (2020: S\$6 million) in cost of sales.

- iii. Intangible assets of less than S\$1 million (2020: less than S\$1 million) have been pledged to secure loan facilities.
- iv. The amortisation of intangible assets is analysed as follows:

	G	roup
(S\$ million)	2021	2020
Cost of sales	15	21
Administrative expenses	7	6
Total	22	27

# a. Goodwill

## Impairment Testing

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Gre	Group			
(S\$ million)	December 31, 2021	December 31, 2020			
Cash-generating Unit (CGU)					
SUT Division	19	19			
Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd <sup>1</sup>	43	42			
SEIL (Project I) (formerly known as Sembcorp Energy India Ltd)	23	23			
SEIL (Project II) (formerly known as Sembcorp Gayatri Power Limited)	38	39			
Sembcorp Green Infra Limited and its subsidiaries	36	36			
Multiple units with insignificant goodwill	*	*			
	159	159			

<sup>1</sup> As Sembcorp Gas Pte Ltd became wholly owned in November 2019, there is a change in CGU for Sembcorp Gas Pte Ltd to include Sembcorp Fuels (Singapore) Pte Ltd, whose principal activity is also arranging for purchase and sale of natural gas. These two entities are considered a single CGU as both have same customer bases for natural gas, pricing is set by the same management team and cash inflows are not generated largely independently.

The recoverable amounts for SUT Division, Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd, SEIL (Project I), SEIL (Project II), Sembcorp Green Infra Limited and its subsidiaries and UKPR were determined using value-in-use calculations. Cash flow projections used in the value-in-use calculations were prepared based on management's past experience in operating the business and forward market outlook over the long-term nature of the utilities and power business. Pre-tax discount rates between 3.9% and 10.4% (2020: 4.5% and 10.3%) had been used.

At the balance sheet date, based on the key assumptions below, the recoverable amounts of the respective CGUs exceeded their carrying amounts.

## D. Our Assets (cont'd)

## D3. Intangible Assets (cont'd)

# a. Goodwill (cont'd)

## Impairment Testing (cont'd)

Key assumptions on recoverable amounts of respective CGUs

	SUT Division	Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd	SEIL (Project I)	SEIL (Project II)
Cash flow projections period	Remaining useful life of plants assumed 19 years (2020: 20 years)	Remaining contractual period of existing contracts	Remaining useful life of plants assumed 24 years (2020: 20 years)	Remaining useful life of plants assumed 25 years (2020: 21 years)
and margins likely renewals and forecasted demand c		Based on estimated sales and purchases of gas quantities derived from the contractual period of existing contracts	Based on combination of long-term and short-term contracts secured at contracted tariffs as well as electricity spot prices. Contract renewals are assumed based on estimated demand	Primarily based on the forecasted combination of long-term and short- term contracts and electricity spot prices with reference to estimated demand and supply of electricity as well as margin
			and supply as well as margin	Probabilities of securing the contracts based on the latest estimates have been assigned to each contract and using these probabilities to discount the corresponding cash flow projections from the contracts
Expected capital expenditure	In accordance with plant maintenance programme	In accordance with plant maintenance programme and pipeline servicing	In accordance with plant maintenance programme	In accordance with plant maintenance programme
Terminal value	Nil (2020: Nil)	Nil (2020: Nil)	5% of cost (2020: Nil)	5% of cost (2020: Nil)
Inflation rate assumptions used to project overheads and other general expenses	0.9% – 1.5% (2020: 0.9%)	0.9% – 1.5% (2020: 0.9%)	3% (2020: 3.5%)	3% (2020: 3.5%)
Others	NA	Forward USD / SGD exchange rate and High Sulphur Fuel Oil (HSFO) prices with reference to forward quotes were assumed in the forecast performance	Cash flows are estimated based on the premise that the conversion of the leasehold land, which the subsidiary has already paid in full, will be converted to freehold (Note D1(viii)).	NA

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts to exceed the recoverable amounts.

## b. Service Concession Arrangements

In 2021, the subsidiaries in Fuzhou and Yanjiao in China have service concession agreements with the local municipalities to supply drinking water to the local communities. In 2020, the subsidiaries in Chile and Panama, which have service concession agreements have been divested.

Under these arrangements, the charges for use of these assets are adjusted regularly in accordance to the agreed cost reference and escalation formula in the concession agreement and approved by the respective local authorities.

# Sembcorp Green Infra Limited and its subsidiaries

Remaining useful life of plants assumed 29 years (2020: 30 years)

Based on long-term contracts secured at contracted tariffs. New contracts and contract renewals are assumed based on estimated demand and supply as well as margin

In accordance with plant maintenance programme

Nil (2020: Nil)

3.5% (2020: 3.5%)

NA

## **D. Our Assets** (cont'd)

## D3. Intangible Assets (cont'd)

## c. Long-term Contracts

India

The subsidiaries in India have long-term power purchase agreements (PPAs) with the local Electricity Board and commercial customers.

The significant terms of the above PPAs are as follows:

- A subsidiary in India has a long-term contract to provide 500 megawatts of power to the Andhra Pradesh Power distribution companies for a period of 25 years.
- The subsidiaries in the renewables sector in India have long-term contracts with India's State Electricity Boards in Gujarat, Karnataka, Maharashtra, Rajasthan and Tamil Nadu, with tenures ranging from 10 to 30 years. These subsidiaries also sell electricity to commercial customers with tenures ranging from 10 to 25 years.

## United Kingdom (UK)

The subsidiaries in the UK have contracted with the National Grid of the UK to generate electricity through a portfolio of diesel and gas generators in multiple sites across the UK and supplier contracts with tenures ranging from 1 to 15 years. The majority of these contracts provide fixed rate cash flows relating to plant availability (Capacity Market contracts).

In 2020, the Group has recognised an impairment of S\$6 million. See Note B4(i) for key assumptions used.

## d. Other Intangible Assets

Other intangible assets comprise water rights, carbon allowances, software, development rights and golf club membership.

	[	Company		
(S\$ million)	Goodwill	Others	Total	
Cost				
Balance at January 1, 2021	19	26	45	
Additions	-	2	2	
Disposals / Write-offs	-	(1)	(1)	
Balance at December 31, 2021	19	27	46	
Accumulated Amortisation				
Balance at January 1, 2021	_	19	19	
Amortisation charge for the year	-	2	2	
Disposals / Write-offs	-	*	*	
Balance at December 31, 2021	_	21	21	
Carrying Amounts				
At January 1, 2021	19	7	26	
At December 31, 2021	19	6	25	

	Г	Company ——	
(S\$ million)	Goodwill	Others	Total
Cost			
Balance at January 1, 2020	19	23	42
Additions	_	3	3
Disposals	_	*	*
Transfer from / (to) other category of assets	_	*	*
Balance at December 31, 2020	19	26	45
Accumulated Amortisation			
Balance at January 1, 2020	-	16	16
Amortisation charge for the year	_	3	3
Disposals	_	*	*
Balance at December 31, 2020		19	19
Carrying Amounts			
At January 1, 2020	19	7	26
At December 31, 2020	19	7	26

The Company's goodwill relates to goodwill of SUT on the acquisition of the SUT Division in 2008.

## E. Our Working Capital

## E1. Trade and Other Receivables

Trade and other receivables mainly consist of amounts owed to the Group by customers and amounts paid to the Group's suppliers in advance.

# Accounting policies

Trade and other receivables are initially recognised at the amount of consideration receivable that is unconditional, unless they contain significant financing components, whereby they will be recognised at fair value.

Subsequently, trade and other receivables are measured at amortised cost only if (i) the asset is held within a business model whose objective is to collect the contractual cash flows and (ii) the contractual term give rise to cash flows that are solely payments of principal and interest. The carrying value of trade and other receivables is reduced by appropriate allowances for estimated irrecoverable amounts. The estimated irrecoverable amounts and calculation of loss allowances are based on the policies set out in Note F4. Interest income, foreign exchange gains or losses, impairment losses and gains or losses on derecognition relating to these receivables are recognised in profit or loss.

In the service concession arrangements, the Group recognises a financial asset arising from its construction services when it has an unconditional contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

		Dec	— December 31, 2021 —			December 31, 2020		
(S\$ million)	Note	Non- current	Current	Total	Non- current	Current	Total	
Group								
Trade receivables		*	1,000	1,000	*	871	871	
Service concession receivables	(i)	912	44	956	934	40	974	
Amounts due from related parties	G5	1	44	45	1	59	60	
Staff loans		_	*	*	_	*	*	
Deposits	(ii)	6	106	112	5	28	33	
Sundry receivables	(iii)	_	108	108	_	81	81	
Unbilled receivables	(iv)	_	542	542	_	395	395	
Loan receivables		_	12	12	_	9	9	
Recoverables		*	22	22	*	8	8	
Interest receivables		_	3	3	_	6	6	
Grant receivables		-	4	4	_	8	8	
		919	1,885	2,804	940	1,505	2,445	
Loss allowance	F4	(12)	(65)	(77)	(12)	(45)	(57)	
Financial assets at amortised cost	F4, (v)	907	1,820	2,727	928	1,460	2,388	
Prepayments	(vi)	38	52	90	46	45	91	
Employee defined benefit asset		22	2	24	*	2	2	
Advances to suppliers		_	104	104	_	61	61	
Tax recoverable		15	4	19	21	3	24	
Share application money paid	(vii)	_	4	4	_	_	_	
		982	1,986	2,968	995	1,571	2,566	

i. Through its subsidiaries, the Group has service concession agreements with the local governments and governing agencies. The agreements in Singapore are for supply of treated water while the agreements in Myanmar and Bangladesh are for supply of electricity. The power plants in Myanmar and Bangladesh have commenced commercial operations in phases from October 2018 and in 2019.

The guaranteed sum receivables from the grantors for the construction of the underlying assets are discounted at interest rates ranging from 3.6% to 8.5% (2020: 3.6% to 8.5%).

- ii. Deposits include cash collateral placed on deposits in margin accounts.
- Sundry receivables represent mainly GST receivables and miscellaneous receivables. iii.
- Unbilled receivables represent revenue accrued for sale of utilities commodities and services. iv.
- v. Trade and other receivables of S\$1,325 million (2020: S\$1,337 million) have been pledged to secure loan facilities. Included in the pledged amount is \$\$397 million (2020: \$\$404 million) that relates to the underlying assets of the service concession arrangements.
- vi. Prepayments are charged to profit or loss on a straight-line basis over the prepaid period. They relate primarily to:
  - Connection fees prepaid under the Generation Connection and Use of System Agreement for the use of the transmission lines to a related corporation amounted to S\$20 million (2020: S\$22 million);
  - Service fees prepaid under the Gasoil Supply and Storage Agreement for the usage of the tank; and ٠
  - Capacity charges prepaid for the use of gas delivery pipelines, prepaid insurance premium, transport tariff recoverable and maintenance of plant.
- vii. The Group has paid S\$4 million towards share application money pending allotment to a joint venture.

		December 31, 2021 December 31					31, 2020	
(S\$ million)	Note	Non- current	Current	Total	Non- current	Current	Total	
Company								
Trade receivables		-	20	20	-	15	15	
Amounts due from related parties	G5	-	35	35	-	15	15	
Deposits		-	2	2	_	2	2	
Unbilled receivables	(i)	-	49	49	_	48	48	
Grant Receivables		-	4	4	_	4	4	
		_	110	110	_	84	84	
Loss allowance	F4	-	(1)	(1)	_	*	*	
Financial assets at amortised cost	F4	_	109	109	_	84	84	
Prepayments	(ii)	3	5	8	3	6	9	
Advance to suppliers		_	1	1	_	1	1	
		3	115	118	3	91	94	

Included in the Company's unbilled receivables are amounts of \$\$25 million (2020: \$\$28 million) due from i i related companies.

ii. Connection and capacity charges prepaid for the use of pipelines and pipe racks.

## E. Our Working Capital (cont'd)

## E2. Inventories

Accounting policies

## a. Inventories

Finished goods, consumable materials and spares are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. 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.

## b. Development Properties

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related 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.

## (Here) Key estimates and judgements

The Group applies critical accounting judgements in classifying development properties. In assessing the classification of development properties, management considers its intention with regards to the use of the properties (i.e. held with the intention of development and sale in the ordinary course of business or for rental and capital appreciation). Where there is a change in intended use, a change in classification may be required.

	Gro	Group		
(S\$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Raw materials and consumables	221	192	2	*
Finished goods	27	29	7	7
	248	221	9	7
Allowance for inventory obsolescence	(27)	(25)	(2)	(3
	221	196	7	4
Properties under development	1	*	-	_
	222	196	7	4

S\$127 million (2020: S\$112 million) of the Group's inventories have been pledged to secure loan facilities.

## Amounts recognised in profit or loss

		Gro	oup
(S\$ million)	Note	2021	2020
<ul> <li>Inventories recognised as an expense in cost of sales</li> </ul>		931	826
– Inventories written down and allowance for stock obsolescence	(i)	2	45
– Inventories written off	(ii)	_	53

i. In 2020, due to the significant decline in fuel prices, the value of Sembcorp's inventory of gasoil for fulfilling certain regulatory, was written down by S\$45 million to its net realisation value.

ii. In 2020, a subsidiary in Singapore has commenced legal proceedings to assert its ownership of the gasoil stored and managed by third party, the net carrying value of S\$53 million was fully written-off after taking into account the financial positions of the third party reported by the interim judicial manager.

### E3. Trade and Other Payables

Trade and other payables mainly consist of amounts the Group owes to its suppliers that have been invoiced or are accrued. They also include taxes and social security amounts due in relation to the Group's role as an employer.

## Accounting policies

Trade and other payables (excluding advance payments from customers, deferred grants, deferred income and retirement benefit obligations) are classified as financial liabilities measured at amortised cost using the effective interest method. Trade payables are not interest-bearing and are stated at their nominal value.

		Gro	oup	Company		
(S\$ million)	Note	December 31, 2021	December 31, 2020	December 31, 2021	December31, 2020	
Current liabilities						
Trade payables		268	325	7	4	
Advance payments from customers		23	31	*	*	
Amounts due to related parties	G5	4	10	2	4	
Accrued capital and operating expenditure	(i)	924	583	141	84	
Deposits		33	35	*	*	
Accrued interest payable		15	11	_	_	
Other creditors	(ii)	441	160	5	5	
Deferred grants	(iii)	-	4	_	2	
		1,708	1,159	155	99	
Non-current liabilities						
Deferred grants	(iii)	3	4	*	*	
Amounts due to related parties	G5	_	_	1,445	1,595	
Other long-term payables	(iv)	51	52	20	18	
Deferred income		42	46	_	_	
Retirement benefit obligation		9	6	_	_	
		105	108	1,465	1,613	

## E. Our Working Capital (cont'd)

## E3. Trade and Other Payables (cont'd)

- i. Included in the Company's accrued operating expenses are amounts of S\$43 million (2020: S\$37 million) due to related companies.
- ii. Included in the Group's other creditors is an amount owing in the margin account as a result of withdrawal against net unrealised gain, driven by the high oil commodity forward price.
- iii. Current deferred grant related to JSS government grant and non-current deferred grants related to government grants for capital assets.
- iv. Other long-term payables included retention monies of subsidiaries, long-term employee benefits and accrued operating and maintenance services which will be billed only after the initial payment-free period, which is more than one year.

## E4. Cash and Cash Equivalents

## Accounting policies

Cash and cash equivalents which comprise cash balances and bank deposits are classified as financial assets measured at amortised cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

The majority of the Group's cash is held in bank deposits or money market funds which have a maturity of three months or less to enable short-term liquidity requirements to be met.

	Gro	oup	Company		
(S\$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	
Fixed deposits with banks	549	301	_	_	
Cash and bank balances	795	731	427	358	
Cash and cash equivalents in the balance sheets	1,344	1,032	427	358	
Restricted bank balances	(47)	(23)	_	-	
Cash and cash equivalents in the consolidated statement of cash flows	1,297	1,009	427	358	
Cash and cash equivalents inclusive of placement with:					
– A subsidiary	4	_	426	357	
– A related corporation	74	117	1	1	

Fixed deposits with banks of the Group earn interest at rates ranging from 0.12% to 8.00% (2020: 0.03% to 9.00%) per annum.

Included in the Group's cash and cash equivalents is an amount of \$\$259 million (2020: \$\$262 million) over which banks have a first charge in the event that the respective subsidiaries do not meet the debt servicing requirements.

# F. Our Financial Instruments and Risks Management

In undertaking the transformation from brown to green, the Group has carefully assessed its risk exposures, including ensuring that the Group is not over leveraged while optimising its portfolio.

## F1. Market Risk

This note details the Group's exposure to treasury and financial risks including credit, liquidity, interest and foreign exchange risk, and the objectives and policies in place to monitor and manage these risks.

In the last couple of years, the Group has embarked on transitioning its Governance Assurance Framework (GAF) to Integrated Assurance Framework (IAF) to place greater emphasis on a multi-level line of defense (LOD) model. Through the IAF structure, the respective LODs work together to ensure that key financial, operational, compliance and IT risks are reviewed and tested using a robust assurance process. Under the IAF, a pragmatic and collaborative approach to risk and controls assessment has been established, with common and consistent criteria to assess the risks and the adequacy and effectiveness of the internal controls.

Under the IAF, the Group's key markets, being the first LOD, are required to work with the second LOD comprising business lines, subject matter experts and corporate functions, to perform a thorough review and assessment of their risks and internal controls.

Clear escalation procedures and key risk indicators have been established and aligned with the Group's risk appetite.

The proactive management of key risks and controls strengthens not only the Group's reporting and monitoring capabilities, but also cultivates a risk culture of accountability and ownership.

Key themes of the IAF include cyber security, plant availability and reliability, health and safety, regulatory and compliance, people and talent management, fraud and governance.

#### Financial Risk Management Objectives and Policies

The Group's day-to-day operations, new investment opportunities and funding activities introduce financial risks, which are actively managed by management with Board oversight. These risks are grouped into the following categories:

- Market: The risk that fluctuations in commodity prices, foreign exchange and interest rates adversely impact the Group's results.
- Liquidity: The risk that the Group will not be able to meet the financial obligations as they fall due.
- Credit:

The Board has adopted the Group Treasury Policies and financial authority limits to manage these risks. The Group Treasury Policies set out the parameters for financing structure, liquidity, counterparty risk management, foreign exchange risk management and use of derivative transactions. Derivative transactions are permitted only if it involves underlying assets or liabilities.

