IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting the e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the **"SFA**")), a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 and (B) agree to be bound by the limitations and restrictions described therein. Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Keppel Corporation Limited, DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd. or Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Keppel Corporation Limited, DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd. or Oversea-Chinese Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Keppel Corporation Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

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

KEPPEL CORPORATION LIMITED

(Incorporated in the Republic of Singapore on 3 August 1968)
(UEN/Company Registration No. 196800351N)

US$5,000,000,000

Multi-Currency Medium Term Note Programme (the "MTN Programme")

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Keppel Corporation Limited (the "**Issuer**") pursuant to the MTN Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes 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,

the 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 Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(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.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval-in-principle from, admission to the Official List of, and the listing and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies, the MTN Programme or such Notes.

Arranger

DBS

Dealers

citi DBS OCBC Bank

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NOTICE

DBS Bank Ltd. (the "**Arranger**") has been authorised by Keppel Corporation Limited (the "**Issuer**") to arrange the MTN Programme described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore Dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer and the Notes. The Issuer has informed the Arranger that the information on the Issuer and the Notes contained herein is true and accurate in all material respects and that there are no other facts the omission of which in the context of the issue and offering of the Notes would make any such information misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms except (in the case of Notes other than variable rate notes (as described under "**Summary of the MTN Programme**")) for the issue dates, issue prices, interest commencement dates and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have any maturity as the Issuer and the relevant Dealer(s) may agree and may be subject to redemption or purchase in whole or in part. The Notes (except for zero coupon notes which will not bear interest other than in the case of late payment) will bear interest at a fixed, floating, variable or hybrid rate and will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the pricing supplement issued in relation to each series or tranche of Notes (the "**Redemption Amount**"). Details applicable to each series or tranche of Notes will be specified in the applicable pricing supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein), shall not exceed US$5,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased under the MTN Programme. The maximum aggregate principal amount of Notes to be issued, when added to the aggregate principal amount of all Notes outstanding, was increased from US$600,000,000 to US$1,200,000,000 on 1 February 2012 and to US$3,000,000,000 and US$5,000,000,000 on 11 July 2012 and 26 April 2019 respectively.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act of 1933 of the United States, as amended (the "**Securities Act**") or any U.S. state securities laws and may not be offered or sold or delivered within the United States or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the affairs, business or financial position of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Issuer, the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Arranger or their respective subsidiaries or associated companies (if any). Further, neither the Arranger nor any of the Dealers gives any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither the Arranger nor any of the Dealers has separately or independently verified the information contained herein. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the businesses, financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, neither the Arranger nor any of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Information Memorandum or for any statement made or purported to be made by the Arranger or any of the Dealers or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) the most recently published audited consolidated and non-consolidated annual financial statements (if any) and, if published later, the most recently published unaudited consolidated financial statements announcement of the Issuer (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any pricing supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase, subscription or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase, subscription or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section "Subscription, Purchase and Distribution" on page 122 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in

connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal, financial, tax and other advisers before purchasing, subscribing or acquiring the Notes.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Notes.

Prospective investors should pay attention to the risk factors set out in the section on "Risk Factors" on pages 85 to 114 of this Information Memorandum.

Notification under Section 309B of the SFA

Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the MTN Programme shall be 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).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

If the Pricing Supplement in respect of any Notes includes a legend entitled "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 2002/92/EC (as amended or superseded, the "**Insurance Mediation 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 Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, 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.

FORWARD-LOOKING STATEMENTS

Some statements in this Information Memorandum may be deemed to be forward-looking statements. All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this Information Memorandum, the words "anticipates", "estimates", "projects", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should", "could" and any similar expressions generally identify forward-looking statements (however, these words are not the exclusive means of identifying forward-looking statements). These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. If one or more of the risks, uncertainties or other factors materialise, including (without limitation) those identified below or which the Issuer has otherwise identified in this Information Memorandum, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's and/or the Group's actual results, performance or achievements may vary from those expected, expressed or implied by the forward-looking statements. Given the risks, uncertainties and other factors that may cause the actual future results, performance or achievements of the Issuer and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Information Memorandum, undue reliance must not be placed on such forward-looking statements. None of the Issuer and the Group represents or warrants that the actual future results, performance or achievements of the Issuer and/or the Group will be as discussed in those statements.

The risks, uncertainties and other factors referred to above include (without limitation):

- the ability of the Group to achieve and manage the growth of its businesses;
- the performance of the markets in Singapore and the countries/territories in which the Group operates;
- the Group's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Group's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- changes in political, social, legal or economic conditions in the countries/territories in which the Group and/or its customers and/or suppliers operate;
- actions taken by the Group's joint venture partners that may not be in accordance with its policies and objectives;
- changes in the competitive conditions in the Group's industry and the Group's ability to compete under those conditions;
- changes in commodity prices;
- risks of not being able to implement new strategies outlined by the Issuer and/or the Group;
- risks of being unable to realise anticipated growth opportunities;

- changes in the availability and effectiveness of futures contracts or other derivative instruments as hedging instruments, and the risks associated with such instruments;

- changes in currency exchange rates;

- changes in short-term and long-term interest rates; and

- changes in customer preferences and needs.

Some of the factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the sections titled "Risk Factors" and "Description of the Group".

Any forward-looking statements contained in this Information Memorandum speak only as at the date of this Information Memorandum. The Issuer expressly disclaims any obligation or undertaking to disseminate publicly or otherwise after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 12 December 2000 made between (1) the Issuer, as issuer, (2) DBS Bank Ltd. (formerly known as The Development Bank of Singapore Ltd), as issuing and paying agent and agent bank, and (3) DBS Trustee Limited, as trustee, as amended and restated by an amendment and restatement agency agreement dated 8 February 2020 made between (1) the Issuer, as issuer, (2) DBS Bank Ltd., as issuing and paying agent and agent bank, and (3) DBS Trustee Limited, as trustee, and as further amended, varied or supplemented from time to time
"**Agents**"	:	The Issuing and Paying Agent and the Agent Bank
"**Agent Bank**"	:	DBS Bank Ltd.
"**Alpha**"	:	Alpha Investment Partners Limited
"**Arranger**"	:	DBS Bank Ltd.
"**A$**"	:	Australian dollars
"**Business Day**"	:	A day (other than Saturday or Sunday) on which commercial banks in Singapore are open for business
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited
"**Clearstream, Luxembourg**"	:	Clearstream Banking S.A.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"**Couponholders**"	:	The holders of Coupons
"**Coupons**"	:	The interest coupons appertaining to an interest bearing definitive Note
"**Dealers**"	:	The persons appointed as dealers under the MTN Programme
"**Depositors**"	:	Persons holding the Notes in securities accounts with CDP
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum

"**Euros**"	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time
"**Euroclear**"	:	Euroclear Bank SA/NV
"**FY**"	:	Financial year ended 31 December
"**Group**"	:	The Issuer and its subsidiaries
"**IRAS**"	:	The Inland Revenue Authority of Singapore
"**Issuer**" or "**Keppel Corporation**"	:	Keppel Corporation Limited
"**Issuing and Paying Agent**"	:	DBS Bank Ltd.
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
"**Keppel Capital**"	:	Keppel Capital Holdings Pte Ltd
"**Keppel Data Centres**"	:	Keppel Data Centres Holding Pte Ltd
"**Keppel FELS**"	:	Keppel FELS Limited
"**Keppel Infrastructure**"	:	Keppel Infrastructure Holdings Pte. Ltd.
"**Keppel Land**"	:	Keppel Land Limited
"**Keppel O&M**"	:	Keppel Offshore & Marine Ltd
"**Keppel Seghers**"	:	Keppel Seghers Pte Ltd
"**Keppel T&T**"	:	Keppel Telecommunications & Transportation Ltd
"**Keppel Urban Solutions**"	:	Keppel Urban Solutions Pte. Ltd.
"**KrisEnergy**"	:	KrisEnergy Ltd
"**Latest Practicable Date**"	:	3 February 2020
"**M1**"	:	M1 Limited
"**MAS**"	:	The Monetary Authority of Singapore
"**MTN Programme**"	:	The US$5,000,000,000 Multi-Currency Medium Term Note Programme of the Issuer
"**Noteholders**"	:	The holders of Notes

"**Notes**"	:	The notes to be issued by the Issuer under the MTN Programme
"**Permanent Global Note**"	:	A Global Note representing one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, substantially in the form set out in Schedule 3 to the Trust Deed
"**Pricing Supplement**"	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, issued specifying the relevant issue details in relation to such Series or, as the case may be, Tranche
"**Principal Subsidiary**"	:	Means, in relation to the Issuer, any subsidiary whose total assets, as shown by the accounts (consolidated in the case of a corporation which itself has subsidiaries) of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, exceed 30 per cent. of the total assets of the Group, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then: (a) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and (b) if part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary. Any subsidiary which becomes a Principal Subsidiary by virtue of (a) above or which remains or becomes a Principal Subsidiary by virtue of (b) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the share of the Group of such subsidiary's total assets, as shown by the accounts of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be 30 per cent. or less of the total assets of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive

"Programme Agreement"	:	The Programme Agreement dated 12 December 2000 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd. (formerly known as The Development Bank of Singapore Ltd), Citicorp Investment Bank (Singapore) Limited and Oversea-Chinese Banking Corporation Limited (successor of Keppel Tatlee Bank Limited), as dealers, as amended and restated by an amendment and restatement programme agreement dated 8 February 2020 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd. and Oversea-Chinese Banking Corporation Limited, as dealers, and as further amended, varied or supplemented from time to time
"R&D"	:	Research and development
"REIT"	:	Real estate investment trust
"RMB"	:	Renminbi
"Securities Act"	:	Securities Act of 1933 of the United States, as amended
"Series"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) are identical in all respects except for their respective issue dates, issue prices, interest commencement dates and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects except for their respective issue prices and rates of interest
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time. A reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Issuer
"sq ft"	:	Square feet
"sq km"	:	Square kilometres
"sq m"	:	Square metres
"TARGET System"	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto

"**Temasek**"	:	Temasek Holdings (Private) Limited
"**Temporary Global Note**"	:	A Global Note representing Notes of one or more tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed
"**Tianjin Eco-City**"	:	Sino-Singapore Tianjin Eco-City
"**Tranche**"	:	Notes which are identical in all respects (including listing)
"**Trust Deed**"	:	The Trust Deed dated 12 December 2000 made between (1) the Issuer, as issuer, and (2) DBS Trustee Limited, as trustee, as amended and restated by an amendment and restatement deed dated 8 February 2020, made between (1) the Issuer, as issuer, and (2) DBS Trustee Limited, as trustee, and as further amended, varied or supplemented from time to time
"**Trustee**"	:	DBS Trustee Limited
"**U.S.**" or "**United States**"	:	United States of America
"**S$**" or "**Singapore Dollars**" or "**$**" and "**cents**"	:	Singapore dollars and cents respectively
"**US$**" or "**US Dollars**" and "**US cents**"	:	United States dollars and cents respectively
"**WTE**"	:	Waste-to-Energy
"**%**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa,* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Dr Lee Boon Yang, Chairman Loh Chin Hua, CEO Alvin Yeo Khirn Hai Tan Ek Kia Danny Teoh Till Vestring Veronica Eng Jean-François Manzoni Teo Siong Seng Tham Sai Choy Penny Goh
Registered Office	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Auditors to the Issuer	:	PricewaterhouseCoopers LLP 7 Straits View Marina One East Tower Level 12 Singapore 018936
Arranger of the MTN Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Issuer	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the holders of the Notes	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE MTN PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Keppel Corporation Limited.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd., Citigroup Global Markets Singapore Pte. Ltd., Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd.
Trustee	:	DBS Trustee Limited.
Description	:	Multi-Currency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall not exceed US$5,000,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the MTN Programme.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore Dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have any maturity as the Issuer and the relevant Dealer(s) may agree.
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Note or a Hybrid Note) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Note, a Variable Rate Note or a Hybrid Note).

Interest Basis	:	Notes (except for Zero Coupon Notes which will not bear interest other than in the case of late payment) may bear interest at fixed, floating, variable or hybrid rates.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore Dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period as been agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s) at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore Dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein.
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Optional Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amount as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required. For further details, see the section on "Singapore Taxation" below.

Financial Covenant : Consolidated Net Borrowings to Consolidated Shareholders' Funds shall not exceed three times.

For the purpose of the paragraph above:

(a) "**Consolidated Net Borrowings**" means in relation to the Group, an amount (expressed in Singapore Dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(i) bank overdrafts and any part of any other borrowings maturing within 12 months;

(ii) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(iii) the liabilities of the Issuer under the Trust Deed or the Notes, and under any other liabilities in the nature of borrowings of the Group; and

(iv) all other indebtedness whatsoever of the Group for borrowed moneys,

after excluding any cash deposits made by the Group with Financial Institutions (as defined in the Trust Deed), all as shown in the consolidated balance sheet of the latest audited amounts of the Group or the latest half-yearly unaudited consolidated balance sheet of the Group; and

(b) "**Consolidated Shareholders' Funds**" means the amount (expressed in Singapore Dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(i) the capital of the Issuer for the time being issued and paid up;

(ii) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund and profit and loss account) of the Group on a consolidated basis; and

(iii) the minority interests in the subsidiaries of the Issuer,

all as shown in the latest audited consolidated balance sheet of the Group but after:

(1) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital redemption reserve fund of the Group since the date of the latest audited consolidated balance sheet of the Group;

(2) excluding any sums set aside for future taxation; and

(3) deducting:

(I) an amount equal to any distribution by any member of the Group to persons other than members of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group delivered to the Trustee under Clause 16.5 of the Trust Deed and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(II) all goodwill and other intangible assets;

(III) any debit balances on consolidated profit and loss account; and

(IV) any amounts arising from a writing-up after the date of the latest audited consolidated balance sheet of the Group delivered to the Trustee under Clause 16.5 of the Trust Deed of the book values of any property of the Group (any increases in the book value of property which results from its transfer being deemed for this purpose to have arisen from a writing-up).

Negative Pledge : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remain outstanding (as defined in the Trust Deed), the Issuer will not, except with the prior consent in writing of the Trustee (such consent not to be unreasonably withheld), create or permit to subsist any mortgage, charge, pledge or other security interest ("**Charge**") over the whole or any part of its undertakings, assets, property or revenues, present or future, where such Charge is given, or is intended to be given, to secure any indebtedness of the Issuer in respect of any freely transferable securities of, or guaranteed by, the Issuer, except for:

(i) any Charge existing at the date of the Trust Deed and as disclosed to the Trustee (but the amount secured by any such Charge may not be increased); or

(ii) liens or rights of set-off arising in the ordinary course of business of the Issuer; or

(iii) such other Charge as shall be approved by an Extraordinary Resolution (as defined in Schedule 4 to the Trust Deed) of the Noteholders.

For the purpose of the paragraph above, the expression "freely transferable securities" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other organised securities market.

Non-Disposal Clause	:	The Issuer has covenanted with the Trustee in the Trust Deed that it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) any of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 16.32 of the Trust Deed, would have a material adverse effect on the ability of the Issuer to perform any of its obligations under the Issue Documents (as defined in the Trust Deed), Notes or Coupons.
Events of Default	:	See "Terms and Conditions of the Notes – Events of Default".
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The MTN Programme and any Notes issued under the MTN Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Details of the relevant Series are shown on the face of the relevant Notes and in the relevant Pricing Supplement.*

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes, the "**Trust Deed**") dated 12 December 2000 made between (1) Keppel Corporation Limited (the "**Issuer**"), and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended or supplemented as at the date of issue of the Notes, the "**Deed of Covenant**") dated 12 December 2000 relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended or supplemented as at the date of issue of the Notes, the "**Agency Agreement**") dated 12 December 2000 made between (1) the Issuer, (2) DBS Bank Ltd. (formerly known as The Development Bank of Singapore Ltd), as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") and agent bank (in such capacity, the "**Agent Bank**"), and (3) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) and Coupons in these Conditions are not applicable.

(b) **Title**

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note (as defined below), and such Global Note is held by a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects except for their respective issue dates, issue prices, interest commencement dates and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. STATUS

The Notes and Coupons of all Series shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu,* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3. COVENANTS

(a) Negative Pledge

In the Trust Deed, the Issuer has covenanted that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not, except with the prior consent in writing of the Trustee (such consent not to be unreasonably withheld), create or permit to subsist any mortgage, charge, pledge or other security interest ("**Charge**") over the whole or any part of its undertakings, assets, property or revenues, present or future, where such Charge is given, or is intended to be given, to secure any indebtedness of the Issuer in respect of any freely transferable securities of, or guaranteed by, the Issuer, except for:

(i) any Charge existing at the date of the Trust Deed and as disclosed to the Trustee (but the amount secured by any such Charge may not be increased); or

(ii) liens or rights of set-off arising in the ordinary course of business of the Issuer; or

(iii) such other Charge as shall be approved by an Extraordinary Resolution (as defined in Schedule 4 to the Trust Deed) of the Noteholders.

For the purpose of this Condition, the expression "**freely transferable securities**" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other organised securities market.

(b) Financial Covenant

In the Trust Deed, the Issuer has covenanted that, so long as any of the Notes remains outstanding, it will ensure that the ratio of Consolidated Net Borrowings (as defined in the Trust Deed) of the Issuer and its subsidiaries to Consolidated Shareholders' Funds (as defined in the Trust Deed) of the Issuer and its subsidiaries shall not at any time exceed 3.0:1.

4. (I) INTEREST ON FIXED RATE NOTES

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 4(II)(h)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to (but excluding) the Relevant Date (as defined in Condition 7).

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of such Note. The amount of interest payable per Calculation Amount (as defined in Condition 4(II)(h)) for any Fixed Rate Interest Period (as defined below) in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (as defined in Condition 4(II)(h)).

For the purposes of these Conditions, "**Fixed Rate Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) INTEREST ON FLOATING RATE NOTES OR VARIABLE RATE NOTES

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each date ("**Interest Payment Date**") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to (but excluding) the Relevant Date.

(b) **Rate of Interest – Floating Rate Notes**

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore Dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to paragraph (d) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR

FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select;

(C) if on any Interest Determination Date the Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant time on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore Dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) **Rate of Interest – Variable Rate Notes**

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9 a.m. (Singapore time) on the ninth business day nor later than 3 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) instruct the Issuing and Paying Agent to notify such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

The Rate of Interest may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to paragraph (d) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above *(mutatis mutandis)* and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) **Determination of Rate of Interest and Calculation of Interest Amounts and Redemption Amounts**

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank may be required to calculate any Redemption Amount in respect of any Notes, determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period or calculate the Redemption Amount in respect of such Notes. The Interest Amounts shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of the Rate of Interest, the Interest Amounts and the Redemption Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(e) **Notification of Rate of Interest and Interest Amounts**

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Issuing and Paying Agent and the Issuer and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(f) **Determination of Rate of Interest by the Trustee**

The Trustee shall (if the Agent Bank does not at any material time determine the Rate of Interest) determine or procure the determination of such Rate of Interest in accordance with the provisions of this Condition 4. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(g) **Agent Bank and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Rate Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or the Redemption Amount, the Issuer will appoint the Singapore office of a leading bank or merchant bank engaged in the Singapore inter-bank market to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

(h) **Definitions**

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and CDP, as applicable, are operating, (ii) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in the country of the Issuing and Paying Agent's specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore, (2) (in the case of Notes denominated in Euro) a day (other than a Saturday or Sunday) on which the TARGET System is open for settlement in Euro and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 4:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Interest

Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Agent Bank;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the inter-bank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) INTEREST ON HYBRID NOTES

(a) **Interest Rate and Accrual**

Each Hybrid Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) **Fixed Rate Period**

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to (but excluding) the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) **Floating Rate Period**

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Floating Rate Period, and such interest will be payable in arrear on each date ("**Interest Payment Date**") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to (but excluding) the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) ZERO COUPON NOTES

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

(V) BENCHMARK DISCONTINUATION AND REPLACEMENT

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)). An Independent Adviser appointed pursuant to this Condition 4(V) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(V).

If the Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the relevant Interest Determination Date or Interest Payment Date (as the case may be), the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the Issuer (in the circumstances set out in Condition (V)(a)) (as the case may be) determines that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(V)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(V)); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(V)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(V)).

(c) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(V) and the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(V)(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent of a certificate in English signed by a duly authorised officer of the Issuer pursuant to Condition 4(V)(e), the Trustee and the Issuing and Paying Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed, the Agency Agreement and these Conditions), provided that neither the Trustee nor the Issuing and Paying Agent shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee, the Issuing and Paying Agent and the Agent Bank shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(V). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Issuing and Paying Agent or the Agent Bank (if required).

In connection with any such variation in accordance with Condition 4(V)(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(V) will be notified promptly by the Issuer to the Trustee, the Issuing and Paying Agent, the Agent Bank and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent a certificate in English addressed to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and signed by a duly authorised officer of the Issuer:

(i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate, and (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(V); and

(ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

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

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4(V)(a), 4(V)(b), 4(V)(c) and 4(V)(d), the Original Reference Rate and the fallback provisions provided for in Condition 4 will continue to apply unless and until the Agent Bank has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(V)(e).