The risk that a counterparty will not fulfil its financial obligations under a contract or other arrangement.

## F. Our Financial Instruments and Risks Management (cont'd)

- F1. Market Risk (cont'd)
- a. Market Risk

Market risk is the possibility that changes in interest rates, foreign exchange rates, equity securities and commodities will adversely affect the value of the Group's assets, liabilities or expected future cash flows. The objective of market risk management is to manage and reduce the above exposures within acceptable parameters.

i. Interest Rate Risk

The Group's interest rate exposure is primarily in relation to its fixed rate borrowings (fair value risk), variablerate borrowings and cash and cash equivalents (cash flow risk).

The Group's policy is to target at least 50% of its debt portfolio with fixed interest rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at variable rates while using interest rate swaps and cross currency swaps to hedge the variability in cash flows attributable to the floating interest rates.

Based on the variable rate net debt position (both issued and hedged) at the balance sheet date, assuming other factors (principally foreign exchange rates and commodity prices) remained constant and that no further interest rate management action was taken, an increase in interest rates of 1% would have decreased the Group's profit before tax (PBT) by S\$29 million (2020: decreased by S\$44 million) and increased equity by S\$6 million (2020: increased by S\$8 million). At Company level, PBT would have decreased by S\$9 million (2020: decreased by S\$11 million) and no impact to equity (2020: no impact). A 1% decrease in interest rates would have the opposite effect for both Group and Company.

ii. Foreign Currency Risk

The Group is exposed to currency risk on foreign currency denominated borrowings, investments and commercial transactions.

The Group limits its exposure to changes in foreign exchange rates through forward foreign exchange contracts and cross currency interest rate swaps. In certain circumstances, borrowings are left in a foreign currency, or swapped from one foreign currency to another, to hedge expected future business cash flows in that currency. Significant foreign currency denominated transactions undertaken in the normal course of operations are managed on a case-by-case basis. The Group's exposure to foreign currency risk (excluding the Group's net investments hedge in its subsidiaries in the UK) based on its risk management policy is summarised as follows:

				- Group			]
(S\$ million)	SGD	USD	EURO	GBP	RMB	INR	Others
2021							
Financial assets							
Cash and cash equivalents	27	224	3	*	*	_	17
Loan to an associate	_	-	_	70	_	_	_
Trade and other receivables	23	404	*	1	158	*	22
Other financial assets	_	53	_	_	_	_	-
	50	681	3	71	158	*	39
Financial liabilities							
Trade and other payables	41	299	3	130	29	*	11
Interest-bearing borrowings	-	964	-	_	-	-	95
Lease liabilities	4	-	-	_	-	-	*
	45	1,263	3	130	29	*	106
Net financial assets / (liabilities)	5	(582)	_	(59)	129	*	(67)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	_	(159)	(4)	_	(76)	_	
Less: Cross currency swap / Foreign exchange forward contracts	24	1,043	4	129	(35)	_	95
Net currency exposure	29	302	_	70	18	*	28
2020							
Financial assets							
Cash and cash equivalents	24	184	9	11	1	_	13
Loan to an associate	_	_	_	71	_	_	_
Trade and other receivables	15	382	*	146	118	856	17
Other financial assets	_	71	-	-	_	_	_
	39	637	9	228	119	856	30
Financial liabilities							
Trade and other payables	28	320	8	226	_	_	24
Interest-bearing borrowings	_	359	_	_	_	_	105
Lease liabilities	4	_	_	_	_	_	*
	32	679	8	226	_	_	129
Net financial assets / (liabilities)	7	(42)	1	2	119	856	(99)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	_	(195)	(4)	_	_	_	_
Less: Cross currency swap / Foreign exchange forward contracts	17	501	4	_	(63)	(869)	105
Net currency exposure	24	264	1	2	56	(13)	6

## F. Our Financial Instruments and Risks Management (cont'd)

## F1. Market Risk (cont'd)

- a. Market Risk (cont'd)
  - ii. Foreign Currency Risk (cont'd)

The Company's gross exposure to foreign currencies is as follows:

	Company
(S\$ million)	USD
2021	
Financial assets	
Cash and cash equivalents	3
Trade and other receivables	15
	18
Financial liabilities	
Trade and other payables	24
Net financial liabilities	(6)
Net currency exposure	(6)
2020	
Financial assets	
Cash and cash equivalents	21
Trade and other receivables	13
	34
Financial liabilities	
Trade and other payables	17
Net financial assets	17
Net currency exposure	17

Sensitivity Analysis

A 10% strengthening of the following currencies against the functional currencies of the Group and Company at the balance sheet date would have increased / (decreased) equity and PBT by the amounts shown below. The analysis assumed that all other variables, in particular interest rates, remain constant, ignored any impact of firm commitments in foreign currencies and with no further foreign exchange risk management action taken.

	Γ	Gr	oup ———		Com	pany —
	Equ	uity —	Profit be	efore tax —	Profit before tax	
(S\$ million)	2021	2020	2021	2020	2021	2020
SGD	2	1	*	1	_	-
USD	15	20	27	22	(1)	2
EURO	-	*	*	*	_	_
GBP	6	6	7	(4)	_	_
RMB	-	_	9	6	_	_
INR	-	_	*	(1)	_	_
Others	-	-	3	6	-	_

A 10% weakening of the above currencies against the functional currencies of the Group and Company at the balance sheet date would have had an equal but opposite effect to the amounts shown above.

iii. Price Risk

Mutual Funds and Equity Securities Price Risk The Group is exposed to mutual funds and equity securities price risk because of the investments held by the Group which are classified on the consolidated balance sheet either as FVTPL or FVOCI, respectively.

If prices for mutual funds and equity securities increased by 10% with all other variables held constant, equity and PBT would have increased by S\$5 million and S\$11 million, respectively (2020: increased by S\$7 million and S\$12 million, respectively). Conversely, if prices decreased by 10%, equity and PBT would have had an equal but opposite effect.

#### Commodity Risk

The Group hedges against fluctuations in commodity prices that affect revenue and cost. Exposures are managed via swaps and contracts for differences.

Contracts for differences are entered into with counterparties at a strike price, with or without fixing the quantity upfront, to hedge against adverse price movements on the sale of electricity. Exposure to price fluctuations arising on the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent.

The Group designates the fuel oil swaps and electricity futures in their entirety in cash flow hedges to hedge its commodity risk and applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference index of Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent, tenors, repricing dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

The Group did not identify any significant sources of ineffectiveness in these hedge relationships.

#### Sensitivity Analysis

If prices for commodities increased by 10% with all other variables held constant, the increase in equity as a result of fair value changes on cash flow hedges would be:

(S\$ million)

# Equity

A 10% decrease in the prices for commodities would have had an equal but opposite effect to the equity. The analysis assumed that all other variables remain constant.

Gro 2021	oup 2020
19	15

## F. Our Financial Instruments and Risks Management (cont'd)

## F2. Hedges

The Group uses derivative instruments (derivatives) (as disclosed in Note H1) for managing its risks as described above. Derivatives are contracts whose value is derived from an underlying price index (or other variable) that require little or no initial net investment and are settled at a future date.

The Group designates certain derivatives as either:

- i. Hedges of fair value of recognised assets, liabilities or firm commitments (fair value hedge)
- ii. Hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction (cash flow hedge)
- iii. Hedges of a net investment in a foreign operation (net investment hedge)

## Accounting policies

Derivatives are carried on the balance sheet at fair value. Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative. The method of recognising changes in fair value depends on whether the derivative is designated in an accounting hedge relationship. Derivatives not designated as accounting hedges are referred to as economic hedges.

Fair value gains and losses attributable to economic hedges are recognised in the statement of profit or loss while recognition of fair value gains and losses of those attributable to accounting hedges depends on the nature of the item being hedged.

The effective portion of changes in fair value of derivatives designated as fair value hedge are recognised in profit or loss at the same time when all changes in the fair value of the underlying item relating to the hedged risks are recognised in profit or loss. The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in the hedging reserve (in equity).

Certain determinants of fair value included in derivatives or mismatches between the timing of the instrument and the underlying item in the hedge relationship, can cause hedge ineffectiveness. Any ineffectiveness is recognised immediately in profit or loss as change in fair value of derivatives.

When the underlying hedged item is sold or repaid, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in the hedging reserve for a cash flow hedge, is recognised immediately in profit or loss.

When the hedging instrument expires or is sold, terminated or no longer gualifies for hedge accounting, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in the hedging reserve for a cash flow hedge, is recognised in profit or loss when the hedged item is recognised in profit or loss, which may occur over time.

## **Key estimates and judgements**

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group considers the critical terms in assessing if each designated derivative is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are due to:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of hedged transactions.

The Group designates only the change in fair value of the spot element of forward exchange contracts for funding purposes as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element for the forward exchange contracts ("forward points") is separately accounted for as a cost of hedging and recognised in hedging reserve within equity.

## **Interest Rate Benchmark Reform**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative nearly risk-free rates (interest rate benchmark reform).

The Audit Committee monitors and manages the Group's transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. The committee reports to the Company's Board of Directors guarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from interest rate benchmark reform.

The Group has loans and derivatives (as hedges to the loans) in SOR and LIBOR which extend beyond the anticipated cessation date of the rates on June 30, 2023. The Group has started to engage some of the counterparties to start transitioning its loans and hedges. It has completed transitioning its GBP loan and hedges from LIBOR to SONIA by end of December 31, 2021. The Group will transition its USD and SGD loans and hedges in 2022 and 2023. As at December 31, 2021, the Group does not expect to be significantly impacted as a result of the transition to alternate reference rates. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by interest rate benchmark reform.

The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an "unreformed contract").

## F. Our Financial Instruments and Risks Management (cont'd)

## F2. Hedges (cont'd)

## Interest Rate Benchmark Reform (cont'd)

The following table shows the total amounts of unreformed contacts as at December 31, 2021 for the Group. There is no unreformed contract for the Company. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	Total amou				
(S\$ million)	SOR	USD LIBOR	GBP LIBOR		
Group					
December 31, 2021					
Financial liabilities					
Secured term loans	_	130	-		
Unsecured term loans	2,390	210	544		
Derivatives					
Interest rate swaps	260	306	544		

The Group's exposure to the interest rate benchmark reform as at December 31, 2021 is attributable to the interest rate swaps and cross currency swaps to hedge SOR and LIBOR (2020: SOR and LIBOR) cash flows on the Group's bank loans maturing from 2023 to 2036 (2020: 2021 to 2036). The Group's exposure to SOR and USD LIBOR (2020: SOR and LIBOR) designated in a hedging relationship that is directly affected by the interest rate benchmark reform approximates nominal amount of \$\$1,109 million (2020: \$\$1,377 million) at December 31, 2021. Out of the \$\$3,274 million of unreformed contracts, the Group has completed the transition agreement of \$\$644 million of the bank loans, and the alternate reference rates will be effective after December 31, 2021.

## **Cash Flow Hedges**

## **Example 7** Key estimates and judgements

For cash flow hedging relationships directly impacted by interest rate benchmark reform (i.e. hedges of LIBOR and SOR), the Group assumes that the cash flows of the hedged item and hedging instrument will not be altered. As of December 31, 2021, the Group has transitioned a GBP LIBOR hedged loan and a SOR hedged loan with the hedged rate effectively unaltered.

LIBOR and SOR continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for LIBOR and SOR. Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at December 31, 2021.

The Group designates certain forward foreign exchange contracts, interest rate swaps, cross currency interest rate swaps and fuel oil swaps in cash flow hedge relationships.

At December 31, 2021, the Group held the following instruments to hedge exposures to changes in foreign currency, interest rates and commodity prices:

		– Maturity —			
(S\$ million)	Rate (\$)	Interest rate (%)	Within 1 year	Between 1 and 5 years	More than 5 years
2021					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.73 – 0.76	_	30	_	-
– USD / SGD	1.32 – 1.47	_	209	21	-
– EUR / SGD	1.59	_	3	_	-
– USD / INR	75.04 – 78.26	_	609	_	-
– CNH / SGD	0.21	_	2	_	-
Cash					
– USD / SGD	1.35 – 1.36	_	56	_	-
– CNH / SGD	0.21	_	29	_	-
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	_	0.87 – 2.51	117	899	-
– Fixed-to-float	_	2.92	177	_	-
Foreign currency and interest rate risk					
Cross currency swaps					
– USD / INR	66.75	-	249	-	-
Commodity risk					
Fuel oil swaps					
– Fuel oil swap (\$ per MT)	205.00 - 475.75	-	613	41	-
– Fuel oil swap (\$ per BBL)	33.03 - 83.13	_	183	2	-
– Fuel oil swap (\$ per MMBTU)	4.90 – 9.55	_	102	22	-
Electricity futures market contracts	97.59 – 115.85	_	11	_	-

# F. Our Financial Instruments and Risks Management (cont'd)

## F2. Hedges (cont'd)

Cash Flow Hedges (cont'd)

				– Maturity –	]
				Between	
(S\$ million)	Rate (\$)	Interest rate (%)	Within 1 year	1 and 5 years	More than 5 years
2020					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
- SGD / USD	0.70 - 0.75		21		
– USD / SGD	1.29 – 1.47	_	204	44	
- SGD / INR	54.98 - 56.76		963		
– EUR / SGD	1.63		4	_	
– INR / USD	73.97 – 77.40	-	68	_	_
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	_	1.05 – 2.51	122	597	100
– Fixed-to-float		2.92	181	_	-
Foreign currency and interest rate risk					
Cross currency swaps					
– USD / INR	66.75	-	12	244	-
Commodity risk					
Fuel oil swaps					
– Fuel oil swap (\$ per MT)	186.00 - 421.00	-	290	54	-
– Fuel oil swap (\$ per BBL)	33.03 - 67.65	_	82	7	_
– Fuel oil swap (\$ per MMBTU)	4.90 - 5.59	_	7	9	-
Electricity futures market contracts	66.35 - 107.16	_	12	-	-
Coal commodity contracts	67.50 - 69.00	-	20	_	_

The amounts at the balance sheet date relating to items designated as hedged items are as follows:

	Cash flow hedge		
(S\$ million)	2021	2020	
Foreign currency risk			
Highly probable purchases	3	8	
Highly probable equity injection	1	-	
Interest rate risk			
Variable rate borrowings	(28)	(68	
Other financial liabilities	(3)	(9	
Foreign currency and interest rate risk			
Receivables	-	(1	
Variable rate borrowings	(2)	(3	
Commodity risk			
Highly probable purchases	51	21	
Fuel oil price	84	1	

# F. Our Financial Instruments and Risks Management (cont'd)

## F2. Hedges (cont'd)

## Cash Flow Hedges (cont'd)

The amounts related to items designated as hedging instruments and hedge ineffectiveness are as follows:

	Foreign		Foreign currency risk				
	currency risk	Interest rate risk	and interest rate risk				
				Г Со	ommodity risk	]	
	Forward foreign exchange contracts /	Interest	Cross currency	Fuel oil	Electricity futures market	Coal commodity	
	Cash	rate swaps	swaps	swaps	contracts	contracts	Tota
2021							
Nominal amount – S\$ million	959	1,193	249	963	11	-	3,375
				1,805,648			1,805,648
				MT,			MT
				4,015,159			4,015,159
				BBL and			BBL and
				19,260,000			19,260,000
Quantity	_			MMBTU	_	_	MMBTU
Carrying amount – S\$ million							
Other financial assets	1	3	26	212	-	-	242
Other financial liabilities	2	36	_	50	29	_	117
Cash	85	-	-	-	_	-	8
Fair value increase / (decrease) – S\$ million							
Hedging instruments	(84)	54	5	212	(52)	_	135
Hedged items	84	(54)	(5)	(215)	52	_	(138
Hedge ineffectiveness	*	_	_	(3)	_	_	(3
Reconciliation of hedging reserve – S\$ million							
Changes in fair value	(84)	54	5	212	(52)	_	135
Amounts reclassified to profit or loss:							
<ul> <li>Cost of goods sold</li> </ul>	48	_	_	(75)	25	_	(2
<ul> <li>Finance cost</li> </ul>	47	_	_	-		_	47
Amount reclassified to cost of							
investment in a subsidiary	(1)		_	_	_	_	(*
Tax on above items							(31
Change in hedging reserve							148
Share of other comprehensive							1-10
income of associates and joint ventures							
and joint ventures							3! 183

	Foreign currency risk	Interest rate risk	Foreign currency risk and interest rate risk	Co	mmodity risl		
	Forward	1 1	1 1		Electricity		
	foreign		Cross		futures	Coal	
	exchange contracts	Interest rate swaps	currency swaps	Fuel oil swaps	market contracts	commodity contracts	Total
2020							
Nominal amount – S\$ million	1,304	1,195	256	450	12	20	3,237
				533,953			533,953
				MT,			MT,
				1,034,975			1,034,975
				BBL and			BBL and
				2,352,000			2,352,000
Quantity	_	_	_	MMBTU	_	_	MMBTU
Carrying amount – S\$ million							
Other financial assets	3	_	17	47	*	4	71
Other financial liabilities	13	86	-	25	2	-	126
Fair value increase / (decrease) – S\$ million							
Hedging instruments	(40)	(45)	(88)	(24)	6	5	(186)
Hedging instruments Hedged items	(40)	(45) 45	(88) 88	· · · ·	-	-	(186) 199
Hedged items	(40) 51 11	. ,	( )	(24) 26 2	6 (6) -	5 (5) –	199
Hedged items Hedge ineffectiveness	51	45	( )	26	(6)	(5)	199
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million	51	45	( )	26	(6)	(5)	(186) 199 13 (186)
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million Changes in fair value	51	45	88 –	<u>26</u> 2	(6)	(5)	199 13
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million Changes in fair value Amounts reclassified to profit	51	45	88 –	<u>26</u> 2	(6)	(5)	199 13
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million Changes in fair value Amounts reclassified to profit or loss:	51 11 (40)	(45)	(88)	(24)	(6) 6	(5) - 5	(186)
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million Changes in fair value Amounts reclassified to profit or loss: – Cost of goods sold – Finance cost	(40)	(45)	(88)	26 2 (24) 68	(6) - 6 (5)	(5)5	199 13 (186)
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million Changes in fair value Amounts reclassified to profit or loss: – Cost of goods sold – Finance cost Tax on above items	(40)	(45)	(88)	26 2 (24) 68	(6) - 6 (5)	(5)5	199 13 (186) (17) 164 (39) 1
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million Changes in fair value Amounts reclassified to profit or loss: – Cost of goods sold – Finance cost Tax on above items	(40)	(45)	(88)	26 2 (24) 68	(6) - 6 (5)	(5)5	199 13 (186) (17) 164 (39)
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million Changes in fair value Amounts reclassified to profit or loss: – Cost of goods sold – Finance cost Tax on above items Change in hedging reserve Share of other comprehensive	(40)	(45)	(88)	26 2 (24) 68	(6) - 6 (5)	(5)5	199 13 (186) (17) 164 (39) 1
Hedged items Hedge ineffectiveness Reconciliation of hedging reserve – S\$ million Changes in fair value Amounts reclassified to profit or loss: – Cost of goods sold – Finance cost Tax on above items Change in hedging reserve	(40)	(45)	(88)	26 2 (24) 68	(6) - 6 (5)	(5)5	199 13 (186) (17) 164 (39) 1

## F. Our Financial Instruments and Risks Management (cont'd)

## F2. Hedges (cont'd)

## Cash Flow Hedges (cont'd)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

	Cash flow hedge reserve —			
(S\$ million)	2021	2020		
Balance at January 1	(133)	(87)		
Movement during the year				
Changes in fair value:				
– Foreign currency risk	(84)	(40)		
– Interest rate risk	54	(45)		
<ul> <li>Foreign currency and interest rate risk</li> </ul>	5	(88)		
– Commodity risk	160	(13)		
Amount reclassified to profit or loss:				
– Foreign currency risk	95	(80)		
– Interest rate risk	_	2		
<ul> <li>Foreign currency and interest rate risk</li> </ul>	-	162		
– Commodity risk	(50)	63		
Amount reclassified to cost of investment in a subsidiary	(1)	_		
Tax on movements on reserves during the year	(31)	1		
Share of other comprehensive income of associates and joint ventures	35	(16)		
	183	(54)		
Share of non-controlling interests	(2)	8		
Balance at December 31	48	(133)		

#### Net Investment Hedges

The Group's investments in its UK subsidiaries are hedged by GBP / SGD forward foreign exchange contracts (hedging instrument), which mitigates the currency risks arising from the subsidiaries' net assets. The carrying amount of the hedging instrument of S\$6 million (2020: S\$4 million) and S\$9 million (2020: S\$8 million) is included in other financial assets and other financial liabilities respectively.