(g) Definitions

As used in this Condition 4(V):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(iii) if no such industry standard is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines in accordance with Condition 4(V)(b) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 4(V)(d);

"**Benchmark Event**" means:

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

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

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

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or

(v) it has become unlawful for the Issuing and Paying Agent, the Agent Bank, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4(V)(a);

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

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

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

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes (together with all unmatured Coupons relating to such Notes) at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered by the Issuer to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on the SGX-ST (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(c) **Purchase at the Option of Noteholders**

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons (including all unmatured Coupons) relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Trust Deed) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered by the Issuer to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons (including all unmatured Coupons) relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Trust Deed) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered by the Issuer to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) **Redemption at the Option of the Issuer**

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes (together with all unmatured Coupons relating to such Notes) at their Redemption Amount and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on the SGX-ST, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any notice of redemption of such Notes.

(e) **Redemption at the Option of Noteholders**

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Trust Deed) without the prior consent of the Issuer.

(f) **Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) **Purchases**

The Issuer and any of its subsidiaries may at any time and from time to time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to such Notes) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold at its discretion.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, requirement, rule or credit restraint programme of any relevant government agency, authority, central bank department, legislative, minister, ministry, official public or statutory corporation, or stock exchange.

(h) **Early Redemption of Zero Coupon Notes**

(i) The Redemption Amount payable in respect of any Zero Coupon Note which does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) **Cancellation**

All Notes redeemed by the Issuer or purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. PAYMENTS

(a) **Principal and Interest**

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that payment is due, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency or, in the case of Euro, in a city which banks have access to the TARGET System.

(b) **Payments subject to law etc.**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) **Appointment of Agents**

The Issuing and Paying Agent and its specified office are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that it will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent and the Trustee, materially and adversely affect the interests of the holders.

(d) **Unmatured Coupons**

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8). If the date for payment of Redemption Amount is any date other than a date for payment of interest, the accrued interest on such principal or Redemption Amount shall be paid only upon presentation of the relevant Note.

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) **Non-business days**

Subject as provided in the relevant Pricing Supplement, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the following business day. The Noteholders or, as the case may be, Couponholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a relevant business day, if the Noteholder or, as the case may be, Couponholder is late in surrendering or cannot surrender its Note (if required to do so) or if a cheque drawn for the purposes of Condition 6(a) arrives after the due date for payment.

(f) **Default Interest**

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum shall not be made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such

Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of 30 days, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph (f) shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. TAXATION

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

For the avoidance of doubt, none of the Issuer or any other person shall be required to pay any additional amounts or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement).

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. PRESCRIPTION

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer fails to pay in the principal of, or Redemption Amount (whether becoming due upon redemption or otherwise) on or any interest on any of the Notes of any Series when due, and such default continues for a period of 15 business days;

(b) the Issuer defaults in the performance or observance of or compliance with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Notes or the Trust Deed and, if in the reasonable opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days of its occurrence;

(c) (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) has/have occurred equals or exceeds S$100,000,000 or its equivalent (as reasonably determined by the Trustee);

(d) the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or all of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;

(e) (i) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property or assets of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days or (ii) a distress, attachment, execution or other legal process (other than those of a frivolous or vexatious nature) is levied, enforced or sued out on or against all or any material part of the revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;

(f) any security on or over all or any material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable;

(g) an order is made or a resolution is passed for the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee before such order is made or, as the case may be, resolution passed) or a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer is appointed of the Issuer or any of its Principal Subsidiaries or over all or any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(h) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(i) any action, condition or thing (including the obtaining of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(j) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes, any of the Coupons or the Trust Deed;

(k) any litigation, arbitration or administrative proceeding is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Notes, Coupons or the Trust Deed or (ii) which has or could have a material adverse effect on the Issuer or on the Issuer and its subsidiaries taken as a whole;

(l) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business; and

(m) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events referred to in paragraphs (d), (e), (g) and (h),

and in the case of any of the events described in sub-paragraphs (b), (c), (e), (f) and (h) (with respect to the Issuer) and sub-paragraphs (c), (e), (f), (h) and (m) (with respect to a Principal Subsidiary), the Trustee shall have certified in writing to the Issuer that the event is, in its opinion, materially prejudicial to the interests of the Noteholders.

10. ENFORCEMENT OF RIGHTS

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. MEETING OF NOTEHOLDERS AND MODIFICATIONS

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 25 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia,* (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (a) any modification of any of the provisions of the Trust Deed, Notes or Coupons which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, Notes or Coupons which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. REPLACEMENT OF NOTES AND COUPONS

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its related corporations without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

15. NOTICES

Notices to the Noteholders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. If at any time after the Issuer shall have used its best endeavours to procure publication in such newspaper and found it to be not practicable, notices will be valid if published in such other manner as the Issuer, with the approval of the Trustee, shall determine. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Notwithstanding any provision herein, in the case where the Issuer is listed on the SGX-ST or where the Notes are listed on the SGX-ST, notices to the holders of such Notes shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of the Depository, or, as the case may be, Euroclear and/or Clearstream Luxembourg and/or any other clearing system, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement by the Depository) the Depository and/or such other clearing system for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraphs. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given on the fourth weekday after the date of mailing.

16. GOVERNING LAW AND JURISDICTION

(a) The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes and the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes or Coupons ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Trustee, the Noteholders and the Couponholders and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

DESCRIPTION OF THE GROUP

Keppel Corporation is a global multi-business company committed to providing solutions for sustainable urbanisation through its key businesses in Offshore & Marine, Property, Infrastructure and Investments. The Group's eco-system of companies work closely together to offer a spectrum of products and services that address the world's growing needs for energy, clean environments, urban living solutions and connectivity.

Keppel Corporation harnesses the Group's collective strengths in engineering and project management, technology and innovation, the operation and maintenance of assets, and capital management to seize opportunities and create enduring value.

In addition to providing turnkey solutions and services such as developing homes for sale as well as constructing, converting, upgrading and repairing offshore rigs and vessels, the Group is able to create, operate and maintain quality assets across its diverse business verticals, which can generate stable, long term cash flows.

Keppel Corporation is positioned to capture value at every step of the way, from the time an asset is created till even after it is injected into a trust or fund managed by the Group. This robust business model provides multiple income streams, bolstered by recurring sources, to keep the Group resilient amidst business cycles as it captures long-term growth from the global megatrend of sustainable urbanisation.

Keppel Corporation was listed on 24 October 1980 on the SGX-ST. As at 31 December 2019, the Group had approximately S$31.32 billion in total assets.

The Group has a global footprint spanning over 20 countries, with customers outside of Singapore contributing to approximately 42% of the Group's revenue for the period ended 31 December 2019.

As at the Latest Practicable Date, Temasek and the companies under the Temasek group owned approximately 21% of Keppel Corporation. Temasek is wholly-owned by the Singapore Minister for Finance. In October 2019, it was announced that an indirect wholly-owned subsidiary of Temasek (the "**Offeror**") intends to, subject to certain pre-conditions, make a voluntary conditional cash partial offer to acquire such number of ordinary shares in the capital of Keppel Corporation, other than those already owned, controlled or agreed to be acquired by the Offeror and persons acting or deemed acting in concert with the Offeror which, when aggregated with Temasek's existing interest in Keppel Corporation, would represent 51% of the total number of ordinary shares in the capital of Keppel Corporation (excluding shares held in treasury).

VISION AND MISSION

Keppel Corporation aims to be a global company at the forefront of its chosen industries, shaping the future for the benefit of all its stakeholders – Sustaining Growth, Empowering Lives and Nurturing Communities.

Guided by its operating principles and core values, Keppel Corporation will deliver solutions for sustainable urbanisation profitably, safely and responsibly.

STRATEGIC DIRECTIONS

Keppel Corporation continues to sharpen its competitive advantage and develop new growth platforms through the following strategic initiatives:

Strengthen the Group's core businesses and collaborate on new opportunities, capitalising on synergies from the Group's multi-business model to achieve its financial, people, stakeholder and process goals

Keppel Corporation is harnessing the Group's synergies from across its business verticals to provide solutions for sustainable urbanisation, spanning the areas of energy, clean environments, urban living solutions and connectivity. Keppel Corporation's business model positions it to capture value across the operational lifespan of assets created or acquired, and provides multiple income streams, to keep the Group resilient amidst business cycles as it captures long-term growth from the global megatrend of sustainable urbanisation.

Build new engines for growth through innovation and technology

The Group invests in technology and innovation in order to enhance and expand its services to its customers as well as to seek out new opportunities. Keppel Corporation's Investments Division also serves as an incubator of future growth engines.

In late 2017, Keppel Corporation launched Keppel Urban Solutions, a strategic platform which brings together the diverse experience and competencies of the Group to create smart cities of the future, which are highly liveable, vibrant, digitally connected and sustainable. As an end-to-end master developer of urban developments, Keppel Urban Solutions aims to collaborate with the best-in-class technology partners to create smart infrastructure ecosystems.

Sharpen business execution through continuous improvements in productivity and efficiency

Keppel Corporation is constantly reviewing and streamlining its business processes and seeking out opportunities that can improve its productivity and efficiency to create long term value. The establishment of common shared services platforms for functions such as information technology ("**IT**"), human resources and finance for example, optimises the delivery of cost-effective, flexible and reliable services to all business units. It also allows the Group to enjoy greater economies of scale and efficiencies as well as exercise better governance and standardise best practices for these important functions.

Focus on enhancing risk management, compliance, controls and safety

Since 2015, Keppel Corporation has further strengthened and enhanced the compliance and internal controls systems across the Group. Enhancements were made to the Employees' Code of Conduct which sets out key principles in guiding employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. Keppel Corporation has also improved on the Group's compliance policies governing gifts and hospitality, suppliers' code of conduct, whistle-blowing, as well as the processes for conducting due diligence on third parties who represent the Group in business dealings. Notably in 2019, Keppel O&M became one of the first companies in Singapore to achieve global ISO 37001 anti-bribery certification. Keppel Corporation will work progressively towards ISO 37001 certification for all other Keppel entities. In the area of risk management and safety, detailed guidelines and processes have been rolled out to address specific areas of risk that were deemed as higher priority to the Group. These systemic enhancements have helped improve the overall risk, compliance, controls and safety culture. To further embed policies into practice and culture, Keppel Corporation has ramped up training programmes for staff to keep them abreast of new rules, regulations and procedures, as well as the expectations of them as employees of the Group.

Enhance people development and bolster bench strength through talent management and succession planning

With people being one of Keppel Corporation's most valuable assets, Keppel Corporation is committed to nurturing and empowering a diverse, competent and dedicated talent pool to drive future growth. Keppel Corporation develops and trains its workforce to maximise the potential of its employees, and attract and retain the best talent. The Keppel Leadership Institute, established in 2015 and headquartered in Singapore, offers a diverse range of leadership and professional development programmes. The Keppel Leadership Institute grooms global Keppel leaders, equipping them with the skills to drive the Group's future development. The Group is focused on strengthening its succession planning and bench strength, as well as building organisational capabilities to drive business growth whilst maintaining its status as an employer of choice.

As at 31 December 2019, the Group has approximately 21,000 employees in over 20 countries around the world.

Maintain strong financial discipline, seize opportunities to recycle assets and deploy capital astutely for the best risk-adjusted returns

Keppel Corporation places a strong emphasis on financial discipline by deploying its capital to earn the best risk-adjusted returns and maintaining a strong balance sheet to seize new opportunities. On this front, Keppel Capital plays a pivotal role in enabling the Group to more effectively recycle capital and expand its funding base with co-investments, giving the Group greater capacity to seize opportunities for growth.

CORPORATE STRUCTURE

The following diagram sets forth an overview of Keppel Corporation's corporate structure as at 7 February 2020:

Keppel Corporation Limited

Offshore & Marine

- Offshore rig design, construction, repair and upgrading
- Ship conversion and repair
- Specialised shipbuilding

KEPPEL OFFSHORE & MARINE LTD	100%
Keppel FELS Limited	100%
Keppel Shipyard Limited	100%
Keppel Singmarine Pte Ltd	100%
Keppel LeTourneau	100%
Keppel Nantong Shipyard Company Limited *China*	100%
Offshore Technology Development Pte Ltd	100%
Keppel Marine & Deepwater Technology Pte Ltd	100%
Keppel AmFELS LLC *United States*	100%
Keppel FELS Brasil SA *Brasil*	100%
Keppel Philippines Marine Inc *The Philippines*	98%
Keppel Subic Shipyard Inc *The Philippines*	86%
Floatel International Ltd *Bermuda*	50%
Dyna-Mac Holdings Limited[4]	24%

Property

- Property development
- Investments

KEPPEL LAND LIMITED	100%
Keppel Land - various holding companies *Southeast Asia and India*	100%
Keppel Land China *China*	100%
Keppel Bay Pte Ltd	100%
Keppel REIT[3&4]	49%

Infrastructure

- Energy infrastructure
- Environmental infrastructure
- Infrastructure services
- Logistics and data centres
- Investments

KEPPEL INFRASTRUCTURE HOLDINGS PTE LTD	100%
ENERGY INFRASTRUCTURE	
Keppel Gas Pte Ltd	100%
Keppel Electric Pte Ltd	100%
Keppel DHCS Pte Ltd	100%
Keppel Merlimau Cogen Pte Ltd[5]	49%
ENVIRONMENTAL INFRASTRUCTURE	
Keppel Seghers Pte Ltd	100%
INFRASTRUCTURE SERVICES	
Keppel Infrastructure Services Pte Ltd	100%
INVESTMENTS	
Keppel Infrastructure Trust[4]	18%

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD	100%
LOGISTICS & DATA CENTRES	
Keppel Logistics Pte Ltd	100%
Keppel Data Centres Holding Pte Ltd[7]	100%
UrbanFox Pte Ltd	85%
Keppel DC REIT[4]	23%

Investments

- Asset management
- Master development
- Investments

KEPPEL CAPITAL HOLDINGS PTE LTD	100%
Keppel REIT Management Limited	100%
Alpha Investment Partners Ltd	100%
Keppel Infrastructure Fund Management Pte Ltd	100%
Keppel DC REIT Management Pte Ltd[6]	100%
Keppel Pacific Oak US REIT Management Pte Ltd	50%
Keppel Pacific Oak US REIT[4]	7%

KEPPEL URBAN SOLUTIONS PTE LTD	100%
KRISENERGY LTD[4] *Cayman Islands*	40%
M1 LIMITED[2]	100%
KEPPEL RENEWABLE ENERGY PTE LTD	100%

SINO-SINGAPORE TIANJIN ECO-CITY INVESTMENT AND DEVELOPMENT CO., LTD[1] *China*	50%

GROUP CORPORATE SERVICES

Control & Accounts	Human Resources	Tax
Corporate Communications	Legal	Treasury
Strategy & Development	Risk & Compliance	Information Systems
Corporate Development	Audit	Health, Safety & Environment

Notes:
1 Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.
2 Owned by Keppel Telecommunications & Transportation Ltd (19%), a wholly-owned subsidiary of Keppel Corporation and Konnectivity (81%), a joint venture between Keppel Corporation and Singapore Press Holdings.
3 Owned by Keppel Land Limited (44%) and Keppel Capital Holdings Pte Ltd (5%).
4 Public listed company.
5 Owned by Keppel Infrastructure Holdings Pte Ltd (49%) and Keppel Infrastructure Trust (51%).
6 Owned by Keppel Capital Holdings Pte Ltd (50%) and Keppel Telecommunications & Transportation Ltd (50%).
7 Owned by Keppel Telecommunications & Transportation Ltd (70%) and Keppel Land Limited (30%).

BUSINESS DIVISIONS

Keppel Corporation meets the needs of sustainable urbanisation through its key businesses in Offshore & Marine, Property, Infrastructure and Investments, which collectively provide solutions and services to address growing needs for energy, infrastructure, clean urban environments, high quality real estate and connectivity.

OFFSHORE & MARINE DIVISION

The Offshore & Marine Division is headed by Keppel O&M, a global leader in offshore rig design, construction and repair, ship repair and conversion, and specialised shipbuilding. Bolstered by a global network of yards and offices, Keppel O&M has a wide range of capabilities organised into two sub-divisions: New Builds and Conversions & Repairs.

Bringing together its diverse competencies, Keppel O&M can undertake a broad spectrum of complex projects, providing customers with reliable, cost-effective solutions across the oil and gas, renewables and floating infrastructure sectors.

The following table sets out summary financial information for the Offshore & Marine Division:

	Unaudited As at 31 December 2019	Audited As at 31 December 2018
Revenue (S$'million)	**2,220**	**1,875**
Net Profit/(Loss) (S$'million)	**10**	**(109)**

STRATEGIC DIRECTIONS

Keppel O&M will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities to position itself as a solutions partner for its global clientele. It will also actively capture opportunities in the growing gas market, whose demand is estimated to grow by about 40% between 2016 and 2040, the offshore wind sector, whose installed capacity is projected to increase over 8 times to 190 gigawatt ("**GW**") in 2030 from 23GW in 2018, as well as explore ways to re-purpose its offshore technology for other applications including floating infrastructure.

Keppel O&M's strategic focuses include:

Capturing opportunities in new and existing markets

Despite the challenging market conditions in the offshore industry, Keppel O&M is pursuing opportunities to provide solutions for floating production, gas, offshore renewables and other floating infrastructure.

With the ability to design, develop and integrate solutions across the gas value chain, Keppel O&M is poised to be the gas industry's preferred partner and enabler. In addition, through its partnership with Shell Eastern Petroleum (Pte.) Ltd. in liquefied natural gas ("**LNG**") bunkering, Keppel O&M is innovating to meet the growing demand for LNG as a cleaner marine fuel for vessels operating in coastal areas, inland waterways and the international maritime sector. Keppel O&M's extensive gas strategy enables it to meet demand for LNG in archipelagic markets currently unserved by gas pipelines.

Keppel O&M is growing its capabilities for the offshore renewables sector, which will provide new sources of income, and is also exploring opportunities to re-purpose its offshore technology for other applications including floating infrastructure.

Continuing to focus on execution excellence, corporate governance and risk management

Keppel O&M will continue to deliver its projects safely, on time and on budget. In the past few years, Keppel O&M had undertaken decisive measures to rightsize its operations and reduce overheads, while positioning itself to capture new opportunities in the gas and non-drilling sectors. These rightsizing efforts have allowed Keppel O&M to improve its efficiency, ensuring that it is well-positioned to capture opportunities.

Keppel O&M has been strengthening its compliance processes since 2015, in line with the Group's efforts to strengthen its regulatory compliance measures and implementation of enhanced training programmes. Notably in 2019, Keppel O&M became one of the first companies in Singapore to achieve global ISO 37001 anti-bribery certification.

Investing in R&D to strengthen existing capabilities and increase potential for long-term growth

Technology is expected to be a key driver for the offshore and marine industry moving forward, as oil companies and fleet operators look towards greater efficiency and productivity in order to reduce costs. As an industry leader, Keppel O&M is helping the offshore oil sector become more efficient by developing solutions that can optimise rig operations and lower costs across the project life cycle.

For example, Keppel O&M is developing innovative rigs of the future, through structural aspects as well as through increasing digitalisation, utilising smart sensors, capturing and analysing data and offering enhanced solutions. Keppel O&M is also developing yards of the future by incorporating robotics and artificial intelligence as well as exploring additive manufacturing in its production processes.

Leveraging synergies across Keppel O&M and the wider Group to build up new strengths and expand solution offerings

Having built a comprehensive suite of solutions across the gas value chain, Keppel O&M is able to provide cost effective, end-to-end solutions for its customers.

Keppel O&M is also able to capitalise on the various expertise of the wider Group to explore opportunities to re-purpose its offshore technology for other applications such as floating infrastructure. For instance, by collaborating with Keppel Infrastructure and Keppel Capital, Keppel O&M has the potential to become a co-owner and developer of floating energy infrastructure assets, which can generate long-term recurring income.

Continuing to explore the re-purposing of offshore technology for other applications

Building on its engineering expertise in offshore platforms, Keppel O&M will actively explore opportunities and grow its product lines in non-drilling sectors including gas and offshore renewable energy.

Businesses

The following sets forth an overview of Keppel O&M's business:

New Builds Sub-division

The New Builds sub-division comprises the Offshore and Gas & Specialised Vessels businesses which have an extensive combined portfolio of proprietary designs for rigs, ships and floating infrastructure solutions. It also integrates and executes key functions of Keppel O&M, such as engineering, procurement and operations.

Offshore

Keppel O&M's offshore capabilities include the design and construction of jackup rigs, semisubmersible rigs and other advanced solutions such as floating production systems, drillships, as well as substations, foundations, installation and support vessels that support offshore wind farms. Well-placed to meet a spectrum of offshore operating needs, the New Builds sub-division also undertakes design and fabrication of offshore structures and critical rig components.