The notional amount of the contracts is S\$166 million (2020: S\$127 million). During the financial year, hedging loss of S\$1 million (2020: S\$2 million) was recognised in other comprehensive income. As at December 31, 2021, the balance of foreign currency translation reserve for continuing hedges is S\$32 million (2020: S\$33 million).

## F3. Liquidity Risk

The Group manages its liquidity risk with the view to maintaining a healthy level of cash and cash equivalents appropriate to its operating environment and expected cash flows. Liquidity requirements are maintained within the credit facilities established and are adequate and available for the Group to meet its obligations.

## Maturity Profile of the Group's and the Company's Financial Liabilities

The cash flows associated with the cash flow hedges of the Group are expected to occur within 1 year and between 1 and 5 years. Correspondingly, the cash flows related to the hedging instruments (foreign exchange contracts, fuel oil swaps, interest rate swaps, cross currency swaps and electricity futures market contracts) that are designated as cash flows hedges are expected to impact profit or loss within 1 year, between 1 and 5 years and upon disposal of its investment in subsidiaries.

Approximately S\$750 million (2020: S\$600 million) of interest-bearing borrowings are due within 12 months. The Group has at least S\$1,900 million (2020: S\$800 million) in committed credit facilities with final maturity dates beyond 2022 that can be drawn down.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash inflows / (outflows), including estimated interest payments and excluding the impact of netting agreements:

		Г		- Cash flows	
(S\$ million)	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	Ove 5 years
Group					
2021					
Derivatives					
Derivative financial liabilities	143				
– inflow		254	152	102	-
– outflow		(386)	(260)	(126)	-
Derivative financial assets	(291)				
– inflow		415	380	35	-
– outflow		(146)	(131)	(15)	-
Non-derivative financial liabilities					
Trade and other payables <sup>1</sup>	1,644	(1,645)	(1,624)	(16)	(5
Lease liabilities	258	(386)	(26)	(78)	(282
Interest-bearing borrowings	7,391	(9,244)	(1,009)	(5,099)	(3,136
	9,145	(11,138)	(2,518)	(5,197)	(3,423
2020					
Derivatives					
Derivative financial liabilities	138				
– inflow		232	190	42	-
– outflow		(370)	(278)	(82)	(10
Derivative financial assets	(98)				
– inflow		224	102	115	-
– outflow		(138)	(34)	(104)	-
Non-derivative financial liabilities					
Trade and other payables <sup>1</sup>	1,125	(1,128)	(1,108)	(13)	(7
Lease liabilities	226	(353)	(20)	(65)	(268
Interest-bearing borrowings	7,728	(9,790)	(925)	(5,974)	(2,89
	9,119	(11,323)	(2,073)	(6,081)	(3,169

<sup>1</sup> Excludes advance payments, deferred grants, rental payables, Goods and Services Tax and employee benefits

## F. Our Financial Instruments and Risks Management (cont'd)

## F3. Liquidity Risk (cont'd)

Maturity Profile of the Group's and the Company's Financial Liabilities (cont'd)

			[	— Cash flows ——	
(S\$ million)	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	Over 5 years
Company					
2021					
Non-derivative financial liabilities					
Trade and other payables <sup>1</sup>	1,618	(1,673)	(177)	(1,496)	-
Lease liabilities	115	(182)	(9)	(33)	(140)
	1,733	(1,855)	(186)	(1,529)	(140)
2020					
Non-derivative financial liabilities					
Trade and other payables <sup>1</sup>	1,708	(1,750)	(120)	(1,630)	_
Lease liabilities	116	(187)	(8)	(32)	(147)
	1,824	(1,937)	(128)	(1,662)	(147)

<sup>1</sup> Excludes advance payments, deferred grants, rental payables, Goods and Services Tax and employee benefits

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact the profit or loss and the fair value of the related hedging instruments:

		Г		— Cash flows ——	]
(S\$ million)	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	Over 5 years
Group					
2021					
Derivative financial liabilities	117				
– inflow		136	130	6	_
– outflow		(253)	(236)	(17)	-
Derivative financial assets	(242)				
- inflow		329	294	35	_
– outflow		(87)	(72)	(15)	_
	(125)	125	116	9	_
2020					
Derivative financial liabilities	126				
– inflow		232	190	42	_
– outflow		(358)	(275)	(74)	(9)
Derivative financial assets	(71)				
– inflow		102	97	5	-
– outflow		(32)	(32)	_	_
	55	(56)	(20)	(27)	(9)

## F4. Credit Risk

The Group only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Group's counterparty risk, the Group enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating. For some customers, the Group may also obtain security in the form of deposits, guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty defaults.

For the Company's amounts due from subsidiaries, the Company considers the financial assets to have a low credit risk by taking into consideration the Group's financial ability to settle the amounts, in estimating the risk of default used in measuring expected credit loss (ECL).

# Accounting policies

The Group applies the simplified approach to provide ECL on trade and unbilled receivables, and contract assets without significant financing component. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. To measure expected lifetime ECLs, these balances have been grouped based on common credit risk characteristics and ageing profiles. The loss allowance for service concession receivables is measured at 12-month ECL. A receivable balance is written-off to the extent that there is no realistic prospect of recovery.

For customers with credit ratings (or equivalent), the ECL rate is calculated based on probabilities of default and loss given default obtained from Standards and Poor's and Moody's. The Group monitors changes in credit risk by tracking published external credit ratings.

Customers with no credit ratings (or equivalent) are group based on shared credit risk characteristics and days past due, with ECL rates calculated using historical loss rates for each category of customers, adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

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 customer and default or significant delay in payments.

When the Group determines whether the credit risk has increased significantly, 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, taking into account forward-looking information. Customer collectability is assessed on an ongoing basis and any resulting impairment losses are recognised in the profit or loss.

The maximum exposure to credit risk is the carrying amount of each financial asset (including derivatives) in the balance sheet, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets, except for balances with customers where guarantees or security deposits are obtained.

## F. Our Financial Instruments and Risks Management (cont'd)

F4. Credit Risk (cont'd)

## ECL assessment for customers with credit ratings (or equivalent)

The Group allocates exposure to credit risk by segmenting the customers based on the geographic region and industry classification.

	Equivalent	Currentia	Gross		Net cours!
(S\$ million)	to external credit rating	Credit impaired	carrying amount	Loss allowance	Net carrying amount
Group					
Group					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	DDD - D	No	610	(0)	601
	BBB+-B-	No	610	(9)	601
– Government	AAA – BB	No	49		49
– Retail	B-	No	19	(2)	17
– Others	B+ - B-	No	2		2
			680	(11)	669
Receivables measured at 12-month ECL					
Service concession receivables	AAA – B	No	956	(11)	945
Total	7000 0		1,636	(22)	1,614
			1,050	(22)	1,014
2020					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	AAA – CCC	No	339	(5)	334
– Government	AAA	No	21	_	21
– Retail	B+ - B-	No	17	(2)	15
– Others	B+ - B-	No	1	*	1
			378	(7)	371
Receivables measured at 12-month ECL				(4.4)	
Service concession receivables	AAA – B	No	974	(11)	963
Total			1,352	(18)	1,334
Company					
2021					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BB+ - B-	No	46	(1)	45
– Government	AAA	No	4	_	4
			50	(1)	49
2020					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
<ul> <li>Industrial</li> </ul>	BBB – CCC	No	35	*	35
		110	J		22
– Government	AAA	No	4	_	4

- i. As at December 31, 2021, 84% (2020: 84%) of service concession receivables relate to two major customers of the Group.
- ii. The carrying amount of receivable from the Group's most significant customer is S\$423 million (2020: S\$458 million) as at December 31, 2021. This receivable relates mainly to the sale of power in India and the customer is sovereign backed. Based on assessment performed in accordance with the Group's policy, the ECL allowance recognised as at December 31, 2021 is S\$11 million (2020: S\$9 million).
- iii. There were no trade and other receivables and contract assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets.

## ECL assessment for customers without credit ratings (or equivalent)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers with no credit rating or no representative credit rating or equivalent:

(5\$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2021					
Not past due	No	0.6%	176	(1)	175
Past due 0 to 3 months	No	0.5%	210	(1)	209
Past due 3 to 6 months	No	0.7%	144	(1)	143
Past due 6 to 12 months	No	1.6%	183	(3)	180
More than 1 year	No	25.0%	132	(33)	99
Total			845	(39)	806
Company					
2021					
Not past due	No	1.2%	82	(1)	81
Past due 0 to 3 months	No	_	19	_	19
Past due 3 to 6 months	No	_	3	_	3
Past due 6 to 12 months	No	_	3	_	3
More than 1 year	No	_	3	_	3
Total			110	(1)	109

84

84

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# Notes to the Financial Statements

## F. Our Financial Instruments and Risks Management (cont'd)

## F4. Credit Risk (cont'd)

Total

ECL assessment for customers without credit ratings (or equivalent) (cont'd)

	5.				
	Credit	Weighted average	Gross carrying	Loss	Net carrying
(S\$ million)	impaired	loss rate	amount	allowance	amount
Group					
2020					
Not past due	No	0.4%	241	(1)	240
Past due 0 to 3 months	No	0.2%	200	*	200
Past due 3 to 6 months	No	0.8%	234	(2)	232
Past due 6 to 12 months	No	2.0%	153	(3)	150
More than 1 year	No	56.3%	48	(27)	21
Total			876	(33)	843
Company					
2020					
Not past due	No	_	72	_	72
Past due 0 to 3 months	No	_	10	_	10
Past due 3 to 6 months	No	_	1	_	1
Past due 6 to 12 months	No	_	1	_	1

For the remaining financial assets at amortised cost amounting to S\$351 million (2020: S\$232 million) which pertain mainly to long-term fixed deposits with financial institutions, dividend receivables from joint ventures and GST receivables, the Group considered the risk that a credit loss may occur, and recognised a loss allowance of S\$16 million (2020: S\$6 million).

#### Movements in loss allowances

		[	Group		[	Company —	1
(S\$ million)	Note	12-month ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Total
Balance at January 1, 2021		11	46	57	_	*	*
Currency translation difference		*	1	1	_	_	_
Impairment loss recognised		-	26	26	_	1	1
Loss allowance written back		*	(7)	(7)	_	_	_
Balance at December 31, 2021	E1	11	66	77	-	1	1
Balance at January 1, 2020		8	193	201	_	*	*
Currency translation difference		1	(8)	(7)	_	_	_
Impairment loss recognised		2	14	16	_	*	*
Loss allowance utilised		-	(3)	(3)	_	_	-
Loss allowance written back		-	(5)	(5)	_	-	-
Distribution of a subsidiary		_	(145)	(145)	_	_	_
Balance at December 31, 2020	E1	11	46	57	_	*	*

## F5. Financial Instruments

# Accounting policies

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 Using quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 Using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 Using inputs not based on observable market data (unobservable input).

## Securities

The fair value of financial assets is based on guoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

## Derivatives

Derivatives are used by the Group for hedging and enhancement of performance purposes. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures market contracts.

- 1. The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current forward market price.
- 2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.
- 3. The fair value of fuel oil swaps contracts is accounted for based on the difference between the contractual strike price with the counterparty and the current forward market price.
- 4. Contracts for differences (CFDs) are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The CFDs are measured at cost since the fair value cannot be measured reliably as there have been minimal trades made in the electricity future market. Upon settlement, the gains and losses for CFDs are taken to profit or loss.

## Non-derivative non-current financial assets and liabilities

Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining nonderivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the balance sheet date.

#### Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

For financial instruments not actively traded in the market, fair value is determined by independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

## F. Our Financial Instruments and Risks Management (cont'd)

# F5. Financial Instruments (cont'd)

## a. Fair Value Hierarchy

## Financial assets and financial liabilities carried at fair value

	Fair va	alue measurement		
(S\$ million)	Level 1	Level 2	Level 3	Total
Group				
At December 31, 2021				
Financial assets at FVOCI	-	_	53	53
Financial assets at FVTPL	85	_	28	113
Derivative financial assets	-	291	_	291
	85	291	81	457
Derivative financial liabilities	-	(143)	_	(143)
	85	148	81	314
At December 31, 2020				
Financial assets at FVOCI	-	_	71	71
Financial assets at FVTPL	90	_	26	116
Derivative financial assets	_	98	_	98
	90	98	97	285
Derivative financial liabilities	_	(138)	_	(138)
	90	(40)	97	147

There have been no transfers between the different levels of the fair value hierarchy at December 31, 2021 and December 31, 2020.

## Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances of Level 3 financial assets measured at FVOCI and FVTPL:

	Financial ass	ets at FVOCI —
(S\$ million)	2021	2020
Group		
Balance at January 1	71	87
Translation adjustments	-	1
Net change in fair value recognised in OCI	(18)	(14)
Distribution of a subsidiary	-	(3)
Balance at December 31	53	71

	Financial as	Financial assets at FVTPL		
(S\$ million)	2021	2020		
Group				
Balance at January 1	26	25		
Addition	5	4		
Repayment of shareholder's loan <sup>1</sup>	-	(5)		
Disposal <sup>2</sup>	(10)	-		
Net change in fair value recognised in profit or loss	7	2		
Balance at December 31	28	26		

<sup>1</sup> Related to repayment of shareholder's loan by Sembcorp Jingmen Water Co. Ltd (SJW)

<sup>2</sup> Included the Group's divestment of its interests in SJW in May 2021

## Level 3 financial asset at FVOCI include unquoted equity shares. The fair value of the unquoted equity shares are determined by reference to the investment's net asset values as stated in the unaudited financial statements. The estimated fair value would increase / decrease if the net asset values for unquoted equity shares were higher / lower.

## Assets and liabilities not carried at fair value

The following table shows assets and liabilities not carried at fair value but for which fair values are disclosed, except financial assets and financial liabilities measured at amortised cost for which the carrying amounts approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

	Fair v	Fair value measurement		
(S\$ million)	Level 1	Level 2	Level 3	Total
Group				
At December 31, 2021				
Investment properties	-	-	186	186
Associate	99	-	_	99
Service concession receivables	-	1,501	_	1,501
Long-term interest-bearing borrowings	_	(6,654)	-	(6,654)
At December 31, 2020				
Investment properties	_	_	191	191
Associate	131	-	_	131
Service concession receivables	_	1,334	_	1,334
Long-term interest-bearing borrowings		(7,175)	-	(7,175)
Company				
At December 31, 2021				
Amounts due to related parties	_	(1,451)	_	(1,451)
At December 31, 2020				
Amounts due to related parties	_	(1,603)	_	(1,603

## F. Our Financial Instruments and Risks Management (cont'd)

## F5. Financial Instruments (cont'd)

## b. Fair Value Versus Carrying Amount

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts, except for service concession receivables and non-current borrowings.

(S\$ million)	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Group				
At December 31, 2021				
Service concession receivables	956	_	956	1,501
Interest-bearing borrowings:				
Non-current borrowings	_	(6,637)	(6,637)	(6,654)
At December 31, 2020				
Service concession receivables	974	-	974	1,334
Interest-bearing borrowings:				
Non-current borrowings		(7,135)	(7,135)	(7,175)
Company				
At December 31, 2021				
Amounts due to related parties	-	(1,445)	(1,445)	(1,451)
At December 31, 2020				
Amounts due to related parties		(1,595)	(1,595)	(1,603)

## G. Our Group Structure

This section provides key information on the Group's interests in joint arrangements, controlled entities and transactions with non-controlling interests. It also provides information on business acquisitions and disposals made during the year as well as information relating to Group's related parties, including related party transactions.

## G1. Subsidiaries

# Accounting policies

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

#### Investment in Subsidiaries

	Con	Company —		
(S\$ million)	December 31, 2021	December 31, 2020		
At cost and carrying value:				
Unquoted equity shares	2,016	2,016		
Preference shares	288	288		
Share-based payments reserve	5	4		
	2,309	2,308		

## G. Our Group Structure (cont'd)

## G1. Subsidiaries (cont'd)

Details of key subsidiaries of the Group are as follows:

		Effective ed held by the	quity Group ——
		2021	. 2020
Name of key subsidiary	Country of incorporation	%	%
Sembcorp Utilities Pte Ltd (SCU) <sup>1</sup>	Singapore	100	100
Sembcorp Cogen Pte Ltd <sup>1</sup>	Singapore	100	100
Sembcorp Gas Pte Ltd <sup>1</sup>	Singapore	100	100
Sembcorp Environment Pte. Ltd. <sup>1</sup>	Singapore	100	100
SembWaste Pte Ltd <sup>1</sup>	Singapore	100	100
Sembcorp Development Ltd <sup>1</sup>	Singapore	100	100
Singapore Precision Industries Pte Ltd <sup>1</sup>	Singapore	100	100
Singapore Technologies Industrial Corp Ltd <sup>1</sup>	Singapore	100	100
Vietnam Singapore Industrial Park Pte Ltd <sup>1</sup>	Singapore	96.59	96.59
Sembcorp Utilities (UK) Limited <sup>2</sup>	United Kingdom	100	100
Sembcorp Energy UK Limited <sup>2</sup>	United Kingdom	100	100
Nanjing Riverside Quay Co., Ltd <sup>2</sup>	China	100	100
Sembcorp Myingyan Power Company Limited <sup>2</sup>	Myanmar	100	100
Sembcorp North-West Power Company Ltd. <sup>2</sup>	Bangladesh	71	71
Sembcorp Energy India Ltd, SEIL <sup>3</sup>	India	100	100
Sembcorp Green Infra Limited (SGI) <sup>3,4</sup>	India	100	100

<sup>1</sup> Audited by KPMG LLP, Singapore

<sup>2</sup> Audited by member firms of KPMG International

<sup>3</sup> Audited by PricewaterhouseCoopers, India

<sup>4</sup> In December 2021, the Group has reorganised its investments in India and SGI became a wholly owned subsidiary of SCU (previously held by SEIL)

### G2. Non-controlling Interests

There are no subsidiaries with material NCI for financial year ended December 31, 2021 and December 31, 2020.

There are also no significant acquisitions of additional interest in subsidiaries during the year.

# G3. Acquisition and Disposal of Subsidiaries

## Acquisition of Significant Subsidiaries

On June 30, 2020, the Group acquired 100% equity stake in Sembcorp Enviro Services Pte. Ltd. (formerly known as Veolia ES Singapore Pte. Ltd.) and the public cleaning business of Veolia ES Singapore Industrial (VESSI). The acquisition is in line with the Group's strategy of deepening its presence as an integrated energy and urban solutions player providing green and more efficient solutions to enable sustainable developments in its key markets.

#### Revenue and Profit Contribution

The acquired businesses contributed revenue of \$\$44 million and loss of \$\$1.4 million to the Group's result for the period from July 1, 2020 to December 31, 2020.

Had the acquired businesses been consolidated from January 1, 2020, the contribution to the Group's consolidated revenue and consolidated profit for the year ended December 31, 2020, would have been \$\$89 million and \$\$7 million respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition and related amortisation charges for the year would have been the same if the acquisition had occurred on January 1, 2020.

(S\$ million)	Note	2020
a. Effect on cash flows of the Group		
Cash paid		18
Less: Cash and cash equivalents in subsidiaries acquired		(9)
Cash outflow on acquisition		9
b. Identifiable assets acquired and liabilities assumed		
Total net identifiable assets		35
Less: Negative goodwill	B4(c)	(17)
Consideration transferred for the businesses		18

#### Negative Goodwill

The negative goodwill of S\$17 million recognised on acquisition is primarily attributable to Veolia Singapore wanting to exit the public cleaning and waste management business in Singapore to focus on its core operations.

#### Acquisition-related Costs

The Group incurred acquisition related cost of S\$2 million. These costs have been charged to profit or loss.

### **Disposal of Significant Subsidiaries**

For the year 2020, the Group divested 100% of its interests in the water business in Panama.

The financial effects arising from the deconsolidation and disposal of subsidiaries are as follows:

## (S\$ million)

Net assets derecognised

Realisation of currency translation and other reserves

#### Gain on disposal

Consideration (net of withholding tax) received Less: Cash and cash equivalents disposed of Net cash inflow

	2020
	37
	1
	38
	20
	58
	(4)
	54
-	

## G. Our Group Structure (cont'd)

## G4. Associates and Joint Ventures

## Accounting policies

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies of these entities.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has significant influence over another entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has joint control over the entity.

## **Key estimates and judgements**

The recoverable amount of the interest in an associate was estimated based on its value-in-use. In estimating the recoverable amount, the Group applied the relief from royalty method to value the existing intellectual properties owned by the associate. As the associate is a new start-up with various intellectual properties at different stages of their business life cycles, the discount rates applied by the Group range from 20% to 22%, to reflect the higher risks inherent in the forecasted cash flows. Any significant changes to these forecasted cash flows, caused by changes in the risk of returns of the various intellectual properties may result in material adjustments on the associate's recoverable amounts in future periods.

	Group		
(S\$ million) Note	December 31, 2021	December 31, 2020	
Associates and joint ventures	1,846	1,614	
Less: Allowance for impairment	(316)	(97)	
(a), (b)	1,530	1,517	
Loan to an associate (i)	70	71	
	1,600	1,588	

i. The loan is unsecured, bears interest at 8.5% per annum and has no fixed terms of repayment. The settlement of the amount is neither planned nor likely to occur in the foreseeable future and hence the loan is recognised within investment in associate. Allowance for impairment on this loan is insignificant.

- ii. In 2021, the Group received dividends of S\$77 million (2020: S\$213 million) from its investments in associates and joint ventures.
- iii. The carrying value includes goodwill on acquisition as follows:

	Gro	oup
(S\$ million)	2021	2020
Balance at January 1	*	3
Distribution of a subsidiary	-	(3)
Balance at December 31	*	*

#### a. Associates

Details of the Group's key associates are as follows:

			Effective equity held by the Group		
Name of key associate	Nature of relationship with the Group	Country of incorporation	<b>2021</b> %	<b>2020</b> %	
Integrated Urban Solutions					
Wuxi-Singapore Industrial Park         Development, management           Development Co., Ltd <sup>1</sup> and operation of           Wuxi-Singapore Industrial Park         Wuxi-Singapore Industrial Park		China	45.36	45.36	
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd <sup>2</sup>	First-grade land development including building infrastructure and public amenities	China	21.50	21.50	
Conventional Energy					
Sembcorp Salalah Power and Water Company SAOG <sup>1</sup>	Generation of electric energy	Oman	40.00	40.00	

			Effective equity held by the Group		
Name of key associate	Nature of relationship with the Group	Country of incorporation	<b>2021</b> %	<b>2020</b> %	
Integrated Urban Solutions					
Wuxi-Singapore Industrial Park         Development, management           Development Co., Ltd1         and operation of           Wuxi-Singapore Industrial Park         Wuxi-Singapore Industrial Park		China	45.36	45.36	
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd <sup>2</sup>	First-grade land development including building infrastructure and public amenities	China	21.50	21.50	
Conventional Energy					
Sembcorp Salalah Power and Water Company SAOG <sup>1</sup>	Generation of electric energy	Oman	40.00	40.00	

<sup>1</sup> Audited by member firms of KPMG International

<sup>2</sup> Audited by Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd, China

There are no individual associates that are considered to be material to the Group as at December 31, 2021 and December 31, 2020. Summarised financial information of the associates presented in aggregate, representing the Group's share, is as follows:

(S\$ million)	Gr	oup
	December 31, 2021	December 31, 2020
Carrying amount	446	358
Profit for the year	57	48
Other comprehensive income	43	(2)
Total comprehensive income	100	46

The fair value of the equity interest of a listed associate amounted to \$\$99 million (2020: \$\$131 million) based on the last transacted market price on the last transaction day of the year.

In 2020, the Group recognised an impairment loss of S\$81 million on the carrying amount of one of the Group's associates, Sembcorp Salalah Power and Water Company SAOG as the fair value of the equity interest had fallen below its carrying amount for a prolonged period. The impairment losses on associates were recorded in non-operating expenses. The Group used 26 years cash flow projections, representing the remaining contracted Power and Water Purchase Agreement terms and assuming a potential extension thereafter, with no terminal value considered and pre-tax discount rates ranging from 7.4% to 10% to determine the recoverable amount of the plants. Inflation rate of 3% has been used to project overheads and other general expenses. Expected capital expenditure for replenishment of parts and scheduled maintenance costs have been included in the projections with plant maintenance program.

## G. Our Group Structure (cont'd)

## G4. Associates and Joint Ventures (cont'd)

## b. Joint Ventures

Details of the Group's key joint ventures are as follows:

		ſ	Effective equity held by the Group		
Name of key joint venture	Nature of relationship with the Group	Country of incorporation	<b>2021</b> %	<b>2020</b> %	
Renewables					
Guohua AES (Huanghua) Wind Power Co., Ltd <sup>1</sup>	Development, construction and operation of wind farms as well as provision of wind power technical consultation and services, training and research, development and engineering support services	China	49.00	49.00	
Integrated Urban Solutions					
Vietnam Singapore Industrial Park J.V. Co., Ltd. <sup>2</sup>	nam Singapore Development of industrial		49.26	49.26	
PT Kawansan Industri Kendal <sup>3</sup>	Development of an industrial, commercial and residential township	Indonesia	49.00	49.00	
Conventional Energy					
Phu My 3 BOT Power Company Ltd. <sup>4</sup>	Building, owning, operation and maintenance of Power Plant Facility	Vietnam	66.67	66.67	
Shanghai Cao Jing Co-generation Co. Ltd⁵	Production of electricity and steam, supply of steam to customers, supply of electricity to the power grid and production and sale of other relevant products	China	30.00	30.00	
Emirates Sembcorp Water & Power Company P.J.S.C <sup>6</sup> Development, possession, operation and maintenance of production, power generation and water desalination projects		United Arab Emirates	40.00	40.00	

<sup>1</sup> Audited by Baker Tilly Certified Public Accountants Co., Ltd, China

<sup>2</sup> Audited by member firms of KPMG International

<sup>3</sup> Audited by BDO Indonesia

<sup>4</sup> Audited by Ernst & Young Vietnam Limited

<sup>5</sup> Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company

<sup>6</sup> Audited by Ernst & Young, Abu Dhabi

The Group has two (2020: two) joint ventures that are material and a number of joint ventures that are individually immaterial to the Group. All are equity accounted. Summarised financial information of the material joint ventures is presented as follows:

	Guohua AES	(Huanghua) er Co., Ltd. ————————————————————————————————————	Vietnam Singapore Industrial Park J.V. Co., Ltd.		
(S\$ million)	2021	2020	2021	2020	
Revenue	131	120	469	391	
Profit for the year <sup>1</sup>	51	48	106	81	
Other comprehensive income	-	_	26	3	
Total comprehensive income	51	48	132	84	
Attributable to non-controlling interests	-	_	14	13	
Attributable to investee's shareholders	51	48	118	71	
<sup>1</sup> Includes depreciation and amortisation of S\$51 million (2 S\$18 million (2020: S\$22 million) and income tax expense	020: S\$53 million), finance in of S\$24 million (2020: S\$20 n	come of S\$4 millio nillion).			
<sup>1</sup> Includes depreciation and amortisation of S\$51 million (2	020: S\$53 million), finance in of S\$24 million (2020: S\$20 n Guohua AES	come of S\$4 millio nillion).	Vietnam Singa		
<sup>1</sup> Includes depreciation and amortisation of S\$51 million (2	020: S\$53 million), finance in of S\$24 million (2020: S\$20 n Guohua AES	come of S\$4 millio nillion). (Huanghua)	Vietnam Singa	pore Industrial Co., Ltd. December 31,	
<sup>1</sup> Includes depreciation and amortisation of S\$51 million (2 S\$18 million (2020: S\$22 million) and income tax expense	020: S\$53 million), finance in of S\$24 million (2020: S\$20 n Guohua AES Wind Powe December 31,	come of S\$4 millio nillion). (Huanghua) er Co., Ltd.	Vietnam Singa Park J.V. December 31,	pore Industrial Co., Ltd. December 31 2020	
<sup>1</sup> Includes depreciation and amortisation of \$\$51 million (2 \$\$18 million (2020: \$\$22 million) and income tax expense (\$\$ million)	020: S\$53 million), finance in of S\$24 million (2020: S\$20 m Guohua AES Wind Powe December 31, 2021	come of S\$4 millio nillion). (Huanghua) er Co., Ltd. December 31, 2020	Vietnam Singa Park J.V. December 31, 2021	pore Industrial Co., Ltd. December 31 2020	
<ul> <li>Includes depreciation and amortisation of \$\$51 million (2 \$\$18 million (2020: \$\$22 million) and income tax expense</li> <li>(\$\$ million)</li> <li>Non-current assets</li> </ul>	020: S\$53 million), finance in of S\$24 million (2020: S\$20 m Guohua AES Wind Powe December 31, 2021 690	come of S\$4 millio nillion). (Huanghua) er Co., Ltd. December 31, 2020 694	Vietnam Singa Park J.V. December 31, 2021 231	pore Industrial Co., Ltd. — December 31 2020 173 880	
<ul> <li>Includes depreciation and amortisation of \$\$51 million (2 \$\$18 million (2020: \$\$22 million) and income tax expense</li> <li>(\$\$ million)</li> <li>Non-current assets</li> <li>Current assets<sup>1</sup></li> <li>Non-current liabilities<sup>2</sup></li> </ul>	020: S\$53 million), finance ind of S\$24 million (2020: S\$20 m Guohua AES Wind Powe December 31, 2021 690 250	come of S\$4 millio nillion). (Huanghua) er Co., Ltd. December 31, 2020 694 216	Vietnam Singa Park J.V. December 31, 2021 231 1,055	pore Industrial Co., Ltd. December 31 2020 173 880 (161	
<ul> <li>Includes depreciation and amortisation of \$\$51 million (2 \$\$18 million (2020: \$\$22 million) and income tax expense</li> <li>(\$\$ million)</li> <li>Non-current assets</li> <li>Current assets<sup>1</sup></li> </ul>	020: S\$53 million), finance in of S\$24 million (2020: S\$20 m Guohua AES Wind Powe December 31, 2021 690 250 (278)	come of S\$4 millio nillion). (Huanghua) er Co., Ltd. December 31, 2020 694 216 (335)	Vietnam Singa Park J.V. December 31, 2021 231 1,055 (267)	pore Industrial	

<sup>1</sup> Includes cash and cash equivalents of S\$314 million (2020: S\$161 million)

<sup>2</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions) of S\$458 million (2020: S\$419 million) <sup>3</sup> Includes current financial liabilities (excluding trade and other payables and provisions) of S\$242 million (2020: S\$133 million)

## **G.** Our Group Structure (cont'd)

## G4. Associates and Joint Ventures (cont'd)

**b.** Joint Ventures (cont'd)

(S\$ million)	Guohua AES (Huanghua) Wind Power Co., Ltd.	Vietnam Singapore Industrial Park J.V. Co., Ltd.	Individually immaterial joint ventures	Total
December 31, 2021				
Group's interest in net assets of investees at beginning of the year	201	251	707	1,159
Group's share of:				.,
<ul> <li>Profit from continuing operations</li> </ul>	24	48	77	149
<ul> <li>Other comprehensive income</li> </ul>	_		14	14
Total comprehensive income	24	48	91	163
<ul> <li>Dividends received during the year</li> </ul>	_	-	(65)	(65)
<ul> <li>Translation during the year</li> </ul>	12	12	16	40
<ul> <li>Impairment during the year</li> </ul>	-	-	(212)	(212)
<ul> <li>Addition during the year, net of disposal</li> </ul>	-	-	*	*
<ul> <li>Transfer to assets held for sale</li> </ul>	-	-	(1)	(1
Carrying amount of interest in investees at end of the year	237	311	536	1,084
December 31, 2020				
Group's interest in net assets of investees at beginning of the year	196	221	800	1,217
Group's share of:				
Profit from continuing operations	24	35	126	185
Other comprehensive income	_	1	(9)	(8
Total comprehensive income	24	36	117	177
Dividends received during the year	(29)		(162)	(191
Translation during the year	10	(6)	27	31
Impairment during the year			(32)	(32)
Addition during the year, net of disposal	-		2	2
Transfer to assets held for sale		_	(30)	(30
Distribution of a subsidiary	-		(15)	(15)
Carrying amount of interest in investees at end of the year	201	251	707	1,159

i. The Group's share of the capital commitments of the joint ventures at the balance sheet date amounted to S\$73 million (2020: S\$118 million).

ii. The Group's interest in joint ventures with total carrying amount of \$\$96 million (2020: \$\$73 million) as at balance sheet date has been pledged to banks to secure credit facilities granted to the joint venture entities.

iii. In 2021, the Group has fully impaired the carrying value of S\$212 million interest in Chongqing Songzao Sembcorp Electric Power Co., Ltd (CSZ). The business was severely impacted by significantly higher coal costs, with the loss of its mine-mouth advantage and escalating market coal prices due to supply-demand imbalance consequent to a government directive for coal mines and the partner's decision to close all its Chongqing-based coal mines.

The recoverable amount was assessed using a 19-year cash flow projection based on its best estimate of the asset's total service hours and a company specific risk adjusted pre-tax discount rate of 8.3%. The projection takes into consideration the recent 10-year market coal price forecast data, the uncertainty of government support and competitive pressure from low carbon power sources in the longer term. The impairment loss was recorded in non-operating expenses.