In 2019, Keppel O&M made significant strides into the renewable energy sector, securing major offshore wind projects worth about S$720 million. These coupled with gas projects, made up over 60% of new orders it secured that year. In May 2019, Keppel O&M, through a consortium comprising Keppel FELS and Aibel AS, secured a contract from TenneT Offshore GmbH, a grid operator in the Netherlands and Germany, for the design, engineering, procurement, construction, installation and commissioning of a 900 megawatt offshore high voltage direct current (HVDC) converter station and an onshore converter station. This was followed closely by a contract from Ørsted, a Danish renewable energy company, for two offshore wind farm substations which will be deployed in Ørsted's Greater Changhua offshore wind sites in Taiwan.

Gas & Specialised Vessels

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

Keppel O&M's orders in the LNG space included Singapore's first dual-fuel bunker tanker from Mitsui & Co (Asia Pacific) Pte Ltd, which is owned and operated by Sinanju Tankers Holdings, South East Asia's first LNG Bunkering vessel from FueLNG, and an ice-class LNG Bunker vessel from Shturman Koshelev LLC Pte Ltd. These contracts reflect Keppel O&M's ability to leverage its newbuild and LNG expertise to provide customised solutions to customers, and will further its track record for providing compelling solutions across the gas value chain.

In July 2019, Keppel O&M secured a third contract from its repeat customer, Van Oord to build a high-specification Trailing Suction Hopper Dredger (TSHD). This follows from an option granted to Van Oord based on earlier contracts entered in May 2018 for two similar dredgers. To be completed in early-2022, the dredger will be built to the requirements of classification society Bureau Veritas (BV) and will be LNG ready.

Conversions & Repairs sub-division

Keppel O&M is a leader in the repair, conversion and upgrading of a diverse range of vessels. This includes the conversion of Floating Production Storage Offloading, Floating Storage and Offloading, Floating Storage and Re-gasification Units and Floating Liquefied Natural Gas ("**FLNG**") vessels and drillships, the repair of all types of marine vessels including tankers, containerships, bulkers and LNG carriers, the upgrading and life extension of vessels, jumboisation of vessels as well as fabrication of turrets and topside modules. The Conversions & Repairs sub-division draws on Keppel O&M's extensive resources to undertake a wide variety of complex projects, including the repair, upgrading and conversion of offshore rigs.

In 2017, Keppel O&M successfully delivered the world's first-of-its-kind FLNG vessel conversion, the Hilli Episeyo to Golar LNG, bolstering market confidence in Keppel O&M's FLNG vessel conversion solutions. Following the success of the Hilli Episeyo, Keppel O&M has received the Final Notice to Proceed from Golar LNG and is executing the full conversion works for the Gimi FLNG project. The scope of work on the Gimi FLNG project includes the design, detailed engineering and procurement of the marine systems as well as conversion-related construction services. With expected delivery in 2022, the Gimi FLNG vessel is being customised for a 20-year charter to BP for the Greater Tortue Ahmeyim field, offshore West Africa.

In 2019, Keppel O&M clinched 104 scrubber and ballast water treatment systems ("**BWTS**") retrofit orders with a combined value of approximately S$160 million. With the introduction of international regulations to cap the sulphur content of marine fuel at no more than 0.5%, there has been increasing demand from ship owners for exhaust cleaning scrubber systems that limit sulphur emissions and BWTS system solutions. In this regard, Keppel O&M's ability to deliver quick, safe and reliable vessel turnarounds has made it an attractive choice for clients keen to meet their tight timelines.

PROPERTY DIVISION

The Property Division is led by Keppel Land, one of Asia's premier property companies. Keppel Land aims to be a multi-faceted property company with a strong focus on returns. Keppel Land was privatised and delisted from the SGX-ST with effect from 16 July 2015. Keppel Land is transforming into a multi-faceted real estate company, actively recycling capital to seek new opportunities and higher returns.

For the financial year ended 31 December 2019, the Property Division, with a net profit of S$517 million, was the largest profit contributor to the Group's net profit.

Keppel Land is committed to providing quality and innovative real estate solutions in the key markets of Singapore, China and Vietnam, while it continues to scale up in other markets such as Indonesia and India. Keppel Land has won several prestigious international and national awards, including the Overall Global Real Estate Sector Leader in Global Real Estate Sustainability Benchmark 2019 as well as Best Overall Developer in the Euromoney Real Estate Survey. At the Global Real Estate Sustainability Benchmark 2018, Keppel Land topped the Developer/Diversified – Office/Residential category globally and in Asia Pacific. It also ranked second in the Developer category of the Asia and East Asia sectors, as well as sixth globally in the Developer category. Keppel Land's landmark commercial developments include Ocean Financial Centre, One Raffles Quay and Marina Bay Financial Centre in Singapore's financial and business districts as well as iconic waterfront residential developments such as Corals at Keppel Bay, Reflections at Keppel Bay, Marina Bay Suites and Marina Bay Residences.

As at 31 December 2019, Keppel Land had a landbank of about 45,200 residential units across Asia. It also has a total commercial portfolio spanning about 1.6 million square metres of gross floor area, of which about 50% is under development. As the commercial projects are progressively completed, they will provide steady, recurring income for the Group.

The following table sets out summary financial information for the Property Division:

	Unaudited As at 31 December 2019	**Audited As at 31 December 2018***
Revenue (S$'million)	**1,336**	**1,340**
Net Profit (S$'million)	**517**	**942**

* An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IAS 23 Borrowing Costs was finalised by the International Financial Reporting Standards Interpretations Committee. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Consequently, the results for the full year ended 31 December 2018 are restated.

In July 2016, Keppel Corporation completed the consolidation of its interests in all four of its subsidiaries in the business trust, REIT and fund management businesses under Keppel Capital. This included Keppel Land's full interests in Keppel REIT Management Limited as well as Alpha. Keppel Land continues to hold about 44% of the units in Keppel REIT and maintain its investments in various funds under Alpha, which will continue to provide Keppel Land with investment opportunities in new markets and recurring income as well as potential divestment gains from investment properties in Singapore and overseas. As at 31 December 2019, Keppel REIT and Alpha respectively had S$7.9 billion and S$10.0 billion in assets under management.

Strategic Directions

Focused on returns, Keppel Land aims to be a multi-faceted property company, riding on sustained economic growth, strong home-ownership aspirations, favourable demographics and urbanisation trends in Asia. Keppel Land has continued its expansion drive in the development of quality homes and commercial developments in new cities and segments. It also develops large-scale integrated developments in the region to meet demand arising from rapid urbanisation.

Keppel Land's strategic focuses include:

Investing strategically and opportunistically in key markets such as Singapore, China and Vietnam and other markets such as Indonesia and India, as well as in new and existing platforms, projects and properties

Keppel Land is geographically diversified in Asia, with Singapore, China and Vietnam as its key markets, while continuing to scale up in other markets such as Indonesia and India. To meet continued demand for good quality housing by the growing middle class populations in Asia, Keppel Land has scaled up its residential developments across Tianjin, Chengdu, Wuxi, Nanjing, Ho Chi Minh City, Jakarta and Bangalore. Keppel Land has also expanded its commercial presence in overseas markets such as China, Vietnam, Indonesia and Myanmar.

Keppel Land also selectively acquires certain completed assets, adds value to them through asset enhancement initiatives and then monetises them when opportune for the best risk-adjusted returns. This approach also provides Keppel Land with access to prime real estate within land-scarce, gateway cities. An example is the joint acquisition of Yi Fang Tower in North Bund, Shanghai, by Keppel Land China Limited ("**Keppel Land China**") and Alpha for an aggregate consideration of RMB4.6 billion.

In recent years, Keppel Land has focused its attention on five key cities in China, namely Beijing, Shanghai, Tianjin, Wuxi and Chengdu. Riding on its experience and track record in these cities, Keppel Land intends to expand its presence in the Jing-Jin-Ji (Beijing-Tianjin-Hebei) region, with Beijing and Tianjin as focus cities, the Yangtze River Delta region with Shanghai and Wuxi as focus cities, and in the growing Chengdu metropolis. Keppel Land is also actively exploring opportunities in the Greater Bay Area, with Guangzhou and Shenzhen as focus cities. In September 2019, Keppel Land China made its maiden entry into Guangzhou with the acquisition of a 30% stake in Win Up Global which owns Westmin Plaza, an office and retail development in Liwan District.

In Ho Chi Minh City, Vietnam, Keppel Land will also explore opportunities along the eastern and southern corridors, which are supported by infrastructure investments.

Leveraging on the rising demand of quality shared workspace globally, Keppel Land has launched a new generation serviced co-office under the KLOUD brand, to cater to users looking for flexible space solutions. KLOUD will combine the benefits of serviced offices and co-working spaces, and will allow users to scale the growth of their business within Keppel Land's Singapore and regional portfolio. Following the successful launch of KLOUD in Singapore, Keppel Land has since launched KLOUD in Vietnam and Myanmar, with plans to expand into other overseas markets where Keppel Land operates. Deepening Keppel Land's capabilities in the co-working space, Keppel Land had invested in Smartworks Coworking Space Pvt. Ltd ("**Smartworks**"), a leading pan-India flexible space solutions provider, in 2019.

Recycling capital strategically, reinvesting for growth and higher returns

As at 31 December 2019, Keppel Land had built up a sizeable residential landbank comprising about 45,200 units in Asia, as well as a total commercial portfolio comprising approximately 1.6 million sq m of gross floor area, of which about half is under development.

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

Keppel Land also seized opportunities proactively to redeploy its funds and scale up its presence in high growth cities in 2019, completing nine acquisitions totalling about S$0.5 billion, including four commercial properties and a mixed-use site in China, as well as stakes in three land parcels in Ho Chi Minh City.

To generate the best risk-adjusted returns, Keppel Land will continue to explore opportunities to unlock capital, and reinvest in new residential sites and commercial projects.

Businesses

Property Development

Property development, comprising property trading and property investment, is the largest source of revenue for the Property Division.

The property development sub-division is currently focused in the key markets of Singapore, China and Vietnam, as well as other markets such as India, Indonesia, Malaysia, Myanmar and the Philippines.

Property Trading & Investment

Keppel Land is a leading property developer of quality residential properties in Asia. Keppel Land remains focused on the residential property market, continuing to develop its existing landbank into quality housing while seeking new opportunities in existing and new markets.

In 2019, Keppel Land sold about 5,150 units across China, Vietnam, Indonesia and Singapore with a total sales value of about S$3.2 billion. With a landbank of about 45,200 residential units in Asia as at 31 December 2019, Keppel Land plans to acquire land selectively and only if there are good risk-adjusted returns.

Keppel Land is also actively expanding its commercial portfolio to capitalise on the rising demand for prime office and retail space in Asia as well as to grow a steady recurring income stream to balance the cyclical nature of the property development business.

Singapore

Keppel Land maintains a quality portfolio in Singapore, including the Keppel Bay precinct and The Garden Residences in Serangoon North.

Keppel Land has announced plans to redevelop Nassim Woods into 19 Nassim, a luxurious condominium of about 100 homes and will continue to monitor the market for an appropriate time to launch the project. Keppel Land is also reviewing the plans for Keppel Bay – plots 4 and 6 and Keppel Towers. Keppel Land will commence enhancement works on I12 Katong in March 2020. Upon completion in 2021, I12 Katong will feature a refreshed lifestyle experience.

Overseas

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

China: The portfolio of residential properties in China include, amongst others, the projects in the Park Avenue precinct in Shanghai, Park Avenue Heights in Chengdu, Waterfront Residences in Wuxi and in the Tianjin Eco-City.

In August 2019, riding on healthy demand for high quality residential homes, Keppel Land China completed the acquisition of a stake in a 3.8-hectare mixed-use site in Xuanwu district, Nanjing, China. The site can yield about 211 residential units, 342 commercial units and 79 shop units.

In July 2019, Keppel Land China and Keppel Capital, through Alpha Asia Macro Trends Fund III ("**AAMTF III**"), as well as other co-investors, acquired Yi Fang Tower, a completed prime Grade A office and retail mixed-use development located in North Bund, Shanghai, China. This is the third time that Keppel Land is collaborating with Keppel Capital to invest in prime properties in Shanghai and the acquisition is in line with Keppel Land's strategy to grow its commercial portfolio in China, with a focus on first-tier cities.

In line with Keppel Land's strategy to develop a sterling portfolio of commercial properties and deepen its presence in China, Keppel Land China made four strategic acquisitions in the third quarter of 2019, deepening its presence in Beijing, Shanghai and Nanjing, and entering new, high-growth markets such as Guangzhou.

Vietnam: Keppel Land's portfolio of residential properties includes Palm City, Riviera Point and Saigon Sports City in Ho Chi Minh City.

Keppel Land is also developing Empire City, a 14.6-hectare waterfront development situated in the Thu Thiem New Urban Area, the future central business district ("**CBD**") of Ho Chi Minh City. Empire City will yield about 3,000 luxury high-rise residences, Grade A office space, prime retail space as well as an 88-storey integrated mixed-use tower complex.

In 2018, Keppel Land converted its stake of convertible bonds issued by Nam Long Investment Corporation ("**Nam Long**"), an affordable housing developer in Ho Chi Minh City, bringing its stake in Nam Long to about 10%. As Nam Long's second largest shareholder, Keppel Land is strengthening its partnership with the company, tapping Nam Long's network and local insights, and working closely together on the development of the Dong Nai township.

In November 2019, Keppel Land and Keppel Urban Solutions, an end-to-end master developer of urban developments, broke ground for Saigon Sports City. Saigon Sports City will be developed into a smart, integrated township in the prime District 2 of Ho Chi Minh City.

In July 2019, Keppel Land acquired a 60% interest in three land parcels spanning 6.2-hectares in Nha Be district, Saigon South, Ho Chi Minh City, Vietnam. The plan is to develop a total of about 2,400 premium apartments with ancillary shophouses, which will offer around 14,650 sq m of commercial space, on the sites. When completed, the acquisition will add to Keppel Land's pipeline of about 20,000 homes and quality commercial portfolio in Vietnam.

Indonesia: Keppel Land's portfolio of properties includes West Vista at Puri, a high-rise condominium development located along the Jakarta Outer Ring Road and close to West Jakarta's CBD, The Riviera at Puri which is situated adjacent to Metland Cyber City and Wisteria, a residential project in Metland Menteng township in East Jakarta, Indonesia.

India: Keppel Land's portfolio includes the 2,082-unit Provident Park Square in Bengaluru, which is a joint venture with Indian developer Puravankara Limited ("**Puravankara**"). Keppel Land has also partnered Puravankara to acquire a prime site in Bengaluru, to develop its first commercial development in India with a gross floor area of 95,000 sq m. The project is expected to be completed in 2023.

In October 2019, Keppel Land invested US$25 million in Smartworks, a leading pan-India flexible space solutions provider with a presence in nine major Indian cities. The investment allows Keppel Land to enter one of the world's fastest-growing flexible office markets, opening doors for further growth through this collaboration.

In December 2019, Keppel Land entered into a joint venture with leading Indian developer, Rustomjee Group, to jointly develop the 51.4-hectare Urbania integrated township located in Thane, a mature and well-connected district within the fast-growing Mumbai Metropolitan Region, India. Keppel Land will be acquiring a 49% stake in the joint venture company, Kapstone Constructions Private Limited, at a consideration of approximately S$78.2 million, and upon completion of the acquisition, Keppel Land and Rustomjee Group will jointly develop an addition of about 7,400 homes and retail units with a total gross floor area of approximately five million sq ft.

Philippines: Keppel Land opened The Podium mixed-use development in the Ortigas CBD on 10 September 2019.

Investments

Keppel Land is the sponsor of Keppel REIT, and collectively, the Group holds an approximate 49% stake in Keppel REIT as at the Latest Practicable Date. It is also an investor in several funds managed by Alpha.

Keppel Land is also involved in the growth of the Group's data centre business. As at 31 December 2019, it held a 30% stake in Keppel Data Centres. As a result of this investment, Keppel Land has stakes in data centres in key data centre hubs across Asia Pacific and Europe.

Retail Management

Keppel Land's retail development platform offers a full range of professional real estate solutions in Asia, encompassing retail consultancy and development, marketing and leasing as well as asset and property management services.

INFRASTRUCTURE DIVISION

The Infrastructure Division comprises the Group's businesses in energy and environmental infrastructure and infrastructure services, as well as logistics and data centres.

Keppel Infrastructure is a developer, owner and operator of quality infrastructure assets with a focus on growing stable income from the management, operations and maintenance of its projects. Keppel Infrastructure drives the Group's strategy to invest in, own and operate competitive energy and environmental infrastructure solutions and services. Over the years, Keppel Infrastructure has built up a comprehensive range of operating expertise in power, waste-to-energy ("**WTE**"), district cooling and heating as well as water and wastewater facilities. In addition to developing and operating quality infrastructure assets, Keppel Infrastructure is focused on growing its recurring income base from the management, operation and maintenance of these assets. Keppel Infrastructure will also continue to seek-out value-enhancing projects, leveraging its project development, engineering, and operations and maintenance expertise.

Keppel T&T was privatised in 2019, which allows for the full integration of the company as a wholly-owned subsidiary of Keppel Corporation and will provide Keppel T&T full access to the network and resources of the Group as it grows its data centre and urban logistics businesses.

With operations in Asia Pacific and Europe, Keppel T&T offers integrated services and solutions in two core businesses, logistics and data centres, through which it drives connectivity and capacity to meet the demands of the new digital economy. The logistics business offers one-stop, integrated urban logistics solutions to help clients manage their entire supply chain, while the data centre business owns, acquires, develops and operates high-availability data centre facilities.

The following table sets out summary financial information for the Infrastructure Division:

	Unaudited As at 31 December 2019	**Audited As at 31 December 2018**
Revenue (S$'million)	**2,927**	**2,629**
Net Profit (S$'million)	**168**	**169**

Strategic Directions

The Infrastructure Division's strategic focuses include:

Continually seeking out value-enhancing projects, leveraging Keppel Infrastructure's project development, engineering, operations and maintenance expertise

Rising public awareness of environmental issues and focus on environmental protection has led to policy adjustments favouring investments into modern infrastructure and systems. Against this backdrop, Keppel Infrastructure will continue to seek out value-enhancing projects, strengthen its market position, and leverage on its project development, engineering as well as operations and maintenance expertise across a wide range of infrastructure solutions.

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

Harnessing the strength of an integrated gas, power and district cooling platform to pursue opportunities for growth

The call by governments worldwide for more efficient and sustainable energy and environmental management solutions provides opportunities for KIS which has built up a comprehensive range of operating expertise in power, WTE, district heating and cooling, as well as water and wastewater facilities.

Continually building up a portfolio of quality data centre assets and providing higher value services to customers

Growth in data centre collocation has remained strong in Asia with the surge in data consumption, rising trend for data centre outsourcing and a continued focus on regional hosting by global content providers and in Europe, where the creation of new data centre hubs is spurred by the continued entrance of subsea cables into regions other than the core hubs. Keppel Data Centres will continue to proactively pursue new development and acquisition opportunities in Asia Pacific and Europe, leveraging its partnerships with Alpha DC Fund and Keppel DC REIT, and focusing on green data centre design and technologies.

Extending and developing new business-to-consumer retail and marketing capabilities in power, e-commerce and urban logistics

Rapid urbanisation, growing incomes and the proliferation of connected mobile devices have fuelled the rapid growth of e-commerce in Southeast Asia in the past few years. The region's logistics sector has evolved in response, providing new opportunities in omnichannel logistics, multi-modal transportation, cold chain logistics and intelligent transportation systems. To stay ahead, Keppel Logistics Pte. Ltd. ("**Keppel Logistics**") will continue to strengthen its capabilities to deliver new solutions in target markets, boost productivity and optimise its capital resources. For example, in 2017, Keppel Logistics launched UrbanFox to provide omnichannel logistics and channel management solutions.

Businesses

Energy Infrastructure

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

The Energy Infrastructure segment provides natural gas into Singapore's network and, through the co-generation power plant (Keppel Merlimau Cogen) and Keppel Electric provides power and electricity to Singapore. Through Pipenet Pte. Ltd. ("**Pipenet**"), the Energy Infrastructure segment also provides a pipeline corridor and centralised utilities service on Jurong Island in Singapore. In January 2019, Pipenet secured a contract to design, build and operate pipe racks on Jurong Island for approximately S$40 million. The racks, slated for completion by 2020, will add to the Group's recurring income base upon commencement of the 15-year operations and maintenance phase of the contract.

Following the launch of the open electricity market ("**OEM**") in Singapore from 1 November 2018, Keppel Electric Pte. Ltd. ("**Keppel Electric**") is currently one of the largest OEM electricity retailers in Singapore, having signed up more than 150,000 retail customers. Keppel Electric has also grown its commercial and industrial customer base and advanced its position to become one of Singapore's largest private electricity retailers.

Environmental Infrastructure

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

Singapore

Leveraging the strengths and expertise of the various divisions under Keppel Infrastructure, the construction of Keppel Marina East Desalination Plant, a dual-mode desalination plant that can treat both seawater and freshwater, commenced in June 2017, supported by design and technical inputs from KIS. When completed in the first half of 2020, Keppel Infrastructure will maintain and operate the facility for 25 years, after which it will be returned to the Singapore Government.