Post the impairment, the Group no longer equity accounts the results of CSZ as the Group's cumulative share of losses would exceed its interests in CSZ. As at December 31, 2021, the Group's share of the unrecognised losses of CSZ was S\$25 million.

iv. In 2020, the Group recognised an impairment loss of S\$32 million on the carrying amount of one of the Group's joint venture, Shenzhen Chiwan Engineering Co. Ltd, as the fair value less cost to sell based on the negotiation with the buyer was much lower than its carrying amount. The impairment losses on the joint venture were recorded in non-operating expenses. On September 1, 2020, the Group announced that it has signed a conditional agreement to divest this investment and as at December 31, 2020, the carrying value net of allowance for impairment was transferred to assets held for sale.

## G. Our Group Structure (cont'd)

## G5. Related Party Information

## a. Amounts Due from Related Parties

		Associates		Joint ventures		Related companies		Total	
(S\$ million)	Note	December 31, 2021	December 31, 2020						
Group									
Trade		5	9	5	5	19	12	29	26
Non-trade		3	1	12	31	*	1	15	33
Loans		*	*	1	1	_	_	1	1
	E1	8	10	18	37	19	13	45	60
Loss allowance		(1)	(1)	(12)	(2)	_	*	(13)	(3)
		7	9	6	35	19	13	32	57
Amount due within 1 year		(7)	(9)	(6)	(35)	(19)	(13)	(32)	(57)
Amount due more than 1 year		_	_	*	*	_	_	*	*

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

Loss allowance of S\$10 million was made on a dividend receivable from a joint venture which was impaired (see G4(b)(iii)).

In 2020, the loan from a joint venture is repayable in the next 12 months.

(S\$ million)		Subsidiaries		
	Note	December 31, 2021	December 31, 2020	
Company				
Current:				
– Trade		35	15	
– Non-trade		*	*	
	E1	35	15	

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

## b. Amounts Due to Related Parties

		Holding	company —	Asso	ciates	Joint v	entures	Related c	ompanies —	То	tal —
(S\$ million)	Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31 202						
Group											
Current:											
– Trade		*	-	*	*	*	1	*	2	*	
– Non-trade		_	_	*	1	*	*	4	4	4	[
Advance payment – trade		_	_	_	_	_	2	_	_	_	
	E3	*	_	*	1	*	3	4	6	4	1(

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand.



## G. Our Group Structure (cont'd)

#### G5. Related Party Information (cont'd)

b. Amounts Due to Related Parties (cont'd)

(S\$ million)		Subsidiaries		
	Note	December 31, 2021	December 31, 2020	
Company				
Current:				
– Trade		*	2	
– Non-trade		2	2	
	E3	2	4	
Non-current:				
– Loans	E3	1,445	1,595	
		1,447	1,599	

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand.

The loans from a related party of \$\$1,445 million (2020: \$\$1,595 million) bear interest rates ranging from 1.36% to 3.72% (2020: 1.37% to 3.72%) per annum and are unsecured.

#### c. Related Party Transactions

In addition to the above, the Group had the following significant outstanding balances and transactions with related parties during the year:

	Outstandir	Outstanding balances			
(S\$ million)	2021	2020	2021	2020	
Related Corporations					
Sales	19	14	177	119	
Purchases including rental	*	2	428	316	
Finance income	-	_	1	3	
Finance expense	4	4	8	16	
Associates and Joint Ventures					
Sales	10	14	32	67	
Purchases including rental	*	4	_	1	
Payment on behalf	-	_	4	1	
Loans due from	1	1	-	-	

There were no fees paid to related parties in 2021. In 2020, S\$6.5 million break funding cost for early redemption of bonds was paid to bond investors who are also related parties, and \$\$6.9 million management and agent fees for the rights issue and the Distribution was paid to a related corporation.

#### d. Compensation of Key Management Personnel

The Group considers the Directors of the Company (including the Group President & CEO of the Company) and other personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group to be key management personnel in accordance with SFRS(I) 1-24 Related Party Disclosures.

During the year, in line with setting the transformation target and plan, the Group has redefined the key management personnel. As of December 31, 2021, the key management personnel are Wong Kim Yin, Eugene Cheng, Robert Chong, Koh Chiap Khiong, Vipul Tuli, Andrew Koss, Alex Tan and Kelvin Teo.

The compensation of the eight (2020: six) key management personnel is included in the table below:

	Gr	oup
(S\$ million)	2021	2020
Directors		
Directors' fees paid / payable	2	3
Key Management Personnel		
Salary, bonus and other benefits	8	7
Share-based compensation expenses	4	2

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added (EVA), as well as attainment of individual and Group performance goals for its key executives. "A bonus bank" is used to hold incentive compensation credited in any year. Typically, one-third of the available balance is paid out in cash each year, with the balance being carried forward to the following year. The balances of the bonus bank will increase or decrease by the yearly EVA performance achieved and the pay-outs made from the bonus bank.

## **G6.** Discontinued Operation

## Accounting policies

A discontinued operation is a component of the Group's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations.

Details of SCM's key accounting policies are disclosed in SCM's publicly available financial statements.

In September 2020, SCM issued a 5-for-1 Rights Issue at a Rights Issue Price of \$\$0.20 per share. The Company subscribed S\$1.5 billion of the Rights Shares by setting off the S\$1.5 billion outstanding under its Subordinated Loan extended to SCM.

On September 11, 2020, the Company demerged SCM via a distribution in specie of the Company's shares in SCM to its ordinary shareholders as dividend (the Distribution) and SCM ceased to be a subsidiary. Subsequently, the secured bonds were fully redeemed by the Company in November 2020 and an amount of S\$6.5 million was paid to a related corporation for the early redemption (Note G5).

The results of SCM were reported in 2020 as a discontinued operation. SCM was previously reported under the Marine segment which focused principally on providing integrated solutions for the offshore and marine industry with key capabilities in rigs and floaters, repairs and upgrades, offshore platforms and specialised shipbuilding.

## G. Our Group Structure (cont'd)

**G6. Discontinued Operation** (cont'd)

### Financial performance

The loss from discontinued operation, net of tax of S\$1,300 million included SCM's net loss of S\$330 million (of which the Group's share was S\$184 million) as well as loss on distribution of S\$970 million.

In 2020, the basic and diluted<sup>1</sup> loss per share from discontinued operations were 64.65 cents per share. Earnings (loss) per share is computed using a weighted average number of shares and an adjusted weighted number of shares in Note B5(b).

<sup>1</sup> In computing the fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares were antidilutive.

## Carry value of the distribution in specie

The financial effects arising from the distribution in specie of discontinued operation are as follows:

(S\$ million)	2020
Net assets distributed	3,894
Less: Non-controlling interest	(1,208)
lisation of capital reserves upon distribution	(125)
	2,561
Distribution in specie (less transaction costs of S\$6 million)	(1,591)
Loss on the Distribution	(970)
Consideration received	
Less: Cash of subsidiary companies distributed	(1,309)
Net cash outflow on distribution in specie	(1,309)

#### Cash flow information

The cash flows attributable to the discontinued operation for the year ended December 31, 2020 are as follows:

(S\$ million)	Group 2020
Operating cash flow	(357)
Investing cash flow	(63)
Financing cash flow	1,341
Net cash inflows	921

## **Share-based Incentive Plans**

Details of SCM's share plans is disclosed in the SCM's publicly available financial statements.

#### H. Other Disclosures

H1. Other Financial Assets and Liabilities

# Accounting policies

## **Classification and Measurement**

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies financial liabilities as measured at amortised cost or FVTPL.

#### Equity Investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The Group's equity investments are classified as FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

## Financial assets and liabilities at FVTPL

All other financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI, as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial liability is classified as FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial assets and financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

#### Derecognition

The Group derecognises a financial asset when a) the contractual rights to the cash flows from the financial asset expire, or b) when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or if the Group neither transfers nor retains substantially all of the risks and rewards of ownership, it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its balance sheet but retains either all or substantially all of its risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

## H. Other Disclosures (cont'd)

## H1. Other Financial Assets and Liabilities (cont'd)

		Ass	ets	Liabil	ities
(S\$ million)	Note	Current	Non-current	Current	Non-current
2021					
At FVOCI:					
<ul> <li>Equity shares</li> </ul>		_	53	_	_
At FVTPL:					
– Cross currency swaps		-	5	-	9
– Interest rate swaps		-	3	-	*
<ul> <li>Forward foreign exchange contracts</li> </ul>		1	_	1	-
<ul> <li>Foreign exchange swap contracts</li> </ul>		*	_	-	_
– Mutual funds	(i)	85	28	_	_
- Other derivatives		26	*	7	*
		112	36	8	9
Hedge of net investment in foreign operations:	-				
<ul> <li>Forward foreign exchange contracts</li> </ul>		1	5	_	9
Cash flow hedges:	-				
<ul> <li>Forward foreign exchange contracts</li> </ul>		1	*	2	*
– Fuel oil swaps		204	8	48	2
– Interest rate swaps		_	3	-	36
– Cross currency swaps		26	_	_	_
<ul> <li>Electricity futures market contracts</li> </ul>		_	_	29	-
		231	11	79	38
Fair value hedges:	-				
Forward foreign exchange contracts		8	_	_	_
At amortised cost:					
<ul> <li>Long-term fixed deposits</li> </ul>		_	114	_	-
Total		352	219	87	56

(S\$ million)		
2020		
At FVOCI:		
<ul> <li>Equity shares</li> </ul>		
At FVTPL:		
<ul> <li>Cross currency swaps</li> </ul>		
<ul> <li>Interest rate swaps</li> </ul>		
<ul> <li>Foreign exchange option contracts</li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> </ul>		
<ul> <li>Foreign exchange swap contracts</li> </ul>		
– Fuel oil swaps		
<ul> <li>Equity shares</li> </ul>	(ii)	
<ul> <li>Mutual funds</li> </ul>	(i)	
<ul> <li>Other derivatives</li> </ul>		
Hedge of net investment in foreign operations: – Forward foreign exchange contracts		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:</li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:</li> <li>Forward foreign exchange contracts</li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:</li> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:</li> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:</li> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> <li>Cross currency swaps</li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:         <ul> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> <li>Cross currency swaps</li> <li>Commodity contracts</li> </ul> </li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:</li> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> <li>Cross currency swaps</li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:         <ul> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> <li>Cross currency swaps</li> <li>Commodity contracts</li> </ul> </li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:         <ul> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> <li>Cross currency swaps</li> <li>Commodity contracts</li> </ul> </li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges:</li> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> <li>Cross currency swaps</li> <li>Commodity contracts</li> <li>Electricity futures market contracts</li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges: <ul> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> <li>Cross currency swaps</li> <li>Commodity contracts</li> <li>Electricity futures market contracts</li> </ul> </li> <li>Fair value hedges: <ul> <li>Forward foreign exchange contracts</li> </ul> </li> </ul>		
<ul> <li>Forward foreign exchange contracts</li> <li>Cash flow hedges: <ul> <li>Forward foreign exchange contracts</li> <li>Fuel oil swaps</li> <li>Interest rate swaps</li> <li>Cross currency swaps</li> <li>Commodity contracts</li> <li>Electricity futures market contracts</li> </ul> </li> <li>Fair value hedges:</li> </ul>		

i. Included in mutual funds are amounts of S\$83 million (2020: S\$85 million) pledged to secure loan facilities.

ii. The Group was deemed to have lost control of SJW, and SJW's net assets were deconsolidated and recognised as other financial assets since 2019. In May 2021, the Group divested its interests in SJW.

— Asse	ets	Liabil	ities
Current	Non-current	Current	Non-current
	71		
	7.1		
	10		
_		*	*
*	-		
_	_	1	
1	_	_	_
_	_	*	*
8	_	-	
90	18	_	
3	2	2	1
102	30	3	1
*	4	-	8
3		11	2
42	5	24	1
- 1		_	86
4	16	_	_
4	_	-	_
50	21	2 37	
50	21	57	89
7	_	*	_
_	124	_	_
159	250	40	98

## H. Other Disclosures (cont'd)

## H2. Provisions

# Accounting policies

A provision is an amount set aside based on reliable estimate to settle a probable legal or constructive obligation from a past event.

# (Here) Here estimates and judgements

Estimates of the Group's obligations arising from contracts or regulations that exist as at balance sheet date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on the management's knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Certain of the Group's subsidiaries are involved in claims, litigations, land disputes and other regulatory matters in certain countries at year end. Due to the nature of these disputes and matters, and in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be reliably determined. Therefore, no provision has been recorded for these.

#### Provision for restoration cost

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration provisions. Those estimates and assumptions deal with uncertainties such as changes to the relevant legal and regulatory framework, the timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the balance sheet by adjusting both the asset and provision. Such changes give rise to a change in future depreciation and interest charges.

#### Movements in provisions are as follows:

			Restoration	Remediation of legacy			
(Cf)	Nete	Claims	costs	sites	10/	Others	Tetel
(S\$ million)	Note	(i)	(ii)	(iii)	Warranty	(iv)	Total
Group							
2021							
Balance at January 1		12	29	4	_	19	64
Translation adjustments		*	*	(1)	_	*	(1)
Provisions made during the year		*	16	30	_	9	55
Provisions reversed during the year		(3)	(2)	-	_	*	(5)
Provisions utilised during the year		(1)	(1)	(1)	_	(7)	(10)
Unwind of accretion on							
restoration costs	C6	-	1	-	_	_	1
Balance at December 31		8	43	32	-	21	104
Provisions due:							
– within 1 year		8	14	10		8	40
<ul> <li>after 1 year but within 5 years</li> </ul>				22		13	35
– after 5 years		*	29			-	29
		8	43	32		21	104
		0	-15	52		21	10-1
2020							
Balance at January 1		12	105	-	42	17	176
Translation adjustments		*	(1)	*	*	*	(1)
Provisions made during the year		4	5	4	1	5	19
Provisions reversed during the year		(3)	*	-	(4)	-	(7)
Provisions utilised during the year		(1)	(2)	_	*	(1)	(4)
Disposal of subsidiaries		_	-	_	_	(2)	(2)
Distribution of a subsidiary		_	(79)	-	(39)	_	(118)
Unwind of accretion on							
restoration costs		-	1	-	_	_	1
Balance at December 31		12	29	4	_	19	64
Provisions due:							
- within 1 year		12	4	4		6	26
– after 1 year but within 5 years		-				13	13
– after 5 years		_	25				25
		12	29	4		19	64

## H. Other Disclosures (cont'd)

H2. Provisions (cont'd)

		Restoration		
(S\$ million)	Claims (i)	costs (ii)	Others (iv)	Total
	(7	()	(/	
Company				
2021				
Balance at January 1	9	13	_	22
Provisions made during the year	*	15	1	16
Provisions reversed during the year	(3)	(2)	_	(5)
Provisions utilised during the year	(2)	*	_	(2)
Balance at December 31	4	26	1	31
Provisions due:				
– within 1 year	4	14	1	19
– after 5 years	-	12	_	12
	4	26	1	31
2020				
Balance at January 1	11	10	_	21
Provisions made during the year	1	3	_	4
Provisions reversed during the year	(2)	_	_	(2)
Provisions utilised during the year	(1)	_	_	(1)
Balance at December 31	9	13	_	22
Provisions due:				
– within 1 year	9	2	_	11
– after 5 years	_	11	_	11
	9	13	_	22

Provision for claims relates to the obligations arising from contractual and commercial arrangements in the Group's i. and the Company's operations, based on the best estimate of the possible outflow considering both contractual and commercial factors.

- ii. Restoration costs relate to cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the agreements. The liability is expected to be incurred upon fulfilment of restoration obligation or termination of the lease.
- iii. This relates to remediation obligations of certain legacy sites in UK, which are expected to be utilised within one to three years. This provision has been determined with reference to external quotes from suppliers as well as management's best estimate of the costs to complete the remediation works.
- iv. Others for the Group include provision for maintenance obligation based on contractual obligations to maintain the infrastructure and equipment to specified levels of serviceability under the service concession agreements. These provisions are measured at the best estimate of the expenditure required and timing of outflows, to settle the present obligation at the end of each reporting period.

Others for Company relates to incremental costs necessary to fulfil the obligation under the contract on early termination to cease the incineration plant business.

## H3. Subsequent Events

On January 28, 2022, the Group announced the completion of the acquisition of a 35% interest in an associated company, SDIC New Energy Investment Co., Ltd. The equity consideration was RMB1.5 billion (approximately \$\$320 million). The acquisition is expected to be earnings accretive commencing from financial year ending December 31, 2022.

On February 21, 2022, the Group entered into a conditional sale and purchase agreement to divest its entire 30% interest in an associated company, Subic Water and Sewage Co, Inc for USD9.7 million (approximately S\$13 million).

H4. New or Revised Accounting Standards and Interpretations Not Yet Effective

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after January 1, 2021:

## Applicable to 2022 financial statements

- Amendments to SFRS(I) 3 Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16 Property, Plant and Equipment Proceeds before Intended Use •
- Amendments to SFRS(I) 1-37 Onerous Contracts Cost of Fulfilling a Contract
- Amendments to SFRS(I) Annual Improvements to SFRS(I)s 2018 2022

## Applicable to 2023 financial statements

- SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies •
- Amendments to SFRS(I) 1-8 Definition of Accounting Estimates ٠
- Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

## Mandatory effective date deferred

 Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group does not expect significant impact on the financial statements upon the adoption of these new SFRS(I)s.

## I. Supplementary Information

## **I1.** Interested Person Transactions

## (Under SGX-ST Listing Manual requirements)

For the purposes of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is required for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets (NTA) or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than 5% of the Group's latest NTA. For 2021, the 5% Group's consolidated NTA as at December 31, 2020 was S\$149 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transaction of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2021, the Company obtained approval for such shareholders' mandate.