Hong Kong

In 2017, Keppel Seghers Hong Kong and Zhen Hua Engineering Co., Ltd secured a contract worth approximately S$5.3 billion to design, build and operate Hong Kong's first Integrated Waste Management Facility ("**IWMF**"). Upon completion in 2024, KIS will undertake the operations and management of the IWMF for 15 years, after which it will be returned to the Hong Kong Government.

For its roles in the Engineering Procurement and Construction (EPC) and operations and maintenance phases, as at 1 December 2017, Keppel Infrastructure's share of the total contract was approximately S$1.95 billion, with up to an additional S$1.7 billion for escalation provisions and other contingencies.

Through this project, Keppel Infrastructure will contribute to Hong Kong's sustainable urbanisation and reinforce its leadership position as a provider of world-class WTE technology packages and operator of assets.

China

Building on its track record as a leading imported WTE technology solutions provider, in 2018, Keppel Seghers secured a contract to provide WTE technology and services for a project in Xian, Shaanxi Province, China. With this, Keppel Seghers is currently executing six technology package projects with a total incineration capacity of over 16,000 tonnes per day in China.

Qatar

In 2007, Keppel Seghers was awarded two Design-Build-Operate contracts by the Ministry of Municipality and Urban Planning of Qatar to design and build four Waste Transfer Stations and an integrated Domestic Solid Waste Management Centre to handle and treat domestic solid waste for the whole of Qatar. The projects have since been completed and are currently operational.

Keppel Seghers has also partnered with the Public Works Authority of Qatar to develop Doha North Sewage Treatment Works ("**DNSTW**"). The landmark project is the largest greenfield wastewater treatment, water reuse and sludge treatment plant in Qatar and the Middle East. In 2017, the DNSTW received the final takeover certificate from the Public Works Authority of Qatar, and received regional accolades including the GCC Award for Sustainability" and the "GCC Water Project of the Year" at the MEED Quality Awards 2017.

Australia

In October 2018, Keppel Seghers secured a contract to supply technology and services worth over 70 million euros for Australia's first WTE plant in Kwinana. When completed in 2021, the facility, which utilises Keppel Seghers' proprietary technology, can reduce the volume of waste for landfills by over 90% and export about 36 megawatts of green electricity to the grid.

India

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

Infrastructure Services

KIS houses the technical support and operations and maintenance capabilities within the Infrastructure Division in order to maximise its assets' value. In project development, the resident team provides technical support in project execution and commissioning activities. In Operations & Maintenance, the team improves the plants' efficiency and reliability. In asset management, the team oversees the Health, Safety and Environment ("**HSE**") policies and procedures to ensure compliance with safety standards.

Logistics and Data Centres

Keppel T&T offers integrated services and solutions in two core businesses: logistics and data centres. Keppel T&T is positioning itself to ride the digitisation wave and meet the fast-changing needs of its data centre and logistics customers.

Logistics

Through Keppel T&T's subsidiaries, Keppel T&T offers one-stop, integrated logistics services at all stages of the supply chain from the inbound movement of raw materials to the delivery of finished goods, including integrated port logistics and last mile delivery. Its customers are primarily in the healthcare and pharmaceuticals, publication, cold chain, fast moving consumer goods, electronics and appliances and retail and e-commerce sectors. As at 31 December 2019, its key operating assets include over 3 million sq ft of warehouse space in Singapore, Australia, China, Malaysia, Vietnam and Indonesia and a river port in China.

Keppel Logistics holds an 85% stake in UrbanFox, an omnichannel logistics and channel management solutions brand which provides reliable and economical solutions to help businesses maximise their sales potential. UrbanFox has a full suite of capabilities comprising e-commerce channel management, warehousing and inventory, as well as last-mile fulfilment.

UrbanFox allows Keppel Logistics to tap opportunities in e-commerce by offering value-added services and solutions seamlessly from businesses to consumers. For instance, UrbanFox allows businesses to tap on Keppel Logistics' core strength in third-party logistics solutions to choose from a range of storage options for goods, including temperature controlled warehouses. Riding on the exponential growth rate of e-commerce in Asia, UrbanFox has won several channel management contracts and continues to see strong interest from both existing and potential customers for its end-to-end omnichannel logistics solutions. Growing beyond Singapore, it is gearing up to seize opportunities offered by the growth of e-commerce in Southeast Asia.

Data Centres

Keppel T&T's data centre segment provides dedicated co-location suites, data centre solutions and business contingency services to customers across Asia Pacific and Europe. With a proven track record, Keppel T&T is able to help companies ensure smooth business and information technology operations by providing highly resilient and energy-efficient data centres that are reliable and cost-efficient.

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

Through Keppel Data Centres, Keppel T&T is an investor in the Alpha DC Fund, which successfully closed in 2017 at US$1 billion, double the initial target size. When fully leveraged and invested, the Alpha DC Fund will potentially have assets under management of approximately US$2.3 billion. Collaborating with the Alpha DC Fund allows Keppel T&T to scale up and seize more opportunities in the development and management of data centre assets.

Keppel T&T will continue pursuing new development and acquisition opportunities for data centres in Asia Pacific and Europe. It will also leverage its partnerships with the Alpha DC Fund and Keppel DC REIT and pursue innovative new solutions in collaboration with other business units in the Group, including floating data centre parks and high-rise green data centres, which may also incorporate cold energy harvesting facilities.

Singapore

Keppel T&T, through its subsidiary Keppel Data Centres, a 70-30 joint venture between Keppel T&T and Keppel Land, manages and operates high-availability data centres in Singapore. As a carrier-neutral data centre operator, Keppel Data Centres provides dedicated co-location suites, data centre solutions as well as round-the-clock technical support to its customers. Its technical expertise has enabled Keppel Data Centres to build data centres that are not only best-in-class in reliability and connectivity but are also green and efficient.

Overseas

The Netherlands: Keppel Data Centres has invested in Almere Data Centre 2, a purpose-built shell and core data centre facility strategically located on freehold land adjacent to Almere Data Centre 1 in Almere, the Netherlands – a fully fitted and fully occupied data centre in Keppel DC REIT's portfolio. The Netherlands has a state-of-the-art digital telecoms network and is one of the largest internet hubs in Europe and Keppel Data Centres benefits from the Netherlands' large ecosystem of networks, support services, cloud computing and major industries.

Germany: Keppel Data Centres has jointly acquired Keppel DC Frankfurt 1 ("**KDC FRA 1**"), in Frankfurt, Germany with Alpha DC Fund. In 2018, Keppel Data Centres partnered with Deutsche Commercial Internet Exchange ("**DE-CIX**"), the largest internet exchange point in the world, to enhance network connectivity. The partnership will see KDC FRA 1, a high-availability carrier-neutral data centre managed by Keppel Data Centres and located in Frankfurt am Main, offering DE-CIX premium interconnection services such as peering and dedicated cloud connections. The partnership will also qualify KDC FRA 1 as a DE-CIX Enabled Site.

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

United States: As part of its commitment to green data centre solutions, Keppel Data Centres invested US$16 million in Nautilus Data Technologies, a data centre startup based in California currently developing a commercial water-cooled commercial data centre.

Indonesia: In a joint venture with the Salim Group, Keppel Data Centres and Alpha DC Fund will develop and operate a data centre in Bogor, about 35 kilometres from Jakarta, Indonesia. The IndoKeppel Data Centre 1 ("**IKDC 1**"), with a 3-hectare land plot, will be the first phase of a larger data centre campus development that will cater to a growing demand for quality data centre space in Indonesia. IKDC 1 will be a Tier 3 data centre with a gross floor area of approximately 105,300 sq ft. The construction of the data centre's core and shell, as well as first phase fit-out, is expected to be completed in 2020.

Malaysia: In November 2018, Keppel Data Centres and Alpha DC Fund signed an agreement to develop and operate the Group's first greenfield data centre in Johor, Malaysia, which is earmarked to be a data and research hub for the state. Construction of the data centre is expected to be completed in 2020.

INVESTMENTS DIVISION

The Investments Division includes Keppel Capital, Keppel Urban Solutions and M1 and the Group's investments in KrisEnergy and Tianjin Eco-City. The Investments Division also serves as an incubator of future growth engines, which will drive and harness synergy across the Group's key businesses, and also contribute to growing stable recurring income.

The following table sets out summary financial information for the Investments Division:

	Unaudited As at 31 December 2019	Audited As at 31 December 2018
Revenue (S$'million)	1,097	121
Net Profit/(Loss) (S$'million)	11	(54)

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

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

To further the Group's goal of being a choice solutions provider for sustainable urbanisation, Keppel Urban Solutions was established in late-2017 as an end-to-end master developer of urban developments. Keppel Urban Solutions leverages the Group's experience and strong track record of over two decades in the planning and development of large-scale projects in the Asia-Pacific, bringing together the Group's diverse capabilities in energy, property, infrastructure and connectivity to create highly liveable, smart and sustainable communities. Its offerings include master-planning and design, the development and operation of efficient horizontal infrastructure such as smart utilities and district-level heating and cooling, connectivity and urban logistics, as well as innovative place management programming to create active and engaging communities. It also aims to collaborate with the best-in-class technology partners to create smart infrastructure ecosystems.

Strategic Direction

The objective of the Investments Division is to focus on building and adding value to grow strategic investments for optimal returns to shareholders. It will serve as an incubator of future growth engines, which will drive and harness synergy across the Group's key businesses, and also contribute to growing stable recurring income.

Businesses

Asset Management – Keppel Capital

Keppel Capital is the asset management arm of Keppel Corporation. Keppel Capital has a diversified portfolio that includes real estate, infrastructure and data centre assets in key global markets. In 2019, Keppel Capital's assets under management grew to about S$33 billion on a fully leveraged and invested basis.

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

The asset managers under Keppel Capital include Keppel REIT Management Limited, Keppel Infrastructure Fund Management Pte. Ltd., Keppel DC REIT Management Pte. Ltd., Keppel Pacific

Oak US REIT Management Pte. Ltd., Alpha and Keppel Capital Alternative Asset. Keppel Capital is also a strategic investor in Prime US REIT, which has assets in key primary office markets across the United States.

In November 2019, Keppel Capital entered into a conditional sales and purchase agreement to acquire 50% interest in Pierfront Capital Fund Management Pte. Ltd. from Pierfront Capital Mezzanine Fund Pte. Ltd. for an aggregate cash consideration of approximately US$7.8 million. The acquisition allows Keppel Capital to manage mezzanine loans for private debt, while extending its fund management capabilities beyond the equity layer of the capital stack.

Private Funds

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

Alpha has been adding value for investors by constantly seeking innovative solutions throughout its investment process since 2004.

Alpha has an institutional investor base comprising renowned pension funds, financial institutions, fund of funds, insurance companies, endowments and family offices spanning Europe, North America, Asia and the Middle East.

Its private funds are invested in different asset classes including real estate and data centres, and across the risk spectrum in the core, core-plus, value-add and opportunistic space. Each fund has a specific strategy to leverage prevailing opportunities and seeks a blend of income and capital returns according to its risk profile. Alpha also manages the Alpha Real Estate Securities Fund, an open-ended fund that invests in listed REITs and real estate securities predominantly in Asia.

Keppel Capital Alternative Asset's focus is to establish, offer and manage private funds investing in new alternative asset classes which includes senior living, education and infrastructure.

REITs and Business Trusts

The asset managers under Keppel Capital currently manage four Singapore-listed REITs (Keppel REIT, Keppel DC REIT, Keppel Pacific Oak US REIT and Prime US REIT) and one business trust (Keppel Infrastructure Trust), which are invested in the office, retail, data centre and infrastructure sectors in Asia Pacific, Europe and the United States.

Keppel REIT Management Limited

Keppel REIT Management Limited is the manager of Keppel REIT, one of Asia's leading REITs with a young and large portfolio of premium grade commercial assets in Singapore and Australia's prime business and financial districts. Listed in April 2006, Keppel REIT invests in and owns a portfolio of income-producing commercial real estate and real estate-related assets pan-Asia.

Keppel Infrastructure Fund Management Pte. Ltd.

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

On 15 November 2018, Keppel Infrastructure Trust announced the proposed acquisition of Ixom HoldCo Pty Ltd ("**Ixom**"). Ixom is one of the leading industrial and infrastructure businesses in Australia and New Zealand, supplying and distributing water treatment chemicals as well as industrial and specialty chemicals which are key to fundamental industries. The acquisition of Ixom was completed on 19 February 2019.

Keppel DC REIT Management Pte. Ltd.

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

Keppel Pacific Oak US REIT Management Pte. Ltd.

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

Prime US REIT

Listed on 19 July 2019 on the Main Board of the SGX-ST, Prime US REIT is focused on investing in stabilised income-producing office and real estate-related assets in the United States and has a current portfolio of 11 prime and freehold office properties. Prime US REIT is managed by KBS US Prime Property Management Pte. Ltd, in which Keppel Capital has a 30% stake through a wholly-owned subsidiary.

Senior Living

In August 2018, Keppel Capital Senior Living LLC, a wholly-owned subsidiary of Keppel Corporation held through Keppel Capital, entered into a conditional equity purchase agreement to acquire a 50% stake in a leading U.S. senior living operator, Watermark Retirement Communities, Inc. ("**Watermark**"). A Supplemental Equity Purchase Agreement was further executed in October 2019.

Based in Tucson, Arizona, Watermark manages senior housing communities in various states across the United States. It is ranked among the top 15 largest senior living operators in the United States by the American Senior Housing Association.

Keppel Urban Solutions

Keppel Urban Solutions was established in late 2017 to further the Group's objective of providing solutions for sustainable urbanisation. Keppel Urban Solutions is an end-to-end master developer of urban developments, which leverages the Group's experience and strong track record of over two decades in the planning and development of large-scale projects in the Asia Pacific. Keppel Urban Solutions' creation is a strategic move to harness the Group's diverse capabilities in energy, property, infrastructure and connectivity to create highly liveable, smart and sustainable communities.

Its offerings include master-planning and design, the development and operation of efficient horizontal infrastructure such as smart utilities and district-level heating and cooling, connectivity and urban logistics, as well as innovative place management programming to create active and engaging communities.

Keppel Urban Solutions' capabilities in smart urban solutions will first be applied in its pilot project, Saigon Sports City, in Ho Chi Minh City, Vietnam, which broke ground in November 2019. A collaboration between Keppel Urban Solutions and Keppel Land, the development of Saigon Sports City will be driven by enablers for essential services such as smart security management, smart mobility and environmental infrastructure solutions. Through active programming and place-making initiatives, Saigon Sports City aims to be an inclusive and vibrant destination of choice.

M1

M1 is a leading integrated communications service provider in Singapore with more than 2.2 million customers. It provides international call services to both mobile and fixed line customers. It has partnered operators globally to provide its customers coverage and roaming services in over 230 countries and territories.

M1 was privatised in 2019 and is jointly held by Keppel Corporation and Singapore Press Holdings Limited, with Keppel Corporation holding approximately 84% effective interest in M1 as at the date of this Information Memorandum.

The privatisation allows for business changes to be implemented that will enable M1 to compete more effectively amidst the fast-changing landscape and increasingly competitive telecommunications sectors.

M1 is being transformed from a telecommunications company into a provider of connectivity solutions as part of the Group through the following strategies:

- strengthening current offerings while developing new markets;
- focusing on collaboration as part of the Group (for example, in developing smart cities, smart yards and data centres);
- unlocking opportunities in the business-to-consumer business through cross-selling services; and
- creating future-ready solutions by tapping a spectrum of 5G applications and use cases.

On 23 January 2020, it was announced that M1 and Starhub have signed an exclusive agreement to cooperate and submit a joint bid for a 5G licence.

Investments

Sino-Singapore Tianjin Eco-City

Tianjin Eco-City, developed by the Sino-Singapore Tianjin Eco-city Investment and Development Co., Ltd in which the Group has a 45% effective stake, is a 30 sq km Government-to-Government project envisaged to be a model for sustainable urban development which can be replicated across other cities in China.

As at the Latest Practicable Date, more than 100,000 people live and work in Tianjin Eco-City, which has over 8,000 registered companies, 17 schools with about 10,000 students, three neighbourhood centres, five libraries, three health services centres and a hospital among its amenities.

The various divisions of the Group continue to contribute towards the growth of Tianjin Eco-City by providing solutions for urban living, clean environment and connectivity. In addition to quality residential and commercial developments by Keppel Land, Keppel T&T is operating the Tianjin Eco-City Integrated Logistics Distribution Centre which features 13,000 sq m of modern warehouse space in the Eco-Industrial Park, while Keppel Infrastructure has formed joint ventures with its Chinese partners to provide environmental solutions, water treatment and energy infrastructure for the Tianjin Eco-City. Keppel Capital China Pte. Ltd., a wholly-owned subsidiary of Keppel Capital, also established a fund management entity in Tianjin Eco-City in 2018.

KrisEnergy

KrisEnergy was established in 2009 by its founders, who previously created and built Pearl Energy, a Southeast Asian oil and gas producer and explorer. Keppel Corporation acquired a 20% stake in KrisEnergy in 2012, and as at the Latest Practicable Date holds an approximate 40% interest in the company.

On 14 August 2019, KrisEnergy announced that it had filed an application to the High Court of Singapore under section 211B of the Companies Act to seek an order of court to restrain, among other things, the commencement of legal action taken out by creditors of KrisEnergy to enforce their rights as creditors (the "**211B Application**"). KrisEnergy also announced that it would not be feasible for it to make all payment(s) of its financial obligations as they fall due, and therefore it requires a restructuring of its liabilities. The High Court of Singapore has on 9 September 2019 granted a moratorium protection from creditors' action for a period from the date of the application until 14 November 2019 (which period may be extended upon further application). The moratorium has since been extended to 27 February 2020.

Keppel Corporation has expressed support for KrisEnergy's 211B Application as both a significant direct creditor of KrisEnergy arising from its holding of zero coupon notes due 2024 issued by KrisEnergy (the "**ZCNs**") (issued with detachable warrants) and also in respect of a claim of approximately US$179 million of outstanding principal as at 13 August 2019 owed by KrisEnergy (Asia) Ltd ("**KE Asia**"), an indirect wholly owned subsidiary of KrisEnergy, to DBS Bank Ltd. ("**DBS**"), in which Keppel Corporation holds an indirect interest through a bilateral contract between Keppel Corporation and DBS. This bilateral contract was required in order for DBS to provide and continue to provide a revolving credit facility to KE Asia ("**DBS RCF**") and means that, among other things, Keppel Corporation may be required to make DBS whole for any loss DBS suffers under that credit facility but also that Keppel Corporation benefits from interest payments made to DBS in respect of that credit facility. The credit facility is guaranteed by KrisEnergy. Keppel Corporation has appointed Borrelli Walsh as its financial advisor to monitor the situation and explore options. The financial advisor's analysis as at 14 August 2019 (being the date of the announcement) of the KrisEnergy group's assets and operations and a range of outcomes for the proposed restructuring of KrisEnergy indicates that Keppel Corporation will not be required to make any payment to DBS under the bilateral contract described above.

While Keppel Corporation currently supports KrisEnergy's management in formulating a restructuring plan, it should be noted that: (i) by being a supporting creditor for the 211B Application, Keppel Corporation still reserves the right to evaluate KrisEnergy's debt restructuring plan once a firm proposal has been developed by KrisEnergy, and to approve or reject KrisEnergy's debt restructuring plan as Keppel Corporation deems fit in its best interests; (ii) the DBS RCF (and consequently Keppel Corporation's economic exposure in respect of the same) benefits from a comprehensive first ranking security package over the assets of the KrisEnergy group; and (iii) the ZCNs benefit from a comprehensive second ranking security package over the assets secured under the DBS RCF, and a first ranking security over the shares and certain accounts of SJ Production Barge Ltd (a wholly-owned subsidiary of KrisEnergy). In the unaudited results of the Group for the full year ended 31 December 2019, Keppel Corporation has attributed a value of approximately S$74 million to its direct investments (comprising the ZCNs, warrants and equity) in KrisEnergy. The value of the warrants and equity was written down to zero. Given that KrisEnergy has yet to propose a debt restructuring plan, it is premature for Keppel Corporation to speculate as to what impact KrisEnergy's debt restructuring will have on the value of those investments.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Health and Safety

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

Key initiatives implemented to make headway in enforcing the Zero Fatality Strategy include aligning standards for High Impact Risk Activities across Keppel Corporation's global operations, enhancing competency of employees performing safety-critical tasks, strengthening operational controls, deploying standard root cause analysis across the Group, as well as developing more proactive and leading risk indicators/matrices to monitor HSE performance in each business unit. To drive further improvements in HSE, the Group unveiled its Safety Digitalisation Roadmap in 2019, which leverages digital technology to transform HSE systems and processes.

The effectiveness of the Group's approach is reviewed regularly. During the annual Keppel Leadership HSE Roundtable, senior management from across the Group's businesses share insights, best practices and exchange ideas to improve the Group's safety performance. The action plan generated during the session is incorporated into the Group's safety roadmap and strategies.

As a testament to Keppel Corporation's efforts in safety, the Group was conferred 18 awards at the Singapore Workplace Safety and Health Awards in 2019. This was the largest number of awards won by a single organisation in 2019[1].

Environment

Keppel Corporation is committed to improving resource efficiency and reducing its environmental impact by improving on its environmental performance throughout its value chain. This includes enhancing the environmental performance of its activities, including eco-friendly features in its products and services, as well as supporting the global climate change agenda. Keppel Corporation's various business divisions are also contributing in different ways to sustainable urbanisation in the cities where they operate.

Keppel Corporation invests in renewable energy sources so as to reduce its environmental footprint in the long run. For example, Keppel O&M and Keppel Infrastructure are collaborating on

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[1] The full list of the Workplace Safety and Health Awards 2019 award recipients can be found at: https://www.wshc.sg/files/wshc/upload/cms/file/WSHA2019_Recipients.pdf

a solar leasing project at Keppel O&M's yards, where the renewable energy generated will help offset the yards' energy requirements. In addition, some of the renewable energy certificates generated through this initiative are being transferred to Keppel Corporation. On 1 January 2020, Keppel Corporation's office at Keppel Bay Tower became the first commercial development in Singapore to utilise renewable energy to power all its operations.

Keppel Corporation will further strengthen its commitment to sustainability and combating climate change, including introducing an internal carbon price in the evaluation of all major investment decisions and enhancing its climate risk assessment.

DIRECTORS AND MANAGEMENT

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

Board of Directors

The Board comprises the following directors:

Dr Lee Boon Yang

Chairman and Independent Director

Dr Lee is the Chairman of Keppel Corporation, appointed with effect from 1 July 2009. In addition to being an independent and non-executive Director, he is also a member of the Remuneration, Nominating and Board Safety Committees.

He is also the Chairman of Singapore Press Holdings.

Dr Lee graduated in 1971 with a degree in Veterinary Science from the University of Queensland. After graduation, he worked as a veterinarian and R&D Officer in the government's Primary Production Department from 1972 to 1981.

In 1981, he joined the regional office of the US Feed Grains Council as Assistant Regional Director. A year later, he joined the Primary Industries Enterprise Pte Ltd as Senior Manager (Projects). In 1984, he stood as a candidate in the Singapore General Elections and won the Jalan Besar seat to the Singapore parliament. He held the Jalan Besar parliamentary seat for six consecutive terms until his retirement in April 2011.

Prior to March 2009, Dr Lee held key political appointments as Minister in the Prime Minister's Office, Minister for Labour, Minister for Defence and Minister for Information, Communication and the Arts.

He retired from political office on 31 March 2009 and from the Singapore parliament on 19 April 2011.

Mr Loh Chin Hua

CEO and Executive Director

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

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

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

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

Mr Alvin Yeo Khirn Hai

Non-Executive and Independent Director

Mr Alvin Yeo is a non-executive and independent director of Keppel Corporation, appointed with effect from 1 June 2009. He is also a member of the Audit and Nominating Committees.

He is the Chairman and Senior Partner of WongPartnership LLP. He was admitted to the English Bar in 1987 and to the Singapore Bar in 1988. In January 2000, he became the youngest lawyer to be appointed as Senior Counsel in Singapore.

He is a member of the Monetary Authority of Singapore advisory panel to advise the Minister for Finance on appeals under various financial services legislation, the Court of the Singapore International Arbitration Centre, a Fellow of the Singapore Institute of Arbitrators and a Fellow of the Singapore Institute of Directors.

Mr Yeo also sits on the boards of United Industrial Corporation Limited and United Overseas Bank Limited. He was a former member of the Senate of the Academy of Law, the Council of the Law Society, and the board of the Civil Service College.

Mr Yeo graduated with LLB Honours from King's College, University of London.

Mr Tan Ek Kia

Non-Executive and Independent Director

Mr Tan Ek Kia is a non-executive and independent director of Keppel Corporation, appointed with effect from 1 October 2010. He is also Chairman of the Board Safety Committee and a member of the Audit and Board Risk Committees.

Mr Tan is a seasoned executive in the oil and gas and petrochemicals business with more than 30 years of experience in design, engineering and construction, project management, health, safety and environment, production, logistics, procurement and drilling operations management, business management and development, joint venture management and governance, and organisation change/transformation. He has worked in a number of different countries and cultures.

Prior to his retirement as the Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore) in September 2006, Mr Tan held senior positions in Shell including Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd (both based in Beijing, China).

His other directorships include SMRT Corporation Ltd, Transocean Ltd, KrisEnergy Ltd and PT Chandra Asri Petrochemical Tbk.

Mr Tan holds a First Class Honours Degree in BSc Mechanical Engineering from Nottingham University, United Kingdom. He attended a Management Development Programme with International Institute for Management Development, Lausanne, Switzerland. He is a Fellow of the Institute of Engineers, Malaysia; Professional Engineer, Board of Engineers, Malaysia; Chartered Engineer of Engineering Council, United Kingdom and is a Member of the Institute of Mechanical Engineers, United Kingdom.

Mr Danny Teoh

Non-Executive and Independent Director

Mr Danny Teoh is a non-executive and independent director of Keppel Corporation, appointed with effect from 1 October 2010. He is also Chairman of the Audit Committee and a member of the Board Risk and Remuneration Committees.

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

His other directorships include DBS Group Holdings Ltd, DBS Bank Ltd. and M1 Limited.

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

Mr Till Vestring

Non-Executive and Independent Director

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

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

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

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

Ms Veronica Eng

Non-Executive and Independent Director

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

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

She is also a Professor (Practice) at the National University of Singapore, Business School.

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

Professor Jean-François Manzoni

Non-Executive and Independent Director

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

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

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

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

He also sits on the board of AACSB International, the world's largest business education alliance.

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

Teo Siong Seng

Non-Executive and Independent Director

Mr Teo Siong Seng is a non-executive and independent director of Keppel Corporation, appointed with effect from 1 November 2019. He is also a member of the Remuneration and Board Safety Committees.

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

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

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

Tham Sai Choy

Non-Executive and Independent Director

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

Mr Tham is currently the Chairman of the Singapore Institute of Directors and serves on the boards of the Accounting & Corporate Regulatory Authority, the Housing & Development Board, Nanyang Polytechnic, the Singapore International Arbitration Centre, DBS Group Holdings Limited, and Mount Alvernia Hospital.

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

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

Penny Goh

Non-Executive and Independent Director

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

Mrs Goh was formerly the Co-Chairman and Senior Partner at Allen & Gledhill LLP, a leading law firm in Singapore, where she has for many years headed the firm's corporate real estate practice. She advises listed corporations, private equity property funds, sovereign wealth funds and real estate investment trusts and she has extensive experience in a broad range of corporate real estate transactions for commercial, industrial and logistics projects in Singapore and Asia Pacific, involving investment, joint development and profit participation structures. She is now Senior Adviser of Allen & Gledhill LLP with effect from 1 January 2020.

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

Mrs Goh has been Chairman of Keppel REIT Management Limited, the manager of Keppel REIT, since 22 April 2017. She has been re-designated as non-independent Director of Keppel REIT Management Limited upon her appointment as independent Director of Keppel, and will continue as Chairman of the board of Keppel REIT Management Limited.

Mrs Goh is the Lead Independent Director of Mapletree Logistics Trust Management Ltd, the manager of Mapletree Logistics Trust, where she also chairs its Nominating and Remuneration Committee and is also an Independent Director of HSBC Bank (Singapore), where she is a member of the Audit and Risk Committees.

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

SENIOR MANAGEMENT

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

Name	Designation
Chan Hon Chew	CFO of Keppel Corporation Limited
Ong Tiong Guan	CEO of Keppel Infrastructure Holdings Pte. Ltd.
Christina Tan Hua Mui	CEO of Keppel Capital Holdings Pte. Ltd.
Chris Ong Leng Yeow	CEO of Keppel Offshore & Marine Ltd
Tan Swee Yiow	CEO of Keppel Land Limited
Thomas Pang Thieng Hwi	CEO of Keppel Telecommunications & Transportation Ltd
Paul Tham Wei Hsing	CEO of Keppel REIT Management Limited, Manager of Keppel REIT
Matthew R. Pollard	CEO of Keppel Infrastructure Fund Management Pte. Ltd., the Trustee-Manager of Keppel Infrastructure Trust
Chua Hsien Yang	CEO of Keppel DC REIT Management Pte. Ltd., Manager of KeppeL DC REIT

Name	Designation
David Eric Snyder	CEO/Chief Investment Officer of Keppel Pacific Oak US REIT Management Pte. Ltd., Manager of Keppel Pacific Oak US REIT
Alvin Mah	CEO of Alpha Investment Partners Limited
Bridget Lee	CEO of Keppel Capital Alternative Asset Pte. Ltd.
Devarshi Das	CEO (Infrastructure) of Keppel Capital Alternative Asset Pte. Ltd.
Manjot Singh Mann	CEO of M1 Limited

Committees of the Board

The following are the committees of the Board:

Audit Committee

The primary role of the Audit Committee is to assist the Board to ensure the integrity of financial reporting and that there is in place sound internal control systems. Its other responsibilities include, *inter alia*, reviewing the audit plan, adequacy and effectiveness of the internal audit function, adequacy and effectiveness of internal controls, interested person transactions and the independence of external auditors.

Remuneration Committee

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

Nominating Committee

The role of the Nominating Committee is, among other things, to make recommendations to the Board on all board appointments and oversee the Board and senior management's succession and leadership development plans. The Nominating Committee has put in place a formal process for the renewal of the Board and the selection of the new directors. The Nominating Committee is also charged with the responsibility of re-nomination having regard to the director's contribution and performance, with reference to the results of the assessment of the performance of the individual director by his peers.

The Nominating Committee also determines annually whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of Keppel Corporation, taking into account the results of the assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the Board.

Board Risk Committee

The Board Risk Committee considers the nature and extent of the significant risks which Keppel Corporation may take in achieving its strategic objectives and value creation; and reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders' interests and the Group's assets. The Board Risk Committee reports to the Board on critical risk issues, material matters, findings and recommendations.

Board Safety Committee

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

SELECTED FINANCIAL INFORMATION OF THE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

	Unaudited FY 2019 S$'000	Audited FY 2018 S$'000 Restated
Revenue	7,579,703	5,964,781
Materials and subcontract costs	(5,266,594)	(4,175,035)
Staff costs	(1,163,231)	(987,830)
Depreciation and amortisation	(375,294)	(182,386)
Impairment loss on financial assets	(74,367)	(99,713)
Other operating income – net	176,284	535,345
Operating profit	876,501	1,055,162
Investment income	64,594	9,991
Interest income	177,675	164,260
Interest expenses	(312,716)	(204,824)
Share of results of associated companies	147,413	220,895
Profit before tax	953,467	1,245,484
Taxation	(192,329)	(284,776)
Profit for the period	761,138	960,708
Attributable to:		
Shareholders of the Company	706,975	948,392
Non-controlling interests	54,163	12,316
	761,138	960,708
Earnings per ordinary share		
– basic	38.9 cts	52.3 cts
– diluted	38.7 cts	52.0 cts

An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IAS 23 Borrowing Costs was finalised by the International Financial Reporting Standards Interpretations Committee. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Consequently, the results for the full year ended 31 December 2018 are restated.

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

	Unaudited 31 December 2019 S$'000	Audited 31 December 2018 S$'000 Restated
Share capital	1,291,722	1,291,722
Treasury shares	(14,009)	(45,073)
Reserves	9,933,140	10,021,113
Share capital & reserves	11,210,853	11,267,762
Non-controlling interests	435,178	308,930
Total equity	11,646,031	11,576,692
Represented by:		
Fixed assets	3,166,345	2,372,560
Investment properties	3,022,091	2,851,380
Right-of-use assets	495,429	–
Associated companies	6,350,845	6,239,053
Investments	649,069	449,515
Long term assets	1,656,362	679,464
Intangibles	1,682,981	129,007
	17,023,122	12,720,979
Current assets		
Stocks	5,542,755	5,495,904
Contract assets	3,497,476	3,212,712
Amounts due from associated companies	563,578	291,729
Debtors	2,748,484	2,702,300
Derivative assets	41,050	45,976
Short term investments	121,581	136,587
Bank balances, deposits & cash	1,783,514	1,981,406
	14,298,438	13,866,614

	Unaudited 31 December 2019 S$'000	Audited 31 December 2018 S$'000 Restated
Current liabilities		
Creditors	4,604,544	4,391,023
Derivative liabilities	119,481	119,405
Contract liabilities	1,824,965	1,918,547
Provisions for warranties	36,448	69,614
Amounts due to associated companies	490,286	115,824
Term loans	4,555,237	1,480,757
Lease liabilities	67,387	–
Taxation	248,425	297,922
	11,946,773	8,393,092
Net current assets	2,351,665	5,473,522
Non-current liabilities		
Term loans	6,504,394	6,067,752
Lease liabilities	530,052	–
Deferred taxation	399,028	188,340
Other non-current liabilities	295,282	361,717
	7,728,756	6,617,809
Net assets	11,646,031	11,576,692

FY 2019 compared to FY 2018

Group net profit attributable to shareholders decreased by S$241 million or 25% to S$707 million. Earnings per share decreased correspondingly by 26% to 38.9 cents. Return on equity was 6.3%. Group revenue of S$7,580 million for 2019 was S$1,615 million or 27% higher than in the preceding year. Revenue from the Offshore & Marine Division improved by S$345 million or 18% to S$2,220 million due mainly to higher revenue recognition from ongoing projects, partly offset by the absence of revenue recognised in 2018 from the sale of jackup rigs to Borr Drilling Limited. Major jobs delivered in 2019 include five jackup rigs, three FPSO/FSRU conversions and four dredgers. Revenue from the Property Division decreased marginally by S$4 million to S$1,336 million due mainly to lower revenue from property trading projects in Singapore, partly offset by higher revenue from property trading projects in China. Revenue from the Infrastructure Division grew by S$298 million to S$2,927 million as a result of increased sales in the power and gas business as well as higher progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division increased by S$976 million to S$1,097 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit for the current year was S$954 million, S$291 million or 23% below the previous year. The Offshore & Marine Division's pre-tax loss was S$24 million as compared to pre-tax loss of S$113 million in 2018. The lower loss was due mainly to higher operating results arising from higher revenue, lower impairment provisions and lower net interest expense, partly offset by share of losses from associated companies, and the absence of write-back of provisions for claims in 2018. Pre-tax profit from the Property Division decreased by S$486 million to S$707 million due mainly to the lower gains from the en-bloc sale of development projects in 2019 (disposal of a partial interest in the Dong Nai project in Vietnam) as compared to 2018 (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company), the absence of gain from divestment as compared against 2018 (Aether Limited), lower contribution from property trading projects in Singapore and higher net interest expense, partly offset by higher contribution from property trading projects in China, higher investment income, higher fair value gains on investment properties and higher contribution from associated companies. Pre-tax profit of the Infrastructure Division was S$188 million, S$4 million above that in 2018. This was due mainly to higher fair value gains on data centres, higher contributions from Energy Infrastructure and Environmental Infrastructure, partly offset by lower contribution from Infrastructure Services and the logistics business, as well as the absence of gain arising from the sale of stake in Keppel DC REIT in 2018. Pre-tax profit of the Investments Division was S$83 million as compared to pre-tax loss of S$19 million in 2018. This was due mainly to fair value gain from the re-measurement of the previously held interest in M1 at acquisition date, higher contributions from asset management business as well as from M1 resulting from the consolidation of M1, lower provision for impairment of an associated company, partly offset by lower share of profit from the Sino-Singapore Tianjin Eco-City, higher net interest expense, higher fair value loss on KrisEnergy warrants, financing cost and amortisation of intangibles arising from acquisition of M1, as well as write-off of a receivable.

Taxation expenses decreased by S$92 million or 32% due mainly to lower taxable profits. Non-controlling interests were S$42 million higher than in the preceding year. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2019 was S$707 million, a decrease of S$241 million from S$948 million in 2018. The Property Division was the largest contributor to the Group's net profit with a 73% share, followed by the Infrastructure Division's 24%, the Investments Division's 2% and the Offshore & Marine Division's 1%.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the MTN Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer believes are material for the purpose of assessing the market risks associated with Notes issued under the MTN Programme are also described below.

The risk factors set out below do not purport to be a complete or comprehensive list of all the risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes or any decision to purchase, own or dispose of the Notes. The risks and uncertainties described below are not the only risks and uncertainties the Issuer and/or the Group face. In addition to the risks described below, there may be other risks and uncertainties not currently known to the Issuer or that the Issuer currently deems to be immaterial which may in the future become material risks. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Limitations of this Information Memorandum

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

Factors relating to the Group that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the MTN Programme

Risks affecting the Group's business generally

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

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

Significant concerns around trade imbalances in the United States and other dominant countries in the global economy has stirred geopolitical tensions that affect global trade. Concerns about rising sovereign debt levels in many developed and emerging economies have also triggered uncertainty over their sovereign debt ratings and the stability of their currencies. Along with the noted slowdown of economic growth in China, global market conditions may be unpredictable in the medium term. Geopolitical instability in various parts of the world, including notably, Europe, North Africa, the Middle East and Asia, could also contribute to economic instability in those and other regions. All these events could adversely affect the Group's business, financial condition, prospects and results of operations.

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

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

- extent of government involvement or influence;
- social conditions;
- political stability;
- level of development;

- growth rate;
- control of foreign exchange; and
- laws and regulations.

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

Several of the emerging economies which the Group has operations in have been transitioning from planned economies to more market-oriented economies (for example China and Vietnam). Although in recent years local governments have implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance business enterprises, a substantial portion of productive assets is still owned by local governments. In addition, local governments continue to play a significant role in regulating industrial development through policies. Accordingly, changes introduced by those governments during this transition may adversely affect the Group's business, financial condition, prospects and results of operations.

The Group is affected by any possible loss of major customers

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

The Group's success in the future may depend, in part, on the successful implementation of its strategies

The Group's ability to successfully pursue new growth opportunities will depend on its continued ability to implement its strategies. There can be no assurance that the Group will be able to successfully implement its strategies.

The Group's overseas projects are located in both developing and developed countries and some of its strategies may also include entering new markets. The Group's business and the implementation of such strategies will be subject to various risks beyond its control, such as business or technological disruptions, market competition and geopolitical risks (as noted above). These risks could result in the Group's failure to integrate its acquisitions, deliver its projects or perform other business activities effectively, or to divest investments and assets in response to changes in the business environment or as a result of strategic decisions. Such events could potentially affect the Group's ability to implement its strategies, thereby materially and adversely affecting its business, financial condition, prospects and results of operations.

The Group is exposed to foreign exchange risks

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

The Group is exposed to inflationary pressures

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

The Group is subject to interest rate fluctuations

The interest cost borne by the Group on its borrowings will be subject to fluctuations. In addition, the Group is subject to market disruption clauses contained in its loan agreements with banks. Such clauses state that to the extent that banks face difficulties in raising funds in the interbank market or pay materially more for interbank deposits than the displayed screen rates, they may pass on the higher costs of funds to the borrower despite the margins agreed. Although the Group enters into hedging transactions to mitigate the risk of interest rate fluctuations, there can be no assurance that its exposure to interest rate risks will be adequately covered. As a result, the Group's business, financial condition, prospects and results of operations could potentially be adversely affected by interest rate fluctuations.

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

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

The outbreak of an infectious disease or any other serious public health concerns or the occurrence of a natural or man-made disaster in Asia and elsewhere could adversely impact the Group's business, financial condition, prospects and results of operations

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

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

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

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

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

The Group may be involved in legal and other proceedings from time to time

From time to time, the Group may be involved in disputes with various parties such as customers, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the Group's business activities. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays in the execution of projects. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and project delays.

There can be no assurance that these disputes will be settled, or settled on favourable or reasonable terms. In the event such disputes are not settled on favourable or reasonable terms, or at all, the Group's business, financial condition, prospects and results of operations may be adversely affected.

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

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

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

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

The Group is affected by existing and possible new competitors

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

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

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

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

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

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

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

The Group's insurance policies, taken by the Group and/or by companies within the Group, cover various risks, including risk of theft and burglary, operational risks and risks of accidents occurring to either its employees or third parties as a result of events which may result in injury or death.

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

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

The Group may be affected by project cost overruns

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

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

The Group is subject to credit risk exposures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group is exposed to various regulatory and litigation risks

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

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

Risks affecting the Group's Offshore & Marine Division

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

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

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

Keppel O&M's customers are also affected by laws, regulations, policies and directives relating to energy, investment, taxation and such other laws promulgated by the governments of countries from which they will need to obtain licences to engage in the exploration, development and production of oil and gas. The demand for Keppel O&M's services and the potential for growth of its business will be affected if its customers cannot obtain the necessary licences to engage in exploration, development and production activities in the relevant areas.

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

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

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

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

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

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

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

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

Risks affecting the Group's Property Division

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Failure or delay in completion or delivery

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

Payment default by purchasers

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

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

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

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

Keppel Land relies on contractors to provide it with various services

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

Keppel Land has certain hotel operations in Myanmar, a country that was subject to previous international trade restrictions, economic embargoes and sanctions

Keppel Land currently owns, operates and manages one hotel in Myanmar, namely Sedona Hotel Yangon. Keppel Land also holds a 40% stake in Junction City Tower, a Grade A office building in Yangon's central business district. As far as the Issuer is aware, it has not been put on notice that Keppel Land's current operations in Myanmar are the target of, or in breach of, any applicable U.S. or international sanctions. However, there can be no assurance that Keppel Land's operations in Myanmar will not be the target of, or be in breach of, any sanctions in future and, if so, investors in the Notes may incur reputational or other risks.