## Transactions under shareholders' mandate

	nuture of relationship	2021
(S\$ million)	Nature of relationship	2021
		S\$100,000)
		transactions less than
		Manual (excluding
		of the SGX-ST Listing
		pursuant to Rule 920
		shareholders' mandate
		transactions under
		all interested person
		Aggregate value of

Sale of Goods and Services		
Mapletree Investments Pte Ltd and its Associates	- Associate of Temasek Holdings	3.2
PSA International Pte Ltd and its Associates	(Private) Limited, the controlling	5.1
Singapore Power Limited and its Associates	shareholder of the Company	2.4
Singapore Telecommunications Ltd and its Associates	-	173.9
CapitaLand Ltd and its Associates	-	2.9
Olam International Ltd and its Associates	-	2.5
SATS Ltd and its Associates	-	0.2
SMRT Corporation and its Associates	-	3.6
Singapore Technologies Telemedia Pte Ltd and its Associates	-	0.2
Singapore Technologies Engineering Ltd and its Associates	-	1.0
Sembcorp Marine Ltd and its Associates	-	29.2
	•	224.2

Purchase of Goods and Services		
Singapore Power Limited and its Associates	Associate of Temasek Holdings	8.3
Surbana-Jurong Private Limited and its Associates	(Private) Limited, the controlling	3.1
Singapore Telecommunications Ltd and its Associates	shareholder of the Company	2.1
Starhub Ltd and its Associates		1.5
Temus Pte Ltd and its Associates		0.4
		15.4

Obtaining Support Services				
Temasek International Pte Ltd	Associate of Temasek Holdings			
	(Private) Limited, the controlling			
	shareholder of the Company	0.7		
		240.3		

Transactions not under shareholders' mandate

					all i transa fin r tha transa un	ggregate value o interested persor ictions during the ancial year unde review (excluding transactions less an S\$100,000 and ictions conducted der shareholders indate pursuant to Rule 920
(S\$ 1	million)		Nature of r	elationship		2021
Rec	eipt of Grant for Feasibilit	y Study				
Temasek Capital Management Pte Ltd       Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company			1.(			
Joir	nt Development Agreemer	nt				
	ingapore Technologies Telemedia Pte Ltd and its Associates (Private) Limited, the controlling shareholder of the Company			0.6		
	t of Properties rporate and Others				Group's fective	
Des	cription	Туре	Land tenure		nterest	
Sin	gapore					
30	Hill Street	Office	Freehold land and building	11,410	100%	
Urk	ban					
Des	cription	Туре	Land tenure	saleable area ef	Group's fective nterest	Status
Chi	na					
Indi	ustrial & Business Properties					
intu	International Water Hub, Nanjing	Office & exhibition centre	Leasehold 50 ye from 2015	ars 36,489 <sup>1</sup>	100%	Completed development
1.	, ,			ars 78,972 2	1.5%	Completed
	Jiangdao Intelligent Cube, Nanjing	Incubator	Leasehold 50 ye from 2012		1.570	
1.	Jiangdao Intelligent	Incubator Office & exhibition centre			1.5%	development Completed development
1. 2.	Jiangdao Intelligent Cube, Nanjing Jiangdao Technology Innovation Centre,	Office & exhibition	from 2012 Leasehold 50 ye	ars 49,340 2		development Completed

<sup>1</sup> Gross floor area excludes carpark and basement area

# I. Supplementary Information (cont'd) I2. List of Properties (cont'd)

Urban (cont'd)

		_		Net lettable / saleable area	Group's effective	
Desc	ription	Туре	Land tenure	(sq m)	interest	Status
Chi	na nmercial & Residential Proper	tion				
1.	Jiangdao Xin Tiandi, Nanjing	Retail	Leasehold 40 years from 2012	66,274	21.5%	Under development
2.	Jiangdao Hua Ting, Nanjing	Residential	Leasehold 70 years from 2012	7,718	21.5%	Completed developmen
3.	Modena by Fraser, Wuxi New District	Service apartment	Leasehold 40 years from 2008	11,056	45.4%	Completed developmen
Inde	onesia					
Indu	strial & Business Properties					
1.	Kendal Industrial Park, Central Java	Ready-built factories	Leasehold 30 years from 2015	1,836	49.0%	Completed developmen
	tnam					
Indu	ustrial & Business Properties					
1.	VSIP Binh Duong I	Ready-built factories	Leasehold 50 years from 1996	57,813	49.3%	Completed developmen
2.	VSIP Binh Duong II	Ready-built factories	Leasehold 50 years from 2005	25,016	49.3%	Completed developmen
3.	VSIP Binh Duong II-A	Ready-built factories	Leasehold 50 years from 2008	78,961	49.3%	Completed developmen
4.	VSIP Nghe An	Ready-built factories	Leasehold 50 years from 2015	8,810	49.3%	Completed developmen
5.	VSIP Hai Phong	Ready-built factories	Leasehold 50 years from 2008	30,051	49.3%	Completed developmen
6.	VSIP Bac Ninh	Ready-built factories	Leasehold 50 years from 2007	37,035	46.5%	Completed developmen
7.	VSIP Bac Ninh Flatted Factory	Flatted factory	Leasehold 50 years from 2007	16,136	46.5%	Completed developmen
8.	SIS Hai Phong Phase I	Warehouses	Leasehold 44 years from 2014	15,000	52.5%	Completed developmen
9.	SIS Hai Phong Phase II	Warehouses	Leasehold 43 years from 2016	14,279	52.5%	Completed developmen
10.	SIS Hai Phong Phase III	Warehouses	Leasehold 40 years from 2018	13,200	52.5%	Completed developmen
11.	SIS Hai Duong	Warehouses	Leasehold 38 years from 2020	15,490	52.5%	Under developmen

Desc	ription	Туре	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
Viet	tnam (cont'd)					
Con	nmercial & Residential Propert	ies				
1.	VSIP Binh Duong II-A	Retail	Leasehold 50 years from 2008	1,118	49.3%	Completed development
2.	VSIP Plaza, Quang Ngai	Retail	Leasehold 50 years from 2012	3,062	49.3%	Completed development
3.	VSIP Hai Phong	Retail	Leasehold 50 years from 2008	421	46.5%	Completed development
4.	Hai Phong Gateway	Retail	Leasehold 50 years from 2008	342	46.5%	Completed development
5.	VSIP Bac Ninh	Shophouses	Leasehold 50 years from 2007	680	46.5%	Completed development
6.	Sun Casa, Binh Duong	Residential & shophouses	Leasehold 50 years from 2008	3,506	49.3%	Completed development
7.	Sun Casa Central I, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	38,114	49.3%	Completed development
8.	Bel Homes, Hai Phong	Residential & shophouses	Leasehold 50 years from 2008	5,797	46.5%	Completed development
9.	Sun Casa Central II, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	76,128	49.3%	Under development
10.	The Habitat Binh Duong II	Residential & retail	Leasehold 45 years from 2018	815	51.6%	Completed development

# SCHEDULE 6 TO THE PRICING SUPPLEMENT AUDITED FINANCIAL STATEMENTS OF SEMBCORP FINANCIAL SERVICES PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The information contained in this Schedule has been extracted from the audited financial statements of Sembcorp Financial Services Pte. Ltd. for the financial year ended 31 December 2021 and has not been specifically prepared for inclusion in this Pricing Supplement. The financial statements of Sembcorp Financial Services Pte. Ltd. for the financial year ended 31 December 2021 have been prepared in accordance with SFRS(I).

# Sembcorp Financial Services Pte Ltd Registration Number: 200302373G

Annual Report Year ended December 31, 2021

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

# **Directors' statement**

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended December 31, 2021.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS41 are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Directors

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

Eugene Cheng Chee Mun Foo Fei Voon Looi Lee Hwa (Appointed on March 8, 2021)

# **Directors' interests**

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Description of interests	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Eugene Cheng Chee Mun Sembcorp Industries Ltd ("SCI")	Ordinary shares	Nil	100,933
Foo Fei Voon Sembcorp Industries Ltd	Ordinary shares	781,253	817,877
Looi Lee Hwa Sembcorp Industries Ltd	Ordinary shares	47,456	105,107*

\* Of the 105,107 SCI shares, 9,400 shares are held in the name of OCBC Nominees Bank.

### **Directors' statement (cont'd)**

#### **Directors' interests (cont'd)**

The conditional share awards granted to the directors are disclosed in the Appendix.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### Auditors

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

On behalf of the Board of Directors

**Eugene Cheng Chee Mun** *Director* 

**Foo Fei Voon** *Director* 

February 23, 2022

#### **Appendix to the Directors' Statement**

Name of director and corporations in which interests are held	Description of interests	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Eugene Cheng Chee Mun			
Sembcorp Industries Ltd	Conditional share awards (Note 1)	Nil	Up to 1,121,006
Foo Fei Voon			
~	Conditional share	Up to	Up to
Sembcorp Industries Ltd	awards (Note 1)	62,822	51,645
Looi Lee Hwa			
	Conditional share	Up to	Up to
Sembcorp Industries Ltd	awards (Note 1)	554,859	769,153

Note 1: Conditional share awards comprise performance share awards and restricted share awards granted under Sembcorp Industries Performance Share Plan 2020 ("SCI PSP 2020") and Sembcorp Industries Restricted Share Plan 2020 ("SCI RSP 2020") respectively. The actual number of shares to be delivered is dependent on the achievement of set targets at the end of each performance period. Achievement of targets below threshold level will mean no shares will be delivered, while achievement up to 200% will mean up to 2 times the number of conditional shares awarded could be delivered. These conditional share awards will vest between 2021 and 2025.

During the year,

- (a) 100,933 shares were released to Eugene Cheng Chee Mun;
- (b) 36,624 shares were released to Foo Fei Voon; and
- (c) 57,651 shares were released to Looi Lee Hwa.

Further details of SCI PSP 2020 and SCI RSP 2020 can be found in the annual report of Sembcorp Industries Ltd.

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### Independent auditors' report

Member of the Company Sembcorp Financial Services Pte Ltd

#### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Sembcorp Financial Services Pte Ltd ('the Company'), which comprise the balance sheet as at December 31, 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS41.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the financial position of the Company as at December 31, 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

#### 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 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company 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 the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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. We have determined that there are no key audit matters to communicate in our report.

#### Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

## Independent auditors' report (cont'd)

#### Report on the audit of the financial statements (cont'd)

#### Other information (cont'd)

We have obtained the Directors' statement prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do 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 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, 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.

#### 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 and SFRS(I)s, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

#### Auditors' 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 auditors' 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.

### **Independent auditors' report (cont'd)** Report on the audit of the financial statements (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism 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 controls.
- Obtain an understanding of internal controls 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 Company's internal controls.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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.

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 controls 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Independent auditors' report (cont'd)

#### Report on the audit of the financial statements (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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 auditors' report unless the law or regulations preclude 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 have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

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

**Singapore** February 23, 2022

#### Balance sheet As at December 31, 2021

	Note	2021 \$'000	2020 \$'000
Non-current assets			
Long term receivables and prepayments	3	4,133,004	3,943,162
Deferred tax assets	4	458	1,770
Other financial assets	5	16,074	25,191
Intangible assets		645	934
		4,150,181	3,971,057
Current assets			
Trade and other receivables	6	334,581	506,057
Other financial assets	5	7,062	10,388
Cash and cash equivalents	7	351,953	142,804
		693,596	659,249
Total assets		4,843,777	4,630,306
	_		
Share capital	10	15,000	15,000
Other reserves	11	(2,933)	(9,383)
Revenue reserve		16,271	44,730
Total equity		28,338	50,347
Non-current liabilities			
Other financial liabilities	12	3,390,175	3,448,506
Current liabilities			
Trade and other payables	13	440,190	340,926
Other financial liabilities	12	978,998	786,834
Current tax payable		6,076	3,693
	_	1,425,264	1,131,453
Total liabilities	—	4,815,439	4,579,959
Total equity and liabilities	_	4,843,777	4,630,306

#### Income statement Year ended December 31, 2021

	Note	2021 \$'000	2020 \$'000
Revenue	14	90,677	135,516
Cost of sales		(76,898)	(123,514)
Gross profit	_	13,779	12,002
Other operating income		93	10,677
Other operating expenses		(7,472)	(15,977)
Profit before tax	15	6,400	6,702
Tax expense	16	(2,859)	(1,212)
Profit for the year	_	3,541	5,490

#### Statement of comprehensive income Year ended December 31, 2021

	2021 \$'000	2020 \$'000
Profit for the year	3,541	5,490
Items that may be reclassified subsequently to profit or loss: Net fair value changes on cash flow hedges	6,407	(8,546)
Fair value changes of cash flow hedges reclassified to profit or loss		3,862
Other comprehensive loss for the year, net of tax	6,407	(4,684)
Total comprehensive income for the year	9,948	806

#### Statement of changes in equity Year ended December 31, 2021

	Share capital \$'000	Share- based payment reserve \$'000	Hedging reserve \$'000	Revenue reserve \$'000	Total \$'000
At January 1, 2021	15,000	34	(9,417)	44,730	50,347
<b>Total comprehensive income</b> <b>for the year</b> Profit for the year	_	_	_	3,541	3,541
Other comprehensive income, net of tax Net fair value changes on cash flow hedges Fair value changes of cash flow	_	_	6,407	_	6,407
hedges reclassified to profit or loss	_	_	_	_	_
Total comprehensive income for the year	_	_	6,407	3,541	9,948
Transactions with owner recognised directly in equity					
Contributions by and distributions to owner of the Company Value of employee services received for restricted shares					
plan issued by immediate holding company Treasury shares of immediate holding company transferred	-	96	_	_	96
to employees Interim one-tier tax exempt dividends in respect of year	_	(53)	_	_	(53)
2021	_	_	_	(32,000)	(32,000)
Total contributions by and distributions to owner of the Company	_	43	_	(32,000)	(31,957)
At December 31, 2021	15,000	77	(3,010)	16,271	28,338

#### Statement of changes in equity Year ended December 31, 2021

	Share capital \$'000	Share- based payment reserve \$'000	Hedging reserve \$'000	Revenue reserve \$'000	Total \$'000
At January 1, 2020	15,000	24	(4,733)	39,240	49,531
Total comprehensive income for the year Profit for the year Other comprehensive income,		_		5,490	5,490
net of tax Net fair value changes on cash flow hedges Fair value changes of cash flow hedges reclassified to profit	_	_	(8,546)	_	(8,546)
or loss	_	_	3,862	_	3,862
Total comprehensive income for the year	_	_	(4,684)	5,490	806
Transactions with owner recognised directly in equity					
Contributions by and distributions to owner of the Company Value of employee services received for restricted shares plan issued by immediate					
holding company Treasury shares of immediate	_	40	_	_	40
holding company transferred to employees Total contributions by and		(30)			(30)
distributions to owner of the Company	_	10	_	_	10
At December 31, 2020	15,000	34	(9,417)	44,730	50,347

#### Statement of cash flow Year ended December 31, 2021

Ν	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Profit for the year		3,541	5,490
Adjustments for:			
Fair value of restricted shares expensed off		96	40
Amortisation of intangible assets		383	183
Amortisation of transactions costs		4,519	3,625
Fair value loss on derivative contracts		9,711	918
Tax expense		2,859	1,212
		21,109	11,468
Changes in:			
Trade and other receivables		(14,272)	323,319
Trade and other payables		99,212	55,584
Income tax paid	_	(476)	(2,129)
Net cash from operating activities	_	105,573	388,242
Cash flows from investing activities			
Acquisition of intangible assets	_	(94)	(619)
Net cash used in investing activities	_	(94)	(619)
Cash flows from financing activities			
Repayment of borrowings		(3,066,364)	(2,611,870)
Proceeds from borrowings		3,047,380	2,720,245
Increase in restricted cash		(200)	-
Dividends paid		(32,000)	_
Net cash (used in)/from financing activities		(51,184)	108,375
Net increase in cash and cash equivalents		54,295	495,998
Cash and cash equivalents at beginning of year	_	(539,730)	(1,035,728)
Cash and cash equivalents at end of year	7	(485,435)	(539,730)
Cash and cash equivalents comprise:		251 052	1 42 00 4
- Cash and bank balances and fixed deposits	10	351,953	142,804
	12	(832,388)	(677,734)
- Restricted bank balances		(5,000)	(4,800)
	-	(485,435)	(539,730)

### Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on February 23, 2022.

### **1 Domicile and Activities**

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

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

The immediate and ultimate holding companies are Sembcorp Industries Ltd and Temasek Holdings (Private) Limited respectively. All companies are incorporated in the Republic of Singapore.

### 2 Summary of Significant Accounting Policies

#### 2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand ("\$'000"), unless otherwise stated.

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policies below.

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed in Note 2.14.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

2.2 Foreign currency transactions and balances

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates at the dates of the transactions. At each reporting date:

- Foreign currency monetary assets and liabilities are re-translated to the functional currency using foreign exchange rates at that date.
- Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rates at the date of the transaction while those measured at fair value are retranslated to the functional currency at exchange rates at the date the fair value was determined.

Foreign currency differences arising from the settlement or from translation of monetary items are recognised in profit or loss.

Foreign exchange differences arising on retranslation are recognised directly in profit or loss, except for the differences arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective, which are recognised in other comprehensive income.

#### 2.3 Non-derivative financial assets

#### (i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company does not have non-derivative financial assets measured at FVOCI and FVTPL.

#### 2.3 Non-derivative financial assets (cont'd)

#### (ii) Classification and subsequent measurement (cont'd)

#### Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost comprise cash and cash equivalents, long-term receivables and trade and other receivables, excluding prepayments.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of short term commitments.

#### Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the respective financial assets and the operation of those policies in practice;
- how the performance of the respective financial assets is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of disposals of investments in prior periods, the reasons for such disposals and its expectations about future activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

#### 2.3 Non-derivative financial assets (cont'd)

#### (ii) Classification and subsequent measurement (cont'd)

#### Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial assets contain a contractual term that could change the timing and amount of contractual cash flows that would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

#### Subsequent measurement and gains and losses

The assets are subsequently measured at amortised costs using the effective interest method. The amortised costs is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### (iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (v) Impairment

The Company recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised costs.

2.3 Non-derivative financial assets (cont'd)

#### (v) Impairment (cont'd)

The Company measures loss allowances at an amount equal to 12-month ECLs.

12-month ECLs are the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected credit life of the instrument is less than 12 months).

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without due costs or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If the credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For amounts due from related parties, the Company considers the financial assets to have a low credit risk by taking into consideration qualitative factors, which includes the immediate holding company's (Sembcorp Industries Limited) financial ability to settle the amounts, in estimating the risk of default used in measuring ECL.

#### Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as 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 Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

2.3 Non-derivative financial assets (cont'd)

#### (v) Impairment (cont'd)

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised costs 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- breach of contract such as a default or past due outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- the restructuring of a loan or advanced by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation or is having significant financial difficulty; or
- the disappearance of an active market for a security because of financial difficulties.

#### Presentation of loss allowance for ECLs in the balance sheet

Loss allowance for financial assets measured at amortised costs are deducted from the gross carrying amount of these assets.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### 2.4 Derivatives

Derivatives are used to manage exposures to foreign exchange and interest rate risks arising from operational and financing activities. Derivatives are not used for trading purposes. The Company currently holds forward foreign currency contracts, interest rate swaps and cross currency swaps to hedge its interest rate and foreign currency exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are re-measured at fair value and any changes in its fair value are recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant changes in the fair value depends on the nature of the item being hedged as described in Note 2.5.

#### 2.5 Hedging activities

The Company designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### Cash flow hedges

Where a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised directly in other comprehensive income and presented in the hedging reserve in equity. The ineffective portion of changes in the fair values of the derivative is recognised immediately in profit or loss.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is reclassified from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated changes in fair value that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged transaction is no longer expected to take place, the balance in equity is reclassified to profit or loss.

#### 2.5 Hedging activities (cont'd)

#### Cash flow hedges (cont'd)

#### Hedges directly affected by Interest Rate Benchmark Reform (IRBR)

On initial designation of the hedging relationship, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Company assumes that the benchmark interest rate is not altered as a result of IRBR.

The Company will cease to apply the amendments to its effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

#### 2.6 Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company classifies non-derivative financial liabilities as measured at amortised cost.

Non-derivative financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables (excluding long-term employee benefits). Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

#### 2.7 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account, net of any tax effects.

#### 2.8 Intra-group financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

#### 2.9 Employee benefits

#### **Defined** contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

#### Long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. This has been reported in other long-term payables.

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related employment service is provided.

The amount expected to be paid is accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 2.9 Employee benefits (cont'd)

#### Equity settled share-based incentive plan

The fair value of the compensation cost is measured at grant date and amortised over the service period to which the performance criteria relates and during which the employees become unconditionally entitled to the shares.

For awards granted with market-based performance conditions, in estimating the fair value of the compensation cost, market-based performance conditions are taken into account. For awards granted with non-market based performance conditions, the compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee over the service period to which the performance period relates.

At the balance sheet date, the Company revises its estimates of the number of performance-based restricted shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and the volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

#### Cash settled share-based incentive plan

The compensation cost of Sembcorp Challenge Bonus is measured at the fair value of the liability at each balance sheet date and spread over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the bonus.

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the immediate holding company. The Company recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay. The liability takes into account the performance achieved for the year and the probability of achieving the performance conditions in the future.

Until the liability is settled, the Company will re-measure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

#### 2.10 Revenue recognition

Interest income is recognised as it accrues, using the effective interest method.

#### 2.11 Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### 2.12 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### 2.13 Government grants and government assistance

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In that case, the grant is recognised when it becomes receivable.

#### 2.14 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 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 discussed below.

Information on other significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Company makes certain assumptions in valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.14 Significant accounting estimates and judgements (cont'd)

#### Key sources of estimation uncertainty (cont'd)

#### Cash flow hedges

For cash flow hedging relationships directly impacted by IRBR (i.e. hedges of SOR), the Company assumes that the cash flows of the hedged item and hedging instrument will not be altered. As of December 31, 2021, the Company has transitioned a SOR hedged loan with the hedged rate effectively unaltered.

In Singapore, SOR and SORA continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for SOR. Therefore, the Company believes the current market structure supports the continuation of hedge accounting as at December 31, 2021.

### **3** Long Term Receivables and Prepayments

	Note	2021 \$'000	2020 \$'000
Long-term loans due from:			
- immediate holding company	8	1,445,000	1,595,000
- related corporations	9	2,685,444	2,346,358
		4,130,444	3,941,358
Prepayments		2,560	1,804
		4,133,004	3,943,162

Prepayments relate to upfront fees charged for facilities of \$2,450,000,000 (2020: \$2,250,000,000) of which \$575,000,000 has been drawn down as at December 31, 2021 (2020: \$1,496,539,000).

### 4 Deferred Tax Assets and Liabilities

	At January 1, 2020 \$'000	Recognised in profit or loss (Note 16) \$'000	Recognised in equity (Note 16) \$'000	At December 31, 2020 \$'000	Recognised in equity (Note 16) \$'000	At December 31, 2021 \$'000
Deferred tax assets						
Derivatives	969		960	1,929	(1,252)	677
Deferred tax liabilities						
Intangible assets	_	(159)	—	(159)	-	(159)
Derivatives		_	_	-	(60)	(60)
	_	(159)	_	(159)	(60)	(219)
Net deferred tax assets	969	(159)	960	1,770	(1,312)	458

### 5 Other Financial Assets

	2021 \$'000	2020 \$'000
Non-current assets		
Interest rate swaps	7,037	14,257
Foreign exchange contracts	9,037	7,814
Cross currency swaps (2020: Cross currency swaps designated		
in cash flow hedges)	_	3,120
	16,074	25,191
Current assets		
Foreign exchange contracts	7,062	10,388
_	7,062	10,388
Total other financial assets	23,136	35,579

### **6** Trade and Other Receivables

	Note	2021 \$'000	2020 \$'000
Grant receivables		_	24
Other receivables		172	118
Amounts due from:			
<ul> <li>immediate holding company</li> </ul>	8	1,575	1,684
- related corporations	9	330,460	503,232
		332,207	505,058
Prepayments		2,374	999
		334,581	506,057

Prepayments relate to upfront fees charged for facilities of \$2,450,000,000 (2020: \$2,250,000,000) of which \$575,000,000 has been drawn down as at December 31, 2021 (2020: \$1,496,539,000).

### 7 Cash and Cash Equivalents

	Note	2021 \$'000	2020 \$'000
Cash at bank and in hand		184,448	142,804
Fixed deposits		167,505	_
Cash and cash equivalents in the balance sheet		351,953	142,804
Restricted bank balances		(5,000)	(4,800)
Bank overdrafts*	12	(832,388)	(677,734)
Cash and cash equivalents in the cash flow statement		(485,435)	(539,730)

The interest rate per annum of cash and cash equivalents, excluding bank overdrafts of the Company range from 0.08% to 0.30% (2020: 0.09% to 3.25%). Included in this balance is restricted cash of \$5,000,000 (2020: \$4,800,000) and cash placed with a related corporation of \$185,000 (2020: \$989,000) respectively.

### 7 Cash and Cash Equivalents (cont'd)

\* The Company runs a cash pool via a related corporation for Sembcorp Group of companies as part of its cash management and treasury activities. The Company's bank overdrafts represent the cash placed by Sembcorp Group of companies with the Company as part of the cash pooling system. The cash pool pays interest rates ranging from 0.02% to 0.21% (2020: 0.07% to 1.52%) per annum.

### 8 Amounts Due from/(to) Immediate Holding Company

	Note	2021 \$'000	2020 \$'000
Amount due from: - long-term loans	3 _	1,445,000	1,595,000
Amount due from: - trade	6 _	1,575	1,684
Amount due to: - trade	13	(89)	(18)

The long-term loans due from immediate holding company bear interest ranging from 1.54% to 3.72% (2020: 3.72%) per annum, are unsecured and repayable on 2024 (2020: 2022 to 2024).

### 9 Amounts Due from/(to) Related Corporations

	Note	2021 \$'000	2020 \$'000
Amount due from: - long-term loans	3 _	2,685,444	2,346,358
Amount due from:		15 500	10 706
<ul><li>trade</li><li>short-term loans</li></ul>		15,592	12,736
- short-term loans	6 -	<u>314,868</u> 330,460	490,496 503,232
A	0 =	550,400	303,232
Amount due to:		(1 192)	(4, 170)
- trade		(4,182)	(4,170)
- short-term loans	_	(422,328)	(327,277)
	13	(426,510)	(331,447)

The long-term loans due from related corporations bear interest ranging from 1.19% to 6.16% (2020: 1.07% to 4.99%) per annum, are unsecured and are repayable from 2022 to 2043 (2020: 2021 to 2026).

### 9 Amounts Due from/(to) Related Corporations (cont'd)

The short-term loans due from related corporations bear interest ranging from 1.21% to 4.99% (2020: 1.16% to 6.5%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to related corporations bear interest ranging from 0.08% to 2.50% (2020: 0.04% to 0.59%) per annum, are unsecured and repayable within the next 12 months.

### **10** Share Capital

	2021	2020
	No. of s	hares
	'000	'000
Fully paid ordinary shares, with no par value:		
At January 1 and December 31	15,000	15,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### 11 Other Reserves

	2021 \$'000	2020 \$'000
Share-based payment reserve	77	34
Hedging reserve	(3,010)	(9,417)
	(2,933)	(9,383)

#### (i) Share-based payment reserve

Share-based payments reserve comprises the cumulative value of services received from employees recorded on grant of equity-settled share options, performance share plan and restricted share plan of the penultimate holding company. The expenses for service received is recognised over the performance period and/or vesting period.

#### (ii) Hedging reserve

The hedging reserve of the Company comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of tax.

#### 12 **Other Financial Liabilities**

	Note	2021 \$'000	2020 \$'000
Non-current liabilities			
Interest rate swaps		3,795	14,592
Cross currency swaps		8,988	_
Foreign exchange contracts		9,037	7,814
Interest rate swaps designated in cash flow hedges		3,981	11,346
Medium term notes		1,523,378	449,832
Unsecured term loans		1,840,996	2,964,922
		3,390,175	3,448,506
Current liabilities	_		
Bank overdrafts	7	832,388	677,734
Foreign exchange contracts		6,610	9,110
Medium term notes		_	99,990
Unsecured term loans		140,000	_
		978,998	786,834
	_	4,369,173	4,235,340
	-		
Total loans and borrowings		4,336,762	4,192,478
Total derivatives		32,411	42,862
Total financial liabilities	=	4,369,173	4,235,340

#### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	2021	2020
Nominal interest rate		
S\$ medium term notes	2.45% - 4.25%	2.94% - 4.25%
S\$ floating rate loans	0.96% - 1.58%	0.88% - 2.84%
JPY fixed rate loans	0.77%	0.77%
Bank overdrafts	Up to 0.21%	Up to 1.52%
Within 1 year	140,000	99,990
After 1 year but within 5 years	2,290,866	3,165,747
After 5 years	1,073,508	249,007
Total unsecured loans	3,504,374	3,514,744
Bank overdrafts	832,388	677,734
Total unsecured loans and bank overdrafts	4,336,762	4,192,478

In April 2020, the Company together with its immediate holding company established a \$3 billion Multicurrency Debt Issuance Programme in additional to the existing \$2.5 billion Programme. Under the Programme, the Company, together with other subsidiaries of its immediate holding company (the Issuers and the "Issuing Subsidiaries") may from time to time issue Notes and Securities subject to availability of funds from the market. The obligations of the Company under the Programme are fully guaranteed by the immediate holding company. At balance sheet date, the Company had issued \$1,525,000,000 (2020: \$550,000,000) medium term notes.

	Nominal interest rate	Year of issue	Year of maturity	Principal a	amount
				2021 \$'000	2020 \$'000
S\$ medium term notes	4.25%	2010	2025	100,000	100,000
S\$ medium term notes	3.64%	2013	2024	200,000	200,000
S\$ medium term notes	2.94%	2014	2021	_	100,000
S\$ medium term notes	3.59%	2014	2026	150,000	150,000
S\$ medium term notes	2.45%	2021	2031	400,000	_
S\$ medium term notes	2.66%	2021	2032	675,000	_
				1,525,000	550,000

### 12 Other Financial Liabilities (cont'd)

At balance sheet date, an amount of \$419,250,000 (2020: \$165,000,000) medium term notes was subscribed by a related corporation.

During the year, the Company had redeemed \$100 million medium term notes and also issued \$1,075 million medium term notes bearing a fixed interest of 2.45% and 2.66% per annum, payable semi-annually in arrear, with maturity dates of 9 June 2031 and 6 April 2032.

#### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Unsecured term loans \$'000
Balance at January 1, 2020	3,403,778
Changes from financing cash flows:	
Proceeds from borrowings	2,720,245
Repayment of borrowings	(2,611,870)
Total changes from financing cash flows	108,375
Non-cash items:	
Amortisation of transaction costs for loans	2,591
Total liability related – other changes	2,591
Balance at December 31, 2020	3,514,744
Balance at January 1, 2021	3,514,744
Changes from financing cash flows:	
Proceeds from borrowings	3,047,380
Repayment of borrowings	(3,066,364)
Total changes from financing cash flows	(18,984)
Non-cash items:	
Amortisation of transaction costs for loans	8,614
Total liability related – other changes	8,614
Balance at December 31, 2021	3,504,374
Datance at December 51, 2021	5,504,574

## **13** Trade and Other Payables

Trade and Other Payables	Note	2021 \$'000	2020 \$'000
Interest payable to:			
- immediate holding company	8	35	18
- related corporations	9	4,182	4,170
- banks		11,573	7,762
Amounts due to:			
- immediate holding company	8	54	_
- related corporations	9	422,328	327,277
-		438,172	339,227
Deferred grant income		_	39
Accrued operating expenses and other payables		2,018	1,660
• •		440,190	340,926

### 14 Revenue

	2021 \$'000	2020 \$'000
Interest income		
- immediate holding company	24,321	12,538
- related corporations	65,634	119,488
- banks and financial institutions	722	3,490
	90,677	135,516

## **15 Profit Before Tax**

Profit before tax includes the following:

	2021 \$'000	2020 \$'000
Facility fee charged to a related corporation	(24)	(1,072)
Staff costs	2,035	1,512
Share-based payment expenses	96	40
Net increase in fair value of financial assets measured at fair		
value through profit or loss	9,711	918
Exchange (gain)/loss	(7,887)	3,094
Amortisation of transaction costs for loans	4,519	3,625
Amortisation of intangible assets	383	183
Interest expense:		
- immediate holding company	293	4,391
- related corporations	9,931	15,884
- banks and financial institutions	59,067	96,207
Commitment fee		
- related corporations	445	472
- banks and financial institutions	2,643	2,935

# 16 Tax Expense

	2021 \$'000	2020 \$'000
Current tax expense		
Current year	1,914	1,513
Foreign withholding tax	_	(18)
Under/(Over) provision in prior years	945	(442)
	2,859	1,053
Deferred tax expense	i	
Movement in temporary differences	_	159
	_	159
Tax expense	2,859	1,212

### Tax recognised in other comprehensive income

	Before tax \$'000	2021 Tax expense/ (benefit) \$'000	Net of tax \$'000	Before tax \$'000	2020 Tax expense/ (benefit) \$'000	Net of tax \$'000
Fair value changes on cash flow hedges Fair value changes of cash flow hedges reclassified to profit or	7,719	(1,312)	6,407	(10,297)	1,751	(8,546)
loss	_	_	_	4,653	(791)	3,862
	7,719	(1,312)	6,407	(5,644)	960	(4,684)

### Reconciliation of effective tax rate

	2021 \$'000	2020 \$'000
Profit before tax	6,400	6,702
Tax using the Singapore tax rate of 17% (2020: 17%) Non-deductible expenses Tax incentives and tax-exempt revenues Foreign withholding tax Under/(Over) provision in prior years Others	1,088 850 (24) - 945	1,139 655 (51) (18) (442) (71)
	2,859	1,212

### 17 Significant Related Party Transactions

For the purposes of the financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the Company had the following significant transactions with related parties during the year:

	2021 \$'000	2020 \$'000
Management fees to immediate holding company Payment on behalf by immediate holding company –	2,047	2,047
payroll costs	603	623

#### **Compensation of Key Management Personnel**

Key management personnel of the Company are those having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel of the Company.

None of the three directors earned any directors' fees or other remuneration in respect of their appointments as directors of the Company during the current year and prior year. The directors are not paid directly by the Company but receive remuneration from the Company's immediate holding company, in respect of their services to the larger group which includes the Company. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

### **18** Share-based Incentive Plans

The Company participates in its immediate holding company, Sembcorp Industries Ltd's ("SCI") Performance Share Plan ("SCI PSP 2020") and Restricted Share Plan ("SCI RSP 2020") (collectively, the "2020 Share Plans") which were approved and adopted by the shareholders at an Annual General Meeting of SCI held on May 21, 2020.

The 2020 Share Plans are intended to increase SCI Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The 2020 Share Plans will strengthen the Group's competitiveness in attracting and retaining talented key senior management and senior executives. The 2020 Share Plans aim to align the interests of participants and shareholders, to improve performance and achieve sustainable growth for the company.

The details of SCI Group's share-based remuneration arrangements are set out and disclosed in SCI's publicly available annual report.

### 18 Share-based Incentive Plans (cont'd)

#### **Restricted Share Plan**

The details of the movement of the restricted shares of Sembcorp Industries Ltd awarded during the year are as follows:

	2021 \$'000	2020 \$'000
At January 1	56,173	18,673
Conditional restricted shares awarded	18,534	24,386
Modification upon capital related changes	_	28,035
Conditional restricted shares released	(30,630)	(14,921)
At December 31	44,077	56,173

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2021, was 44,077 (2020: 56,173). The RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 44,077 (2020: 56,173) restricted shares.

#### Sembcorp Challenge Bonus

There were no restricted shares awarded and paid under Sembcorp Challenge Bonus during the year. In 2020, with the Committee's approval on the achievement factor for performance targets for the performance period 2019, a total of \$5,092 equivalent to 2,600 notional restricted shares were awarded and paid.

#### Fair value of restricted shares

The fair values of the restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.

The fair values of restricted shares granted in 2021 are as follows:

	]	RSP Date of Gra	nt
	March 30, 2021	May 31, 2021	February 27, 2020
Fair value at measurement date	S\$1.78	S\$2.15	S\$1.81
Assumptions under the Monte Carlo model			
Share price	S\$1.86	S\$2.23	S\$1.90
Expected volatility	35.5%	36.5%	23.4%
Risk-free interest rate	0.58%	0.47%	0.77% - 0.96%
Expected dividend	4.9%	4.2%	3.5%

### 19 Financial Risk Management

#### Overview

The Company follows the risk management policies and guidelines of its immediate holding company which set out its overall business strategies, its tolerance of risk and its general risk management philosophy.

As part of the Company's Enterprise Risk Management framework, treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Company utilises derivatives to manage exposures to interest rate risk and foreign exchange rate risk. Exposures to foreign currency risks are also hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount where possible. All such transactions must involve underlying assets or liabilities and no speculative transactions are allowed.