Keppel Land may be subject to restrictions in repatriation of funds

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

Risks affecting the Group's Infrastructure Division

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

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

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

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

The Infrastructure Division's Energy Infrastructure segment faces increased competition in the electricity market in Singapore with the introduction of the OEM

On 1 April 2018, the Singapore Energy Market Authority commenced the soft launch of the OEM, which was subsequently extended to the rest of Singapore in May 2019. The OEM initiative allows households and businesses in Singapore to purchase electricity from independent retailers at a competitive price. The introduction of the OEM has resulted in more intense competition among power generation companies in Singapore. Should Keppel Infrastructure find itself unable to compete successfully against other power generation companies or independent retailers, there may be a material adverse effect on the business, financial condition and results of operations of the Infrastructure Division.

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

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

Failure to execute strategy for the Data Centre and Logistics business

The Data Centre and Logistics businesses are undergoing transformative changes in order to capture new opportunities in response to increased connectivity and rapid urbanisation in their respective industries. A part of their strategy hinges on relinquishing underperforming assets and recycling the capital towards higher yielding investment ventures. Intensifying competition, prevailing market conditions, and geopolitical tensions relating to trade may affect the execution of their strategies, which would in turn affect Keppel T&T's business, results of operations and financial condition adversely.

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

The success of the Data Centre and Logistics businesses depend, in part, on their ability to anticipate and adapt in a timely manner to the fast-paced changes in technology and business models that characterise the industries in which the businesses operate. New services, technologies and business models emerge on a continuous basis and existing services, technologies and business models will also further develop. While the businesses will respond through mitigating measures or fresh strategies, there can be no assurance that such mitigating measures or fresh strategies will be sufficient against market disruption threats. If the businesses fail to upgrade and adapt their business models, or fail to introduce new services or products in line with technological innovations in a timely or satisfactory manner, their products and services may become obsolete and unmarketable. This could limit the businesses' ability to acquire new customers and cause them to lose existing customers to competitors, which could have a material adverse effect on Keppel T&T's business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

Risks affecting the Group's Investment Division

The Group has strategically invested in the telecommunication sector via M1 which is exposed to extensive laws and regulations

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

In Singapore, the Info-communications Media Development Authority of Singapore has, in its implementation of the next generation nationwide broadband network (the "**Next Gen NBN**"), designed a structure to level the playing field, allowing the benefits of the Next Gen NBN to be available to all industry players. The Next Gen NBN structure has significantly altered the existing cost model of the industry and increased the level of competition from new entrants.

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

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

M1 faces competitive risks in the telecommunications market in Singapore

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

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

M1 faces technology obsolescence risks

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

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

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

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

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

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

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

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

Keppel Capital's investments are subject to operational risks

Keppel Capital's investments are subject to operational risks, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems, human error or external events. Various operational aspects of the assets managed by Keppel Capital are inherently reliant on local operational teams and are exposed to operational risks intrinsic to these assets and their operating environment.

Keppel Capital's investments are partly dependent on processing a large number of complex transactions across numerous and diverse products. Such complexity occasionally introduces a variety of operational risks in managing the pool of transacted assets.

Keppel Capital's asset management segment's systems and processes are designed to ensure that the operational risks associated with its assets are appropriately controlled, although weakness in the systems could have a negative impact on the business, financial condition and results of operations of the assets that it manages during the affected period, resulting in material reputational damage and the loss of customers, and could consequently result in a material adverse effect on the performance of the asset management segment.

Keppel Capital's asset management segment is subject to competition

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

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

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

Keppel Capital's investment portfolio includes illiquid real estate investments

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

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

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

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE MTN PROGRAMME

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

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

Some Notes are complex financial instruments. Investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) the Notes are legal investments for them, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Rights of Claim

The Notes constitute general and unsecured contractual obligations of the Issuer only, which will rank equally with all other unsecured contractual obligations of the Issuer and behind preferred liabilities, including those mandatorily preferred by law. If a potential investor purchases the Notes, it is relying upon the creditworthiness of the Issuer and no other person.

The Issuer is a holding company incorporated for the purpose of holding investments both in Singapore and abroad. The Issuer will rely on its investment income, including dividends and distributions from its subsidiaries, associated companies and investee companies and proceeds from divestments, to meet its obligations, including obligations under the Notes. The ability of the Issuer's subsidiaries, associated companies and investee companies to pay dividends and other distributions and, to the extent that the Issuer relies on dividends and distributions to meet its obligations, the ability of the Issuer to make payments, are subject to applicable laws and regulations (contractual or otherwise) on the payment of dividends and distributions contained in relevant financing or other agreements of such companies.

The Notes contain no covenants that prohibit the Issuer's subsidiaries, associated companies and investee companies from entering into agreements which may restrict their ability to pay dividends and distributions to the Issuer.

Payments on the Notes are structurally subordinated to all and any existing and future liabilities and obligations of each of the Issuer's subsidiaries, associated companies and investee companies. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer and its creditors, including holders of the Notes seeking to enforce the Notes.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the MTN Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Hybrid Notes

Hybrid Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Hybrid Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Fluctuation of the Market Value of the Notes

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer and its subsidiaries and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the business, operating results, prospects and/or the financial condition of the Issuer, its subsidiaries and/or associated companies (if any). Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may adversely affect the market price of any Series or Tranche of Notes.

Modification and waivers

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders, agree to (i) any modification of any of the provisions of the Trust Deed, Notes or Coupons which in the opinion of the Trustee is of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, Notes or Coupons which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Change of Law

The Terms and Conditions of the Notes are based on Singapore law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the relevant Notes.

Singapore Taxation

The Notes to be issued from time to time under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation" on pages 117 to 120 of this Information Memorandum.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the documents relating to the MTN Programme or an issue of Notes of the obligations thereunder including the performance by the Trustee and the Issuing and Paying Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders and the Couponholders.

Application of Singapore insolvency and related laws to the Issuer may result in a material adverse effect on the Noteholders

There can be no assurance that the Issuer will not become bankrupt or insolvent, or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency related proceedings or procedures. If Singapore insolvency and related laws applicable to corporates were to be applied to the Issuer, this could result in a material adverse effect on the Noteholders. Without being exhaustive, below are some matters that could have a material and adverse effect on the Noteholders.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. Further, it is not clear that an application by the Issuer for a moratorium will in itself constitute an event of default under the terms and conditions of the Notes and the Trustee may not be able to declare the Notes immediately due and payable upon the occurrence of such an event. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Noteholders 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, recent amendments to the Companies Act in 2017 have introduced cram-down provisions for where there is 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, Noteholders may be bound by a scheme of arrangement to which they may have dissented.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the "**IRD Bill**" or as passed, the "**IRD Act**") was passed in Parliament on 1 October 2018, but is not yet in force. 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. The extent to which the provisions in the IRD Act will impact the MTN Programme and transactions contemplated under the MTN Programme (if at all) will depend on the extent to which such transactions will be exempted from the application of such provisions. There is no certainty as to whether the transactions contemplated under this MTN Programme will fall within such exemptions.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Limited liquidity of the Notes issued under the MTN Programme

There can be no assurance regarding the future development of the market for the Notes issued under the MTN Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The lack of liquidity may have a severely adverse effect on the market value of the Notes. Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

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

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of the London interbank offered rate ("**LIBOR**") has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority 137 announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Similarly, The

Association of Banks in Singapore has also proposed to discontinue certain tenors for the Singapore interbank offered rate ("**SIBOR**") and to amend the methodology for determining SIBOR.

More importantly, as the Singapore Swap Offer Rate methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of the Swap Offer Rate. On 30 August 2019, the MAS announced that, it has established an industry-led steering committee to oversee an industry-wide interest rate benchmark transition from the Swap Offer Rate to the Singapore Overnight Rate Average.

The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the "benchmark".

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Terms and Conditions (as further described in Condition 4(V) of the Notes), or result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to Floating Rate Notes or Notes whose interest or distribution rates are linked to LIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR or Swap Offer Rate, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. Due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser acting in consultation with the Issuer, the relevant fallback provisions may not operate as intended at the relevant time.

The Conditions of the Notes provide, among others, for discontinuation of benchmark discussed above. Uncertainty as to the continuation of the Original Reference Rate (as defined in the Conditions of the Notes) and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Notes.

Benchmark Events (as defined in the Conditions of the Notes) include (amongst other events) permanent discontinuation of the Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser (as defined in the Conditions of the Notes). The Independent Adviser shall endeavour to determine a Successor Rate (as defined in the Conditions of the Notes) or Alternative Rate (as defined in the Conditions of the Notes) to be used in place of the Original Reference Rate. The use of any such Successor

Rate or Alternative Rate may result in the Notes performing differently than they would do if the Original Reference Rate were to continue to apply in its current form.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser or, as the case may be, the Issuer, the Conditions of the Notes also provide that an Adjustment Spread (as defined in the Conditions of the Notes) may be determined by the Independent Adviser or, as the case may be, the Issuer and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which: (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the Conditions of the Notes); or (if no such recommendation has been made, or in the case of an Alternative Rate) (ii) the Independent Adviser or the Issuer (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (iii) if no such industry standard is recognised or acknowledged, the Independent Adviser or the Issuer (as the case may be) determines to be appropriate. Accordingly, the application of an Adjustment Spread may result in the Notes performing differently than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate, Alternative Rate or Adjustment Spread for the Original Reference Rate is determined by the Independent Adviser or, as the case may be the Issuer, the Conditions of the Notes provide that the Issuer may vary the Conditions of the Notes and the Trust Deed, as necessary to ensure the proper operation of such Successor Rate, Alternative Rate or Adjustment Spread, without any requirement for consent or approval of the Noteholders.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions of the Notes, in which case the Issuer may determine the Successor Rate or the Alternative Rate and, in either case, the Adjustment Spread.

The elimination of the LIBOR, Swap Offer Rate or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the calculation provisions of the Conditions, or result in adverse consequences to holders of any Notes linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Inflation risk

Noteholders may suffer erosion on the anticipated return of their investments due to inflation. An unexpected increase in inflation could reduce the actual returns received by a Noteholder in connection with its purchase of a Tranche of Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Legal investment considerations may restrict certain investments

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

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

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

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

The Trustee may request Noteholders to provide an indemnity to its satisfaction

In certain circumstances (pursuant to Condition 10 of the Notes), the Trustee may request Noteholders to provide an indemnity to its satisfaction before it takes action on behalf of Noteholders. The Trustee shall not be obliged to take any such action if not indemnified to its satisfaction. Negotiating and agreeing to an indemnity can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System (as defined below)

Notes issued under the MTN Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with or registered in the name of, or in the name of a nominee of, a common depository for Euroclear and/or Clearstream, Luxembourg, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the relevant Clearing System. The relevant Clearing System will maintain records of their direct account holders in relation to the Global Notes.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and/or Clearstream, Luxembourg or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in the Global Notes must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

PURPOSE OF THE MTN PROGRAMME AND USE OF PROCEEDS

The MTN Programme will provide the Issuer with the flexibility to procure funding at competitive rates as and when the opportunities arise. The net proceeds of each issue of Notes under the MTN Programme will be used for general corporate or working capital purposes or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may be effected through securities sub-accounts held with corporate depositors ("**Depository Agents**"). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Issuing and Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arranger nor any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the acquisition, ownership of or disposal of the Notes.

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 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0% 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 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

As the MTN Programme as a whole was arranged by DBS Bank Ltd., which was an Approved Bond Intermediary (as defined in the ITA) prior to 1 January 2004 and was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) thereafter, any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities ("**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 Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes 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 Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, 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 Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

  (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and (bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require,

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

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related party(ies) of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

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

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

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

"prepayment fee", in relation to debt securities and 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.

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

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant 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 QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant 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 (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes".

3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

In connection with each Tranche of Notes issued under the MTN Programme, the Arranger, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their affiliates may place orders, receive allocations and purchase Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering. Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer appointed under the MTN Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent or, in the case of a syndicated issue, the relevant lead manager, by such Dealer (or in the case of a sale of an identifiable tranche of Notes to or through more than one Dealer, by such Dealers with respect to the Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify each Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer appointed under the MTN Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

PRIIPs Regulation – Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

 (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, "**MiFID II**");

 (b) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

 (c) not a qualified investor as defined in the Prospectus Directive (as defined below); and

(ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer will be required to represent and agree in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the MTN Programme will be required to represent and agree that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the MTN Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the

Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used in connection with an offer or solicitation by any person 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. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any Information Memorandum, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, the Issuer shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer, sale or delivery.

Each Dealer has agreed that it will not offer, sell or deliver to any person any Note unless such offer, sale or delivery is subject to the condition that such person shall observe the restrictions set out in the foregoing provisions.

Each issue of Notes shall be subject to such additional selling restrictions as may be agreed between the Issuer and the relevant Dealer(s) and each of the Dealers has undertaken that it will at all times comply with all such selling restrictions.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

INFORMATION ON DIRECTORS

1. The name and occupation of each of the Directors are set out below:

Name	Occupation
Dr Lee Boon Yang	Chairman, Non-Executive and Independent Director
Loh Chin Hua	CEO and Executive Director
Alvin Yeo Khirn Hai	Non-Executive and Independent Director
Tan Ek Kia	Non-Executive and Independent Director
Danny Teoh	Non-Executive and Independent Director
Till Vestring	Non-Executive and Independent Director
Veronica Eng	Non-Executive and Independent Director
Jean-François Manzoni	Non-Executive and Independent Director
Teo Siong Seng	Non-Executive and Independent Director
Tham Sai Choy	Non-Executive and Independent Director
Penny Goh	Non-Executive and Independent Director

LITIGATION

2. Global Resolution with Authorities in the US, Brazil and Singapore

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

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

Pursuant to the DPA, Keppel O&M paid a monetary penalty of US$105,554,245, of which US$4,725,000 was paid as a criminal fine by KOM USA, to the United States Treasury in 2018. In addition, Keppel O&M paid a monetary penalty of US$211,108,490 to MPF and a monetary penalty of US$52,777,122.50 to CPIB in 2018. A further US$52,777,122.50, which amount payable has been included as accrued expenses since FY 2017, will be payable to CPIB within three years (or an extended period as approved by CPIB and DOJ) from the date of the Conditional Warning (less any penalties that Keppel O&M may pay to specified Brazilian authorities during this period, for which discussions with the specified authorities are ongoing).

3. <u>Civil Action brought by EIG Management Company, LLC ("**EIG**")</u>

3.1. On 13 February 2018, Keppel Corporation announced that Keppel O&M had been served with a summons in a civil action initiated by eight funds managed by EIG pursuant to the Racketeer Influenced and Corrupt Organizations Act ("**RICO**") in the United States District Court, Southern District of New York (the "**EIG Lawsuit**"). EIG seeks damages of at least US$663 million (being three times their purported investment loss of US$221 million) as well as attorneys' fees, interest and costs.

3.2. On 2 May 2018, Keppel Corporation announced that Keppel O&M had been served with an amended complaint which includes an additional cause of action against Keppel O&M for allegedly aiding and abetting the fraud committed by Petroleo Brasileiro SA and Sete Brasil Participacoes SA against EIG (the "**Amended Complaint**"). EIG seeks to recover US$221 million in purported investment losses as well as punitive damages.

3.3. Keppel Corporation is of the view that the EIG Lawsuit, along with the Amended Complaint, is without merit and Keppel O&M will continue to vigorously defend itself.

4. Save as disclosed in this Information Memorandum, the Issuer is not and has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Information Memorandum which may have or have in such period had a material adverse effect on the financial position of the Group.

CONSENTS

5. PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

LEI CODE

6. The Legal Entity Identifier of the Issuer is 254900SQ7IPDOY6IDW33.

DOCUMENTS AVAILABLE FOR INSPECTION

7. Copies of the following documents may be inspected at the registered office of the Issuer at, 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal business hours for a period of six months from the date of this Information Memorandum:

(i) the Constitution of the Issuer;

(ii) the letter of consent referred to in paragraph 5 above;

(iii) the audited consolidated accounts of the Issuer and its subsidiaries for the financial year ended 31 December 2018; and

(iv) the unaudited consolidated accounts of the Issuer and its subsidiaries for the financial year ended 31 December 2019.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

8. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KEPPEL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The information in this Appendix II has been extracted from the audited financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

KEPPEL CORPORATION LIMITED
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Keppel Corporation Limited
For the financial year ended 31 December 2018

Report on the audit of the financial statements

Our Opinion
In our opinion, the accompanying consolidated financial statements of Keppel Corporation Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

What we have audited
The financial statements of the Group and of the Company, comprise:

- the balance sheets of the Group and of the Company as at 31 December 2018;
- the consolidated profit and loss account of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of changes in equity of the Group and of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion
We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>1. Recoverability of contract assets and stocks (work-in-progress) in relation to Offshore and Marine ("O&M") business unit
(Refer to Notes 2.27(ii), 13 and 14 to the financial statements)

As at 31 December 2018, the Group has:
(i) Stocks (work-in-progress) ("WIP") amounting to $594 million (after a provision of $52 million made in prior year); and
(ii) contract assets relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, amounting to $1,383 million (after a provision for expected credit loss of $21 million in 2018).

We focused on this area because significant judgement and assumptions are required in:
(i) estimating the net realisable values ("NRV") of the WIP balance; and
(ii) estimating the expected credit loss of the contract asset balance.

In determining whether the NRV of the WIP exceeds its carrying amount, management has considered arrangements to market the WIP and estimated its NRV based on Discounted Cash Flow ("DCF") model. NRV of the WIP was estimated to be above the carrying value at the balance sheet date.

For contract assets relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, in the event that the customers are unable to fulfil their contractual obligations, the Group can exercise their right to retain payments received to date and take legal possession of the rigs under construction. Management has assessed if the values of the rigs would exceed the carrying values of the contract assets. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using DCF calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include day rates and discount rates.

Arising from management's assessment, an expected credit loss provision of $21 million was made against contract assets in 2018.</td><td>

We reviewed management's assessment of the NRV of the WIP and the recovery of the contract assets balance.

We reviewed the most significant inputs to the DCF calculations and engaged our valuation specialists to review the discount rates applied.

We also considered the adequacy of the disclosures in the financial statements in respect of this matter.

Based on our procedures, we found management's judgement around the NRV of the WIP and the recovery of contract assets to be appropriate.

In respect of the independent professional firm, we found that it possessed the requisite competency and experience to assist management in assessment of the valuation.