#### Liquidity risk

The Company manages its liquidity risk with the view to maintain sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals, loan disbursements and repayment of borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Company to meet its obligations.

The table below analyses the maturity profile of the Company's financial liabilities (including derivative financial liabilities) based on the expected contractual undiscounted cash inflows/ (outflows), including interest payments and excluding the impact of netting arrangements:

Over rs 5 years \$'000
_
(1,212,917) (1,212,917)
(9,696)
(255,293)

\* Excludes deferred grant income

The maturity profile of financial guarantees is disclosed in Note 20.

#### Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under contracts or arrangements. The Company does not have significant credit risk exposures.

The Company only deals with related parties and financial institutions with good credit rating. To minimise the Company's counterparty risk, the Company enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating. For amounts due from related parties, the Company considers the financial assets to have a low credit risk by taking into consideration the immediate holding company's (Sembcorp Industries Limited) commitment as well as its financial ability to settle the amount, in estimating the risk of default used in measuring ECL.

As the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each financial asset, including derivatives, in the balance sheet.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates and prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

#### Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's variable-rate debt obligations and loan portfolio. The Company primarily adopts natural hedge to manage the interest rate risk arising from its loan portfolio and debt obligations. In addition, the Company also uses interest rate swaps and cross currency swaps to hedge and manage its interest rate exposure, where applicable.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

In these hedge relationships, the main sources of ineffectiveness could be due to:

- the effect of the counterparties' and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of the hedged transactions.

The Company's exposure to the interest rate benchmark reform as at December 31, 2021 is attributable to the interest rate swaps (2020: interest rate swaps) to hedge SOR (2020: SOR) cash flows on the Company's bank loans maturing from 2022 to 2026 (2020: 2025 to 2026). The Company's exposure to SOR designated in a hedging relationship that is directly affected by the interest rate benchmark reform approximates nominal amount of \$60,000,000 (2020: \$160,000,000) at December 31, 2021.

#### Market risk (cont'd)

#### Sensitivity analysis

It is estimated that 100 basis point (bp) change in interest rate at the reporting date would increase/(decrease) equity and profit before tax by the following amounts. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equ	ity	Profit before tax	
	100 bp Increase \$'000	100 bp Decrease \$'000	100 bp Increase \$'000	100 bp Decrease \$'000
<b>December 31, 2021</b> Variable rate instruments	5,697	(5,697)	7,283	(7,283)
<b>December 31, 2020</b> Variable rate instruments	7,152	(7,152)	3,104	(3,104)

The Company has outstanding interest rate swaps as follows:

	2021 \$'000	2020 \$'000
Interest rate swaps		
Notional amount	254,952	194,952
Derivative financial assets	7,037	14,257
Notional amount	200,000	359,999
Derivative financial liabilities	(7,776)	(25,938)

Outstanding interest rate swaps taken up with related corporations are as follows:

	2021 \$'000	2020 \$'000
Interest rate swaps		
Notional amount	254,952	194,952
Derivative financial assets	7,037	14,257
Notional amount	100,000	259,999
Derivative financial liabilities	(3,981)	(17,989)

#### Foreign currency risk

The Company is exposed to currency risk on transactions that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions primarily are denominated are the US dollar (USD), British Pound (GBP), Chinese Yuan (RMB) and Japanese Yen (JPY). Such risks are hedged either by forward foreign exchange contracts or cross currency swaps in respect of actual or forecasted currency exposures which are reasonably certain.

#### Market risk (cont'd)

#### Foreign currency risk (cont'd)

The Company is exposed to foreign currency risk on lending and borrowings that are denominated in a currency other than Singapore dollars. The Company's exposures to foreign currency are as follows:

December 31, 2021           Financial assets         Cash and cash equivalents $141,127$ 3         3         -         12           Trade and other receivables $147,397$ - $66,293$ $345$ -           Trade and other payables $147,397$ - $66,296$ $345$ 12           Trade and other payables $(70,226)$ $(129,223)$ $(29,194)$ $(345)$ $(3)$ Other financial liabilities $(215,301)$ -         - $(95,156)$ -           (liabilities) $2,997$ $(129,220)$ $37,102$ $(95,156)$ 9           (Less)/Add: Foreign exchange contracts and cross currency swaps (net) $(1,065)$ $129,227$ $(36,682)$ $95,156$ -           Net currency exposure $1,932$ 7 $420$ - $9$	hers 000	JPY \$'000	RMB \$'000	GBP \$'000	USD \$'000	
Cash and cash equivalents $141,127$ 33-12Trade and other receivables $147,397$ - $66,293$ $345$ - $288,524$ 3 $66,296$ $345$ 12Trade and other payables $(70,226)$ $(129,223)$ $(29,194)$ $(345)$ $(3)$ Other financial liabilities $(215,301)$ $(95,156)$ - $(285,527)$ $(129,223)$ $(29,194)$ $(95,501)$ $(3)$ Net financial assets/ (liabilities) $2,997$ $(129,220)$ $37,102$ $(95,156)$ 9(Less)/Add: Foreign exchange contracts and cross currency swaps (net) $(1,065)$ $129,227$ $(36,682)$ $95,156$ -						·
Trade and other receivables $147,397$ - $66,293$ $345$ -288,5243 $66,296$ $345$ 12Trade and other payables $(70,226)$ $(129,223)$ $(29,194)$ $(345)$ $(3)$ Other financial liabilities $(215,301)$ $(95,156)$ - $(285,527)$ $(129,223)$ $(29,194)$ $(95,501)$ $(3)$ Net financial assets/ (liabilities) $2,997$ $(129,220)$ $37,102$ $(95,156)$ 9(Less)/Add: Foreign exchange contracts and cross currency swaps (net) $(1,065)$ $129,227$ $(36,682)$ $95,156$ -	12	_	3	3	141,127	
Trade and other payables $(70,226)$ $(129,223)$ $(29,194)$ $(345)$ $(3)$ Other financial liabilities $(215,301)$ $  (95,156)$ $ (285,527)$ $(129,223)$ $(29,194)$ $(95,501)$ $(3)$ Net financial assets/ (liabilities) $2,997$ $(129,220)$ $37,102$ $(95,156)$ $9$ (Less)/Add: Foreign exchange contracts and cross currency swaps (net) $(1,065)$ $129,227$ $(36,682)$ $95,156$ $-$	_	345	66,293	_	-	-
Other financial liabilities       (215,301)       -       -       (95,156)       -         (285,527)       (129,223)       (29,194)       (95,501)       (3)         Net financial assets/ (liabilities)       2,997       (129,220)       37,102       (95,156)       9         (Less)/Add: Foreign exchange contracts and cross currency swaps (net)       (1,065)       129,227       (36,682)       95,156       -	12	345	66,296	3	288,524	_
Other financial liabilities       (215,301)       -       -       (95,156)       -         (285,527)       (129,223)       (29,194)       (95,501)       (3)         Net financial assets/ (liabilities)       2,997       (129,220)       37,102       (95,156)       9         (Less)/Add: Foreign exchange contracts and cross currency swaps (net)       (1,065)       129,227       (36,682)       95,156       -						
(285,527)       (129,223)       (29,194)       (95,501)       (3)         Net financial assets/ (liabilities)       2,997       (129,220)       37,102       (95,156)       9         (Less)/Add: Foreign exchange contracts and cross currency swaps (net)       (1,065)       129,227       (36,682)       95,156       -	(3)		(29,194)	(129,223)		
Net financial assets/       (liabilities)       2,997       (129,220)       37,102       (95,156)       9         (Less)/Add: Foreign       exchange contracts and       (1,065)       129,227       (36,682)       95,156       -	_	· · · · · · · · · · · · · · · · ·	_	—	· _ · _ · _ /	Other financial liabilities
(liabilities)       2,997       (129,220)       37,102       (95,156)       9         (Less)/Add: Foreign       exchange contracts and       7       7       7       7       7       9         (cross currency swaps (net)       (1,065)       129,227       (36,682)       95,156       -	(3)	(95,501)	(29,194)	(129,223)	(285,527)	_
(liabilities)       2,997       (129,220)       37,102       (95,156)       9         (Less)/Add: Foreign       exchange contracts and       7       7       7       7       7       9         (cross currency swaps (net)       (1,065)       129,227       (36,682)       95,156       -						Not financial acceta/
(Less)/Add: Foreign exchange contracts and cross currency swaps (net) (1,065) 129,227 (36,682) 95,156 –	9	(95 156)	37 102	(129, 220)	2 997	
exchange contracts and cross currency swaps (net) (1,065) 129,227 (36,682) 95,156 -	,	()),150)	57,102	(12),220)	2,777	
cross currency swaps (net) (1,065) 129,227 (36,682) 95,156 -						
	_	95,156	(36,682)	129,227	(1,065)	e
	9	_	420	7	1,932	• • • •
December 31, 2020						December 31, 2020
Financial assets						Financial assets
Cash and cash equivalents 105,574 929 17 – 12	12	-	17	929		1
Trade and other receivables 138,812 135,196 63,632 375 –	_	375	63,632	135,196	138,812	Trade and other receivables
244,386 136,125 63,649 375 12	12	375	63,649	136,125	244,386	_
						<b>T</b> 1 1 1 1 1
Trade and other payables $(38,786)$ $(91,244)$ – $(375)$ –	-	. ,	—	(91,244)	,	
Other financial liabilities $(122,149) - (103,856) - (103,856) - (104,021)$		· _ · _ /	_	-		Other financial liabilities
(160,935) (91,244) – (104,231) –		(104,231)	_	(91,244)	(160,935)	-
Net financial assets/						Net financial assets/
(liabilities) 83,451 44,881 63,649 (103,856) 12	12	(103 856)	63 649	44 881	83 451	
(Less)/Add: Foreign	12	(105,050)	05,015	1,001	00,101	
exchange contracts and						
cross currency swaps (net) (82,972) (44,544) (63,238) 103,856 –	_	103,856	(63,238)	(44,544)	(82,972)	e
Net currency exposure 479 337 411 – 12	12	_	411	337	479	Net currency exposure

#### Market risk (cont'd)

#### Foreign currency risk (cont'd)

A 10% strengthening of foreign currencies against Singapore dollar at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables (i.e. interest rates) remain constant.

	Profit bef	ore tax
	2021 \$'000	2020 \$'000
- USD	193	48
- GBP	1	34
- RMB	42	41
- Others	1	1

The Company has outstanding foreign exchange contracts and cross currency swaps as follows:

	2021 \$'000	2020 \$'000
Foreign exchange contracts		
Notional amount	746,222	1,459,598
Derivative financial assets	16,099	18,202
Notional amount	708,184	1,481,385
Derivative financial liabilities	(15,647)	(16,924)
Cross currency swaps		
Notional amount	_	99,999
Derivative financial assets	_	3,120
Notional amount	99,999	_
Derivative financial liabilities	(8,988)	

Outstanding foreign exchange contracts and cross currency swaps taken up with related corporations are as follows:

	2021 \$'000	2020 \$'000
Foreign exchange contracts		
Notional amount	447,215	875,890
Derivative financial assets	11,407	13,117
Notional amount	434,836	825,763
Derivative financial liabilities	(8,039)	(7,193)
Cross currency swaps		
Notional amount	-	99,999
Derivative financial assets	_	3,120
Notional amount	99,999	-
Derivative financial liabilities	(8,988)	_

#### Cash flow hedges

The Company designates cross currency swaps in their entirety to hedge exposures to changes in foreign currency and interest rates and applies a hedge ratio of 1:1. The Company determines the existence of an economic relationship between the hedging instruments and hedged items based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged items by looking at the critical terms. The Company did not identify any significant sources of ineffectiveness in the hedge relationships.

At the reporting date, the Company held the following instruments to hedge exposures to changes in interest rates:

2021	Rate (\$)	Interest rate (%)	Within 1 year \$'000	Maturity Between 1 to 5 years \$'000	More than 5 years \$'000
Interest rate risk Interest rate swap (IRS) - Float-to-fixed	_	1.05 - 2.51	_	160,000	_
2020					
Interest rate risk Interest rate swap (IRS) - Float-to-fixed	_	1.05 - 2.24	_	60,000	100,000

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Balance in hedging reserve for continuing hedges \$'000
2021	
Interest rate risk	
Other financial liabilities	(3,010)
2020 Interest rate risk	
Other financial liabilities	(9,417)

#### Cash flow hedges (cont'd)

The amounts related to items designated as hedging instruments are as follows:

2021	Nominal Amount \$'000	Quantity '000	<u>Carrying</u> <u>Amount</u> Assets/ (Liabilities) \$'000	sheet where the hedging instrument	instrument	from hedging reserve to	Line item affected in profit or loss because of the reclassi- s fication
Interest rate risk							
Interest rate swap	100,000	SGD100,000	(3,981)	Other financial liabilities	5,715	_	Other operating expenses
Interest rate swap	60,000	SGD60,000	354	Other financial assets	2,004	_	Other operating expenses
2020							
Interest rate risk Interest rate				Other financial			Other operating
swap	160,000	SGD160,000	(11,346)	liabilities	(6,793)	_	expenses

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

	2021 Hedging reserve \$'000	2020 Hedging reserve \$'000
<b>Balance at January 1</b> Changes in fair value:	(9,417)	(4,733)
Foreign currency and interest rate risk	_	(3,504)
Interest rate risk	7,719	(6,793)
Amount reclassified to profit or loss:		
Foreign currency and interest rate risk	_	4,653
Tax on movements on reserves during the year	(1,312)	960
Balance at December 31	(3,010)	(9,417)

#### Estimation of fair values

SFRS(I) 7 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value.

The three levels of the fair value input hierarchy defined by SFRS(I) 7 are as follows:

- Level 1: Fair values are measured based on quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2: Fair values are measured using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3: Fair values are measured using inputs which are not based on observable market data (unobservable input).

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Company.

#### Derivatives

The fair value of foreign exchange contracts are accounted for based on the difference between the contractual price and the current market price.

The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Company is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

#### Non-derivative non-current financial assets and liabilities

Carrying amount of non-derivative non-current financial assets and liabilities which bear floating interest are assumed to approximate their fair value because of the short period to repricing. Fair values determined for non-derivative non-current financial assets and liabilities which bear fixed interest are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. This includes determination for fair value disclosure purpose as well.

For non-current financial assets and liabilities that are traded in the market, quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for disclosure purposes.

#### Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, other financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

#### Fair value hierarchy

The following table sets forth by level within the fair value hierarchy of the financial assets and liabilities that were accounted for at fair value as of December 31, 2021. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

44 December 21, 2021	Fair value measurement Level 2 \$'000
At December 31, 2021 Derivative financial assets	23,136
Derivative financial liabilities	(32,411)
At December 31, 2020 Derivative financial assets	35,579
Derivative financial liabilities	(42,862)

Financial assets and liabilities not carried at fair value but for which fair values are disclosed\*

	Fair value measurement Level 2 \$'000
At December 31, 2021 Long-term receivables Unsecured term loans	1,325,987 1,525,619
At December 31, 2020 Long-term receivables Unsecured term loans	477,922 477,922

#### Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	Note	Mandatorily at FVTPL \$'000	Fair value- hedging instruments \$'000	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Total carrying value \$'000	Fair value \$'000
December 31, 2021							
Long-term receivables*	3	_	—	4,130,444	_	4,130,444	4,146,650
Other financial assets	5	22,782	354	-	_	23,136	23,136
		22,782	354	4,130,444	_	4,153,580	4,169,786
Other financial liabilities*	12	28,430	3,981		3,364,374	3,396,785	3,400,804
December 31, 2020							
Long-term receivables*	3	_	_	3,941,358	_	3,941,358	3,983,003
Other financial assets	5	35,579	—	-	_	35,579	35,579
		35,579	_	3,941,358		3,976,937	4,018,582
Other financial liabilities*	12	31,516	11,346	-	3,414,754	3,457,616	3,485,706

\* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their shortterm nature and where the effect of discounting is immaterial.

#### Working capital management

The Company manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements reflect management's intention to continue to utilise short-term bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Company. Such working capital requirements are within the credit facilities established and which are adequate and available to the Company to meet their obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Company.

Capital is defined as equity attributable to owners of the Company.

There were no changes in the Company's approach to capital management during the year.

In its loan agreements, the Company has covenant requirements to maintain positive tangible net worth. The Company is in compliant of this loan covenant at the reporting date.

### 20 Contingent Liabilities

As at the balance sheet date, the Company has the following contingent liabilities:

	2021	2020
	\$'000	\$'000
Guarantees issued under its banking facilities on behalf of:		
- immediate holding company	941	941

These guarantee contracts are accounted for as insurance contracts.

The Company is undertaking the credit risk of its immediate holding company in connection with the guarantees it has issued, of which management has assessed the credit risks to be minimal in 2021 and 2020.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the Company's future cash flows.

Estimates of the Company's obligation arising from the guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of balance sheet date, there is no provision made in respect of the obligations as the probability of outflow of economic benefits was assessed to be remote.

The guarantee contracts will expire within the next 12 months.

### 21 Segment Reporting

The Company has one reportable operating segment relating to the financing and treasury services for Sembcorp Industries and its subsidiaries. Management monitors the Company's business as a whole and reviews the internal management at least on a quarterly basis. The accounting policies of the reportable segments are the same as described in Note 2.

#### **Geographical segments**

The Company operates only from its facility in Singapore and the segment assets are all based in Singapore. Its customers are mainly located in Singapore. In presenting segment revenue on the basis of geographical segment, they are based on geographical location of customers.

Revenue	2021 \$'000	2020 \$'000
- Singapore	85,664	130,792
- Others	5,013	4,724
	90,677	135,516

#### Major customer

Revenue from Sembcorp Industries and its subsidiaries represents approximately 99% (2020: 97%) of the Company's total revenue.

### 22 New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2021 and earlier application is permitted; however the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant effect on the financial statements of the Company:

- SFRS(I) 17 Insurance Contracts and amendments made to SFRS(I) 17 Insurance Contracts
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)
- Reference to the Conceptual Framework (Amendments to SFRS(I) 3)
- Property, plant and equipment Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Onerous Contracts Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)
- Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)
- Annual Improvements to SFRS(I)s 2018-2020
- Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)