We also found the disclosures in the financial statements in respect of the critical judgement and sources of estimation uncertainty to be adequate.</td></tr>
</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Assessment of impairment of investment in KrisEnergy *(Refer to Note 9 to the financial statements)*	
The Group has a 40% equity interest in KrisEnergy Ltd ("KrisEnergy"), an associated company listed on the Singapore Exchange. KrisEnergy is an independent upstream company focused on the production and development of oil and gas in the basins of Southeast Asia. At 31 December 2018, the carrying value of the Group's equity interest in KrisEnergy was significantly higher than the fair value of the investment (based on KrisEnergy's quoted market share price on that date). The existence of the above impairment indicator required management to estimate the recoverable amount of the Group's investment in KrisEnergy. This assessment was done on a Value-In-Use ("VIU") basis using a DCF model with the assistance of an independent professional firm. Based on the result of the assessment, an impairment loss of $53 million was recognised in 2018 to write down the carrying amount of the investment to its estimated recoverable amount. We focused on this area as the assessment of the recoverable amount required management to make projections of cash flows arising from oil reserves in which several estimates and assumptions were applied.	We read recent public announcements made by KrisEnergy to obtain an understanding of the financial position of KrisEnergy and its ability to repay its debt obligations. We evaluated the reasonableness of the estimates and assumptions in the DCF model, with focus on the estimates of reserves available and estimated future oil prices of US$67 to US$73 per barrel for 2019 to 2037, which were the most sensitive inputs to the model. We also involved our valuation specialists in the evaluation of the model and the discount rates applied. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found the significant estimates and key assumptions within the discounted cash flow model to be reasonable. In respect of the independent professional firm, we found that it possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of KrisEnergy. We also found the disclosures in the financial statements in respect of the impairment to be adequate.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Keppel Corporation Limited
For the financial year ended 31 December 2018

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Financial exposure in relation to contracts with Sete Brasil *(Refer to Note 2.27(ii) to the financial statements)*	
The Group's customer, Sete Brasil ("Sete") filed for bankruptcy protection on 21 April 2016. Sete had previously contracted with the Group for the construction of six rigs. Sete had stopped making payments to the Group under these contracts since November 2014. The Group suspended construction of these six rigs in November 2015. The difficulties faced by Sete, as well as the uncertain economic and political conditions in Brazil, have resulted in significant uncertainty on the outcome of these contracts. Since 2016, Sete's authorised representatives have been in discussions with the Group on the eventual completion and delivery of some of the rigs. Management has continually assessed the probable outcomes of these contracts by taking into consideration the progress and status of the discussions and market conditions in Brazil. Based on the latest information available at 31 December 2018, taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, an expected credit loss of $102 million and a provision of $65 million for contract related costs were recognised in the current year. The total cumulative expected losses recognised on these contracts amounted to $476 million. We focused on this area because of the significant judgement required in assessing if the expected credit loss and contract related costs recognised by the Group as at 31 December 2018 was adequate.	We enquired with management on their assessment of the contracts with Sete, including their expectation of the probable outcomes on these contracts. We reviewed the terms of each contract and correspondences with Sete or its authorised representatives to validate the assumptions applied by management. We reviewed management's computation of the provisions recognised during the year and corroborated the inputs against supporting documents and externally available information. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's assessment in respect of the expected credit loss and contract related costs recognised in 2018 from these contracts to be reasonable. We also found that the disclosures in the financial statements in respect of this matter to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
4. Global resolution with criminal authorities in relation to corrupt payments *(Refer to Note 19 to the financial statements)*	
In December 2017, a wholly-owned subsidiary, Keppel Offshore and Marine Ltd ("KOM") reached a global resolution with the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, the U.S. Department of Justice ("DOJ"), and the Public Prosecutor's Office in Brazil, Ministério Público Federal ("MPF") in relation to corrupt payments made in Brazil by Zwi Skornicki, a former agent of certain Keppel subsidiaries in the O&M division. As part of the resolution, KOM and its subsidiary has paid US$106 million and US$211 million to the United States Treasury and MPF respectively. In addition, under the Conditional Warning issued by CPIB, KOM has committed to certain undertakings, has paid US$52 million to CPIB and recorded a further US$52 million payable. As part of the global resolution with the authorities, the Group has committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management Systems and testing of the effectiveness of the policies and procedures put in place. In November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. Anti-bribery and corruption compliance audits were also performed during the year on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended in the current year. The audits did, however, identify certain matters relating to contracts entered into several years ago which require follow-up actions and further review. Notwithstanding, based on currently available information, management is of the opinion that no additional provisions would be required in relation to these matters. We focused on this area because of the management judgement required in determining if additional provision is required.	We obtained understanding of management's compliance and governance regime, including the progress of its implementation, through enquiries of appropriate personnel within the Group and attendance at the board of directors meetings. We read the reporting by KOM to DOJ and CPIB and sighted the ISO 37001 certificate. We discussed with management to understand the scope, approach and findings of the anti-bribery and corruption compliance audits performed during the year. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found that the disclosures in the financial statements to be adequate. Based on our procedures and representations obtained from management, we found management's assessment of the matter described to be appropriate.

Key Audit Matter	How our audit addressed the Key Audit Matter
5. Revenue recognition - measurement of progress towards performance obligation *(Refer to Notes 2.20 and 23 to the financial statements)*	
During the year, the Group recognised $1,876 million of revenue relating to its rigbuilding, shipbuilding and repairs, and long-term engineering contracts ("construction contracts"). The Group recognises revenue over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion was measured by reference to either the percentage of the physical proportion of the contract work completed or the proportion of contract costs incurred to date to the estimated total contract costs. We focused on this area because of the significant management judgement required in: • the estimation of the physical proportion of the contract work completed for the contracts; and • the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, and claims.	In respect of construction contracts where progress was measured based on the percentage of the physical proportion of the contract work completed, we sighted certified progress reports from engineers, performed site visits, and obtained confirmations from project owners to assess the appropriateness of management's estimates of the physical proportion of work completed. In respective of construction contracts where progress was measured based on the proportion of contract costs incurred to date to the estimated total contract costs, we evaluated the effectiveness of management's controls over the estimation of total costs and assessed the reasonableness of key inputs in the cost estimation. We tested the appropriateness of estimated costs by comparing these against actual costs incurred. We then recomputed the revenues recognised for the current financial year based on the respective percentage of completion and traced these to the accounting records. We also considered the adequacy of the Group's disclosures in respect of this matter. Based on our procedures, we found that assumptions made in the measurement of the progress of construction contracts to be reasonable. We also found the disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
6. Valuation of properties held for sale *(Refer to Note 13 to the financial statements)*	
At 31 December 2018, the Group has residential properties held for sale of $4,653 million mainly in China, Singapore, Indonesia and Vietnam. Properties held for sale are stated at the lower of cost and net realisable values. The determination of the estimated net realisable values of these properties is highly dependent on the Group's expectation of future selling prices and the estimated cost to complete the development project. For certain development projects, fair values based on independent valuation reports are used to determine the net realisable value of these properties. We focused on this area as significant judgment is required in making estimates of future selling prices and the estimated cost to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the discount rate and price of comparable plots and properties. Continued unfavourable market conditions in certain of the markets in which the Group operates might exert downward pressure on transaction volumes and residential property prices. This could lead to future trends in these markets departing from known trends based on past experience. There is therefore a risk that the estimates of carrying values at the date of these financial statements exceed future selling prices, resulting in losses when the properties are sold.	We found that, in making its estimates of future selling prices, the Group took into account macroeconomic and real estate price trend information. Management applied their knowledge of the business in their regular review of these estimates. We corroborated the Group's forecast selling prices by comparing the forecast selling price to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held for sale. We compared management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated cost to complete and corroborated the underlying assumptions made with our understanding of past completed projects. For projects where management has used independent valuation reports as a basis to determine the net realisable value, we evaluated the qualifications and competence of the external valuer and considered the valuation methodologies used against those applied by other valuers for similar property type. We tested the reliability of inputs used in the valuation and corroborated key inputs such as the discount rate and price of comparable plots and properties used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers. We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computation of the provision for properties held for sale. We also considered the adequacy of the disclosures in the financial statements, in describing the provision for properties held for sale. Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
7. Valuation of investment properties *(Refer to Note 7 and Note 33 to the financial statements)* At 31 December 2018, the Group owns a portfolio of investment properties of $2,851 million comprising office buildings, hotel, retail mall and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam. Investment properties are stated at their fair values based on independent external valuations. We focused on this area as the valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied such as the capitalisation rate, discount rate, net initial yield, terminal yield and price of comparable plots and properties.	We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the reliability of inputs of the projected cash flows used in the valuation to supporting lease agreements and other documents. We corroborated the inputs such as the capitalisation rate, net initial yield, terminal yield, discount rate and price of comparable plots used in the valuation methodology by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the reasons for these and, where necessary, held further discussions with the valuers. We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates. The valuers are members of recognised professional bodies for external valuers. We found the valuation methodologies used to be in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be adequate.

Other information

Management is responsible for the other information. The other information comprises the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and other sections of the Keppel Corporation Limited Report to Shareholders 2018 ("Other Sections of the Annual Report") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeoh Oon Jin.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 February 2019

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

BALANCE SHEETS
As at 31 December 2018

	Note	Group 31 December 2018 $'000	Group 31 December 2017 $'000	Group 1 January 2017 $'000	Company 31 December 2018 $'000	Company 31 December 2017 $'000	Company 1 January 2017 $'000
Share capital	3	**1,291,722**	1,291,310	1,288,394	**1,291,722**	1,291,310	1,288,394
Treasury shares	3	**(45,073)**	(74)	(15,523)	**(45,073)**	(74)	(15,523)
Reserves	4	**10,031,561**	10,151,498	10,395,101	**6,396,589**	6,341,656	5,346,838
Share capital & reserves		**11,278,210**	11,442,734	11,667,972	**7,643,238**	7,632,892	6,619,709
Non-controlling interests	5	**308,930**	530,225	676,918	**-**	-	-
Total equity		**11,587,140**	11,972,959	12,344,890	**7,643,238**	7,632,892	6,619,709
Represented by:							
Fixed assets	6	**2,372,560**	2,432,963	2,645,456	**6,676**	296	852
Investment properties	7	**2,851,380**	3,460,608	3,550,290	**-**	-	-
Subsidiaries	8	**-**	-	-	**7,867,959**	7,972,849	8,154,201
Associated companies	9	**6,239,685**	5,913,777	5,423,831	**-**	-	-
Investments	10	**449,515**	458,638	377,704	**16,957**	15,012	14,340
Long term assets	11	**679,464**	774,316	814,438	**8,801**	14,346	97,557
Intangibles	12	**129,007**	132,594	140,669	**-**	-	-
		12,721,611	13,172,896	12,952,388	**7,900,393**	8,002,503	8,266,950
Current assets							
Stocks	13	**5,514,006**	5,780,042	6,567,740	**-**	-	-
Contract assets	14	**3,212,712**	3,643,495	4,157,146	**-**	-	-
Amounts due from:							
- subsidiaries	15	**-**	-	-	**4,043,121**	3,498,920	3,982,362
- associated companies	15	**291,729**	342,960	433,380	**548**	733	688
Debtors	16	**2,702,300**	3,088,417	3,373,841	**6,229**	4,590	2,965
Derivative assets		**45,976**	181,226	98,984	**23,217**	93,530	42,923
Short term investments	17	**136,587**	202,776	273,928	**27,400**	-	-
Bank balances, deposits & cash	18	**1,981,406**	2,273,788	2,087,078	**370**	2,213	542
		13,884,716	15,512,704	16,992,097	**4,100,885**	3,599,986	4,029,480
Current liabilities							
Creditors	19	**4,391,023**	5,720,165	5,483,318	**76,172**	68,585	112,471
Derivative liabilities		**119,405**	37,969	379,910	**27,796**	29,528	345,313
Contract liabilities	14	**1,918,547**	1,950,151	1,612,984	**-**	-	-
Provisions for warranties	20	**69,614**	115,972	81,679	**-**	-	-
Amounts due to:							
- subsidiaries	15	**-**	-	-	**162,611**	236,403	1,062,722
- associated companies	15	**115,824**	253,331	111,543	**-**	-	-
Term loans	21	**1,480,757**	1,714,084	1,835,321	**460,657**	551,530	692,311
Taxation	27	**297,922**	220,761	364,845	**43,519**	33,955	17,263
		8,393,092	10,012,433	9,869,600	**770,755**	920,001	2,230,080
Net current assets		**5,491,624**	5,500,271	7,122,497	**3,330,130**	2,679,985	1,799,400
Non-current liabilities							
Term loans	21	**6,067,752**	6,078,919	7,217,721	**3,495,610**	2,939,800	3,325,600
Deferred taxation	22	**196,626**	334,674	331,175	**-**	-	-
Other non-current liabilities	19	**361,717**	286,615	181,099	**91,675**	109,796	121,041
		6,626,095	6,700,208	7,729,995	**3,587,285**	3,049,596	3,446,641
Net assets		**11,587,140**	11,972,959	12,344,890	**7,643,238**	7,632,892	6,619,709

The accompanying notes form an integral part of these financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	23	**5,964,781**	5,963,773
Materials and subcontract costs		**(4,187,631)**	(3,957,402)
Staff costs	24	**(987,830)**	(1,027,019)
Depreciation and amortisation		**(182,386)**	(212,380)
Impairment loss on financial assets		**(95,457)**	(130,110)
Other operating income - net		**531,089**	164,184
Operating profit	25	**1,042,566**	801,046
One-off financial penalty & related costs[i]		**-**	(618,722)
Investment income	26	**9,991**	19,871
Interest income	26	**164,260**	137,928
Interest expenses	26	**(198,443)**	(189,227)
Share of results of associated companies	9	**221,518**	290,533
Profit before tax		**1,239,892**	441,429
Taxation	27	**(283,747)**	(244,049)
Profit for the year		**956,145**	197,380
Attributable to:			
Shareholders of the Company		**943,829**	196,025
Non-controlling interests	5	**12,316**	1,355
		956,145	197,380
Earnings per ordinary share	28		
- basic		**52.0 cts**	10.8 cts
- diluted		**51.7 cts**	10.7 cts

[i] *One-off financial penalty and related costs arose from Keppel Offshore & Marine's global resolution with criminal authorities in the United States, Brazil and Singapore and related legal, accounting and forensics costs.*

The accompanying notes form an integral part of these financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Profit for the year	**956,145**	197,380
Items that may be reclassified subsequently to profit and loss account:		
Available-for-sale assets		
- Fair value changes arising during the year	-	1,619
- Realised and transferred to profit and loss account	-	(28,815)
Cash flow hedges		
- Fair value changes arising during the year, net of tax	**(238,794)**	357,211
- Realised and transferred to profit and loss account	**132,017**	(49,852)
Foreign exchange translation		
- Exchange difference arising during the year	**(132,866)**	(220,787)
- Realised and transferred to profit and loss account	**5,574**	(9,537)
Share of other comprehensive income of associated companies		
- Available-for-sale assets	-	719
- Cash flow hedges	**20,031**	(8,384)
- Foreign exchange translation	**(42,821)**	(93,232)
	(256,859)	(51,058)
Items that will not be reclassified subsequently to profit and loss account:		
Financial assets, at FVOCI		
- Fair value changes arising during the year	(31,566)	-
Foreign exchange translation		
- Exchange difference arising during the year	(3,545)	(17,311)
Share of other comprehensive income of associated companies		
- Financial assets, at FVOCI	581	-
	(34,530)	(17,311)
Other comprehensive expense for the year, net of tax	(291,389)	(68,369)
Total comprehensive income for the year	**664,756**	129,011
Attributable to:		
Shareholders of the Company	**656,303**	144,491
Non-controlling interests	**8,453**	(15,480)
	664,756	129,011

The accompanying notes form an integral part of these financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2018

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
Group								
2018								
As at 31 December 2017								
As previously reported	1,291,310	(74)	281,407	10,486,054	(626,009)	11,432,688	527,746	11,960,434
Adoption of SFRS(I) 1	-	-	-	(302,453)	302,453	-	-	-
Adoption of SFRS(I) 15	-	-	-	10,046	-	10,046	2,479	12,525
As adjusted at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959
Adoption of SFRS(I) 9	-	-	1,058	(236,296)	-	(235,238)	(255)	(235,493)
As reported at 1 January 2018	1,291,310	(74)	282,465	9,957,351	(323,556)	11,207,496	529,970	11,737,466
Total comprehensive income for the year								
Profit for the year	-	-	-	943,829	-	943,829	12,316	956,145
Other comprehensive income *	-	-	(117,413)	-	(170,113)	(287,526)	(3,863)	(291,389)
Total comprehensive income for the year	-	-	(117,413)	943,829	(170,113)	656,303	8,453	664,756
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividends paid (Note 29)	-	-	-	(526,152)	-	(526,152)	-	(526,152)
Share-based payment	-	-	33,073	-	-	33,073	481	33,554
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(20,321)	(20,321)
Shares issued	412	-	-	-	-	412	-	412
Purchase of treasury shares	-	(90,758)	-	-	-	(90,758)	-	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	-	45,759	(40,435)	-	-	5,324	-	5,324
Transfer of statutory, capital and other reserves from revenue reserves	-	-	44,771	(44,771)	-	-	-	-
Contributions to defined benefits plans	-	-	814	-	-	814	-	814
Other adjustments	-	-	-	30	-	30	4,442	4,472
Total contributions by and distributions to owners	412	(44,999)	38,223	(570,893)	-	(577,257)	(15,398)	(592,655)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in subsidiaries	-	-	(8,332)	-	-	(8,332)	(1,426)	(9,758)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(210,166)	(210,166)
Other adjustments	-	-	-	-	-	-	(2,503)	(2,503)
Total change in ownership interests in subsidiaries	-	-	(8,332)	-	-	(8,332)	(214,095)	(222,427)
Total transactions with owners	412	(44,999)	29,891	(570,893)	-	(585,589)	(229,493)	(815,082)
As at 31 December 2018	1,291,722	(45,073)	194,943	10,330,287	(493,669)	11,278,210	308,930	11,587,140

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2018

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
Group								
2017								
As at 1 January 2017								
As previously reported	1,288,394	(15,523)	11,486	10,655,379	(280,787)	11,658,949	674,691	12,333,640
Adoption of SFRS(I) 1	-	-	-	(280,787)	280,787	-	-	-
Adoption of SFRS(I) 15	-	-	-	9,023	-	9,023	2,227	11,250
As adjusted at 1 January 2017	1,288,394	(15,523)	11,486	10,383,615	-	11,667,972	676,918	12,344,890
Total comprehensive income for the year								
Profit for the year	-	-	-	196,025	-	196,025	1,355	197,380
Other comprehensive income *	-	-	272,022	-	(323,556)	(51,534)	(16,835)	(68,369)
Total comprehensive income for the year	-	-	272,022	196,025	(323,556)	144,491	(15,480)	129,011
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	-	-	-	(363,531)	-	(363,531)	-	(363,531)
Share-based payment	-	-	31,124	-	-	31,124	470	31,594
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(26,574)	(26,574)
Shares issued	2,916	-	-	-	-	2,916	-	2,916
Purchase of treasury shares	-	(19,428)	-	-	-	(19,428)	-	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	-	34,877	(33,503)	-	-	1,374	-	1,374
Transfer of statutory, capital and other reserves from revenue reserves	-	-	22,462	(22,462)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	77	77
Contributions to defined benefits plans	-	-	707	-	-	707	152	859
Other adjustments	-	-	-	-	-	-	3,368	3,368
Total contributions by and distributions to owners	2,916	15,449	20,790	(385,993)	-	(346,838)	(22,507)	(369,345)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	-	-	(22,891)	-	-	(22,891)	(43,489)	(66,380)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(69,451)	(69,451)
Other adjustments	-	-	-	-	-	-	4,234	4,234
Total change in ownership interests in subsidiaries	-	-	(22,891)	-	-	(22,891)	(108,706)	(131,597)
Total transactions with owners	2,916	15,449	(2,101)	(385,993)	-	(369,729)	(131,213)	(500,942)
As at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2018

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
Company					
2018					
As at 1 January 2018	**1,291,310**	**(74)**	**209,506**	**6,132,150**	**7,632,892**
Total comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**588,420**	**588,420**
Other comprehensive income	**-**	**-**	**1,945**	**-**	**1,945**
Total comprehensive income for the year	**-**	**-**	**1,945**	**588,420**	**590,365**
Transactions with owners, recognised directly in equity					
Dividends paid	**-**	**-**	**-**	**(526,152)**	**(526,152)**
Share-based payment	**-**	**-**	**31,125**	**-**	**31,125**
Shares issued	**412**	**-**	**-**	**-**	**412**
Purchase of treasury shares	**-**	**(90,758)**	**-**	**-**	**(90,758)**
Treasury shares reissued pursuant to share plans and share option scheme	**-**	**45,759**	**(40,435)**	**-**	**5,324**
Other adjustments	**-**	**-**	**-**	**30**	**30**
Total transactions with owners	**412**	**(44,999)**	**(9,310)**	**(526,122)**	**(580,019)**
As at 31 December 2018	**1,291,722**	**(45,073)**	**202,141**	**6,194,448**	**7,643,238**
Company					
2017					
As at 1 January 2017	1,288,394	(15,523)	213,116	5,133,722	6,619,709
Total comprehensive income for the year					
Profit for the year	-	-	-	1,361,959	1,361,959
Other comprehensive income	-	-	672	-	672
Total comprehensive income for the year	-	-	672	1,361,959	1,362,631
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	(363,531)	(363,531)
Share-based payment	-	-	29,221	-	29,221
Shares issued	2,916	-	-	-	2,916
Purchase of treasury shares	-	(19,428)	-	-	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	-	34,877	(33,503)	-	1,374
Total transactions with owners	2,916	15,449	(4,282)	(363,531)	(349,448)
As at 31 December 2017	1,291,310	(74)	209,506	6,132,150	7,632,892

The accompanying notes form an integral part of these financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	**2018 $'000**	2017 $'000
OPERATING ACTIVITIES			
Operating profit		**1,042,566**	801,046
Adjustments:			
Depreciation and amortisation		**182,386**	212,380
Share-based payment expenses		**34,885**	32,583
Profit on sale of fixed assets and an investment property		**(2,795)**	(20,142)
Gain on disposal of subsidiaries		**(604,638)**	(146,542)
Gain on disposal of associated companies		**(48,783)**	(62,673)
Impairment/write-off of fixed assets		**6,911**	15,530
Impairment/(write-back of impairment) of associated companies		**60,782**	(39,192)
Impairment of investments		**-**	14,330
Fair value gain on investment properties		**(84,886)**	(177,939)
Profit on sale of investments		**(2,232)**	(35,294)
(Gain)/loss from change in interest in associated companies		**(63,622)**	13,075
Unrealised foreign exchange differences		**27,622**	(87,745)
Operational cash flow before changes in working capital		**548,196**	519,417
Working capital changes:			
Stocks		**(394,258)**	438,670
Contract assets		**357,046**	478,634
Debtors		**543,245**	122,556
Creditors		**(696,015)**	(217,728)
Contract liabilities		**12,430**	357,652
Investments		**(5,448)**	(17,549)
Intangibles		**(561)**	(731)
Amount due to/from associated companies		**177**	(60,578)
		364,812	1,620,343
Interest received		**154,482**	130,832
Interest paid		**(198,637)**	(184,841)
Net income taxes paid		**(195,904)**	(363,377)
Net cash from operating activities		**124,753**	1,202,957
INVESTING ACTIVITIES			
Acquisition of subsidiaries	A	**(38,052)**	-
Acquisition and further investment in associated companies		**(365,818)**	(291,356)
Acquisition of fixed assets and investment properties		**(254,511)**	(392,991)
Disposal of subsidiaries	B	**1,085,671**	878,873
Proceeds from disposal of associated companies and return of capital		**179,342**	96,954
Proceeds from disposal of fixed assets		**5,524**	37,385
Advances to/from associated companies		**(216,636)**	(42,555)
Dividends received from investments and associated companies		**281,375**	270,199
Net cash from investing activities		**676,895**	556,509

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		**(3,337)**	(66,380)
Proceeds from share issues		**412**	2,916
Proceeds from reissuance of treasury shares pursuant to share option scheme		**5,324**	1,374
Proceeds from non-controlling shareholders of subsidiaries		**-**	77
Proceeds from term loans		**1,549,445**	1,700,023
Repayment of term loans		**(1,939,475)**	(2,707,102)
Purchase of treasury shares		**(90,758)**	(19,428)
Dividend paid to shareholders of the Company		**(526,152)**	(363,531)
Dividend paid to non-controlling shareholders of subsidiaries		**(20,321)**	(26,574)
Net cash used in financing activities		**(1,024,862)**	(1,478,625)
Net (decrease)/increase in cash and cash equivalents		**(223,214)**	280,841
Cash and cash equivalents as at beginning of year		**2,241,448**	2,018,772
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(46,390)**	(58,165)
Cash and cash equivalents as at end of year	C	**1,971,844**	2,241,448

Reconciliation of liabilities arising from financing activities

2018

	1 January 2018	Principal and interest payments (net of proceeds)	Non-cash changes: Acquisition of subsidiaries	Non-cash changes: Disposal of subsidiaries	Non-cash changes: Interest Expense (Note 26)	Non-cash changes: Foreign exchange movement	31 December 2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Term loans	7,793,003	(588,667)	297,923	(171,380)	199,464	18,166	7,548,509

2017

	1 January 2017	Principal and interest payments (net of proceeds)	Non-cash changes: Disposal of subsidiaries	Non-cash changes: Interest Expense (Note 26)	Non-cash changes: Foreign exchange movement	31 December 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Term loans	9,053,042	(1,191,920)	(138,288)	189,223	(119,054)	7,793,003

The accompanying notes form an integral part of these financial statements.

Notes to Consolidated Statement of Cash Flows

A. Acquisition of Subsidiaries

During the financial year, net assets of subsidiaries acquired at their fair values were as follows:

	2018 $'000	2017 $'000
Fixed assets	47	-
Investment Properties	360,000	-
Debtors and other assets	530	-
Bank balances and cash	18,521	-
Creditors	(6,778)	-
Borrowings	(297,923)	-
Current and deferred taxation	(3,827)	-
Total identifiable net assets at fair value	70,570	-
Amount previously accounted for as associated companies	(32,484)	-
Loss on remeasurement of previously held equity interest at fair value at acquisition date	18,487	-
Net assets acquired	56,573	-
Total purchase consideration	56,573	-
Less: Bank balances and cash acquired	(18,521)	-
Cash outflow on acquisition	38,052	-

Acquisition of subsidiaries during the year relates mainly to the acquisition of 77.6% interest in PRE 1 Investments Pte Ltd on 20 December 2018.

The accompanying notes form an integral part of these financial statements.

Notes to Consolidated Statement of Cash Flows (con't)

B. Disposal of Subsidiaries

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	2018 $'000	2017 $'000
Fixed assets	**(4,272)**	(129,536)
Investment properties	**(948,613)**	(405,604)
Long term investments	**-**	(2,102)
Stocks	**(692,651)**	(282,344)
Debtors and other assets	**(7,939)**	(159,030)
Bank balances and cash	**(39,194)**	(36,374)
Creditors and other liabilities	**446,973**	77,431
Borrowings	**171,380**	138,288
Current and deferred taxation	**139,863**	13,280
Non-controlling interests	**210,166**	69,451
	(724,287)	(716,540)
Amount accounted for as associated company	**-**	73,593
Net assets disposed of	**(724,287)**	(642,947)
Net profit on disposal	**(604,638)**	(146,542)
Realisation of foreign currency translation reserve	**(7,575)**	9,698
Sale proceeds	**(1,336,500)**	(779,791)
Add: Payments received in advance	**-**	(174,538)
Less: Advance payments received in prior year	**174,538**	-
Less: Bank balances and cash disposed	**39,194**	36,374
Less: Deferred proceeds	**37,097**	39,082
Cash inflow on disposal	**(1,085,671)**	(878,873)

Significant disposal of subsidiaries during the year relates to the sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd and Aether Limited.

Significant disposal in the prior year relates to the sale of Keppel Lakefront (Nantong) Property Development Co Ltd, Wiseland Investment (Myanmar) Limited, 80% interest in PT Sentral Tunjungan Perkasa, Keppel DC Singapore 4, 90% interest in Keppel DC Singapore 3, Keppel Verolme and Kepwealth Property Phils., Inc. In addition, the Group lost control of some entities in the prior year but continued to retain significant influence. These entities were deconsolidated from the Group's financial statements for the financial year ended 31 December 2017 and were accounted for as associated companies using the equity method from their respective dates of ceasing control.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2018 $'000	2017 $'000
Bank balances, deposits and cash	**1,981,406**	2,273,788
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(9,562)**	(32,340)
	1,971,844	2,241,448

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation, logistics and data centres;
- property development & investment; and
- investments and asset management.

There has been no significant change in the nature of these principal activities during the financial year.

The financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet and statement of changes in equity of the Company at 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of SFRS(I)s and IFRSs

The Group has adopted a new financial reporting framework, SFRS(I)s, on 1 January 2018. SFRS(I)s comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. An entity that complies with SFRS(I)s can also elect to simultaneously include an explicit and unreserved statement of compliance with IFRS. The Group has elected to assert dual compliance with both SFRS(I)s and IFRSs with effect from annual periods beginning on or after 1 January 2018. All references to SFRS(I)s and IFRSs are referred to collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements for the year ended 31 December 2018 are the first set of annual financial statements the Group prepared in accordance with SFRS(I)s. The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("FRS").

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

(a) Application of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries and associated companies during the financial year ended 31 December 2017 were adjusted.

The Group has presented (i) land appreciation tax under taxation instead of materials and subcontract costs, and (ii) share of taxation of associated companies under share of results of associated companies instead of taxation.

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 *Financial Instruments* on 1 January 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

The Group has elected to apply the optional exemption relating to SFRS(I) 3 *Business Combinations*. Accordingly, SFRS(I) 3 has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS. The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under FRS 21.

(b) Reconciliation of the Group's balance sheets reported in accordance with FRS to SFRS(I)

	Explanatory Note	As at 1 Jan 2017 reported under FRS $'000	Effect of applying SFRS(I) 1 $'000	Effect of applying SFRS(I) 15 $'000	As at 1 Jan 2017 reported under SFRS(I)* $'000
Share capital		1,288,394	-	-	1,288,394
Treasury shares		(15,523)	-	-	(15,523)
Reserves	A1, C	10,386,078	*	9,023	10,395,101
Share capital & reserves		11,658,949	-	9,023	11,667,972
Non-controlling interests	A1	674,691	-	2,227	676,918
Total equity		12,333,640	-	11,250	12,344,890
Represented by:					
Fixed assets		2,645,456	-	-	2,645,456
Investment properties		3,550,290	-	-	3,550,290
Associated companies	A1	5,412,581	-	11,250	5,423,831
Investments		377,704	-	-	377,704
Long term assets		814,438	-	-	814,438
Intangibles		140,669	-	-	140,669
		12,941,138	-	11,250	12,952,388
Current assets					
Stocks & work-in-progress in excess of related billings	A2	10,025,805	-	(10,025,805)	-
Stocks	A2	-	-	7,116,105	7,116,105
Contract assets	A2	-	-	3,608,781	3,608,781
Amounts due from associated companies		433,380	-	-	433,380
Debtors		3,373,841	-	-	3,373,841
Derivative assets		98,984	-	-	98,984
Short term investments		273,928	-	-	273,928
Bank balances, deposits & cash		2,087,078	-	-	2,087,078
		16,293,016	-	699,081	16,992,097
Current liabilities					
Creditors	A2, C	4,753,492	(25,737)	755,563	5,483,318
Derivative liabilities		379,910	-	-	379,910
Billings on work-in-progress in excess of related costs	A2	1,669,466	-	(1,669,466)	-
Contract liabilities	A2	-	-	1,612,984	1,612,984
Provisions for warranties		81,679	-	-	81,679
Amounts due to associated companies		111,543	-	-	111,543
Term loans		1,835,321	-	-	1,835,321
Taxation	C	339,108	25,737	-	364,845
		9,170,519	-	699,081	9,869,600
Net current assets		7,122,497		-	7,122,497
Non-current liabilities					
Term loans		7,217,721	-	-	7,217,721
Deferred taxation		331,175	-	-	331,175
Other non-current liabilities		181,099	-	-	181,099
		7,729,995	-	-	7,729,995
Net assets		12,333,640	-	11,250	12,344,890

* Effects of applying SFRS (I) 1 includes a reclassification of cumulative translation losses of $280,787,000 from foreign exchange translation account to revenue reserves as at 1 January 2017. Both foreign exchange translation account and revenue reserves are recorded under Reserves on the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

	Explanatory Note	As at 31 Dec 2017 reported under FRS $'000	Effect of applying SFRS (I) 1 $'000	Effect of applying SFRS (I) 15 $'000	As at 31 Dec 2017 reported under SFRS(I) $'000	Effects of applying SFRS(I) 9 $'000	As at 1 Jan 2018 reported under SFRS(I) $'000
Share capital		1,291,310	-	-	1,291,310	-	1,291,310
Treasury shares		(74)	-	-	(74)	-	(74)
Reserves	A1, B1, B2, C	10,141,452	*	10,046	10,151,498	(235,238)	9,916,260
Share capital & reserves		11,432,688	-	10,046	11,442,734	(235,238)	11,207,496
Non-controlling interests	A1, B1, B2	527,746	-	2,479	530,225	(255)	529,970
Total equity		11,960,434	-	12,525	11,972,959	(235,493)	11,737,466
Represented by:							
Fixed assets		2,432,963	-	-	2,432,963	-	2,432,963
Investment properties		3,460,608	-	-	3,460,608	-	3,460,608
Associated companies	A1	5,901,252	-	12,525	5,913,777	1,611	5,915,388
Investments	B1	458,638	-	-	458,638	(40,846)	417,792
Long term assets	B1	774,316	-	-	774,316	(170,524)	603,792
Intangibles		132,594	-	-	132,594	-	132,594
		13,160,371	-	12,525	13,172,896	(209,759)	12,963,137
Current assets							
Stocks & work-in-progress in excess of related billings	A2	8,782,251	-	(8,782,251)	-	-	-
Stocks	A2	-	-	5,981,322	5,981,322	-	5,981,322
Contract assets	A2	-	-	3,442,215	3,442,215	-	3,442,215
Amounts due from associated companies		342,960	-	-	342,960	-	342,960
Debtors	A2, B2	3,169,417	-	(81,000)	3,088,417	(25,734)	3,062,683
Derivative assets		181,226	-	-	181,226	-	181,226
Short term investments		202,776	-	-	202,776	-	202,776
Bank balances, deposits & cash		2,273,788	-	-	2,273,788	-	2,273,788
		14,952,418	-	560,286	15,512,704	(25,734)	15,486,970
Current liabilities							
Creditors	A2, C	5,371,618	(26,462)	375,009	5,720,165	-	5,720,165
Derivative liabilities		37,969	-	-	37,969	-	37,969
Billings on work-in-progress in excess of related costs	A2	1,764,874	-	(1,764,874)	-	-	-
Contract liabilities	A2	-	-	1,950,151	1,950,151	-	1,950,151
Provisions for warranties		115,972	-	-	115,972	-	115,972
Amounts due to associated companies		253,331	-	-	253,331	-	253,331
Term loans		1,714,084	-	-	1,714,084	-	1,714,084
Taxation	C	194,299	26,462	-	220,761	-	220,761
		9,452,147	-	560,286	10,012,433	-	10,012,433
Net current assets		5,500,271	-	-	5,500,271	(25,734)	5,474,537
Non-current liabilities							
Term loans		6,078,919	-	-	6,078,919	-	6,078,919
Deferred taxation		334,674	-	-	334,674	-	334,674
Other non-current liabilities		286,615	-	-	286,615	-	286,615
		6,700,208	-	-	6,700,208	-	6,700,208
Net assets		11,960,434	-	12,525	11,972,959	(235,493)	11,737,466

* Effects of applying SFRS (I) 1 relate to a reclassification of cumulative translation losses of $302,453,000 from foreign exchange translation account to revenue reserves as at 31 December 2017. Both foreign exchange translation account and revenue reserves are recorded under Reserves on the balance sheets.

(c) Reconciliation of the Group's total comprehensive income reported in accordance with FRS to SFRS(I)

For the financial year ended 31 December 2017	Explanatory Note	Reported under FRS $'000	Effect of applying SFRS(I) 1 $'000	Effect of applying SFRS(I) 15 $'000	Reported under SFRS(I) $'000
Revenue		5,963,773	-	-	5,963,773
Materials and subcontract costs	C	(3,999,053)	41,651	-	(3,957,402)
Staff costs		(1,027,019)	-	-	(1,027,019)
Depreciation and amortisation		(212,380)	-	-	(212,380)
Impairment loss on financial assets		(130,110)	-	-	(130,110)
Other operating income/(expenses) - net	C	180,467	(16,283)	-	164,184
Operating profit		775,678	25,368	-	801,046
One-off financial penalty & related costs		(618,722)	-	-	(618,722)
Investment income		19,871	-	-	19,871
Interest income		137,928	-	-	137,928
Interest expenses		(189,227)	-	-	(189,227)
Share of results of associated companies	A1, C	390,039	(100,781)	1,275	290,533
Profit before tax		515,567	(75,413)	1,275	441,429
Taxation	C	(298,388)	54,339	-	(244,049)
Profit for the year		217,179	(21,074)	1,275	197,380
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account:					
Available-for-sale assets					
- Fair value changes arising during the year		1,619	-	-	1,619
- Realised and transferred to profit and loss account		(28,815)	-	-	(28,815)
Cash flow hedges					
- Fair value changes arising during the year		357,211	-	-	357,211
- Realised and transferred to profit and loss account		(49,852)	-	-	(49,852)
Foreign exchange translation					
- Exchange difference arising during the year		(237,715)	16,928	-	(220,787)
- Realised and transferred to profit and loss account		(30,994)	21,457	-	(9,537)
Share of other comprehensive income of associated companies					
- Available-for-sale assets		719	-	-	719
- Cash flow hedges		(8,384)	-	-	(8,384)
- Foreign exchange translation		(93,232)	-	-	(93,232)
Items that will not be reclassified subsequently to profit and loss account:					
Foreign exchange translation					
- Exchange difference arising during the year		-	(17,311)	-	(17,311)
		(89,443)	21,074	-	(68,369)
Total comprehensive income for the year		127,736	-	1,275	129,011

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from FRS to SFRS(I).

(e) The adoption of SFRS(I)s has no impact on the financial statements of the Company for the financial year ended 31 December 2017.

Explanatory notes to reconciliations:

The effects of transition to SFRS(I) mainly arises from the adoption of SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 as well as the application of SFRS (I) 1.

A. Adoption of SFRS (I) 15

SFRS (I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS (I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

In accordance with the requirements of SFRS(I) 1, the Group has adopted the SFRS(I) 15 retrospectively. The adoption of the SFRS(I) 15 resulted in adjustments to the previously issued FRS financial statements as explained below:

A1. The Group has equity accounted for an associated company's impact arising from the application of SFRS (I) 15.

A2. Presentation of contract assets and contract liabilities

The Group has also changed the presentation of balances relating to construction contracts with customers in the balance sheets. Balances which were previously presented under work-in-progress in excess of related billings and billings on work-in-progress in excess of related costs were reclassified to contract assets, debtors, contract liabilities and creditors.

B. Adoption of SFRS(I) 9

As disclosed in Note 2.2(a), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

B1. Classification and measurement of financial assets

For financial assets held by the Group on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under the SFRS(I) 9. Material reclassifications resulting from management's assessment are disclosed below.

	Note	Investments at fair value through profit &loss (FVPL) $'000	Available-for-sale investments (AFS) $'000	Long term assets and debtors $'000	Associated companies $'000	Investments at fair value through other comprehensive income (FVOCI) $'000	Fair value reserve $'000	Revenue Reserves $'000	Non-controlling interests $'000
Balance as at 31 December 2017 - before adoption of SFRS(I) 9		**253,438**	**407,976**	**3,862,733**	**5,913,777**	**-**	**99,169**	**10,193,647**	**530,225**
Reclassify unlisted equities from AFS to FVOCI	(i)	-	(270,904)	-	-	271,956	1,058	-	(6)
Reclassify listed equities from AFS to FVOCI	(i)	-	(55,048)	-	-	55,048	-	-	-
Reclassify unlisted debt securities from AFS to FVPL	(ii)	22,256	(22,256)	-	-	-	-	-	-
Reclassify unquoted preference shares from AFS to FVPL	(ii)	17,870	(42,989)	-	-	-	-	(25,119)	-
Reclassify loan to associate from amortised cost to FVPL	(iii)	-	-	(185,692)	-	-	-	(185,692)	-
Reclassify listed equity from FVPL to FVOCI	(iv)	(4,123)	-	-	-	4,123	-	-	-
Reclassify unquoted shares from AFS to associated company and long term assets	(v)	-	(16,779)	15,168	1,611	-	-	-	-
Provision for expected credit losses - Trade debtors	B2	-	-	(25,734)	-	-	-	(25,485)	(249)
Balance as at 1 January 2018 - after adoption of SFRS(I) 9		**289,441**	**-**	**3,666,475**	**5,915,388**	**331,127**	**100,227**	**9,957,351**	**529,970**

(i) Equity investments reclassified from AFS to FVOCI

The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income.

As a result, unlisted equities with fair value of $271,956,000 were reclassified from AFS to FVOCI on 1 January 2018, with related fair value gain of $1,058,000 recognised in fair value reserve. Listed equities with fair value of $55,048,000 were also reclassified from AFS to FVOCI on 1 January 2018.

(ii) Reclassification of unlisted debt securities and unquoted preference shares from AFS to FVPL

Investments in unlisted debt securities and unquoted preference shares was reclassified from AFS to FVPL. They are non-equity instruments that do not meet the criteria to be classified as amortised cost in accordance with SFRS(I) 9, because their cash flows do not represent solely payments of principal and interest. Related fair value loss of $25,119,000 was recognised in revenue reserves on 1 January 2018.

(iii) Reclassification of loan to associate from amortised cost to FVPL

Loan to an associated company where the cash flows do not represent solely payments of principal and interest was reclassified from amortised cost to FVPL at its fair value of $93,312,000 at 1 January 2018. Related fair value loss of $185,692,000 was recognised in revenue reserves on 1 January 2018. The loan to an associated company is presented as part of "long term assets" in the balance sheet.

(iv) Reclassify listed equity from FVPL to FVOCI

The Group has elected to recognise changes in the fair value of an equity investment in other comprehensive income from 1 January 2018.

(v) Reclassify unquoted shares from AFS to associated companies and long term assets

Long term investment amounting to $1,611,000 and $15,168,000 have been reclassified from AFS to investment in associated company and long term assets following reassessment of the investments.

B2. Impairment of financial assets

SFRS (I) 9 replaces the 'incurred loss model' in FRS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost and FVOCI, and contract assets. The application of SFRS (I) 9 impairment requirements at 1 January 2018 results in additional allowances for impairment of $25,734,000.

C. Application of SFRS(I) 1

As disclosed in Note 2.2(a), the Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of $280,787,000 was reclassified from foreign exchange translation account to revenue reserves as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries and associated companies in 2017 were adjusted, resulting in a reduction of $21,074,000 to the profit for the year ended 31 December 2017 or a reduction of $21,666,000 to the net profit attributable to shareholders of the Company for the year ended 31 December 2017.

The Group has presented (i) the land appreciation tax expenses of $41,651,000 for the year ended 31 December 2017 under taxation instead of materials and subcontract costs and the corresponding land appreciation tax balances of $26,462,000 as at 31 December 2017 and $25,737,000 as at 1 January 2017 under taxation instead of creditors, and (ii) the share of taxation of associated companies of $95,990,000 for the year ended 31 December 2017 under share of results of associated companies instead of taxation.

2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets transferred, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2.4 Fixed Assets

Fixed assets are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, if any. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditure is added to the carrying amount only when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Leasehold land & buildings	Over period of lease (ranging from 15 to 60 years)
Vessels & floating docks	10 to 20 years
Plant, machinery & equipment	3 to 30 years
Furniture, fittings & office equipment	2 to 10 years
Cranes	5 to 30 years
Small equipment and tools	2 to 20 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers. Changes in fair value are recognised in the profit and loss account.

The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

2.6 Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

2.7 Associated Companies

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

Investments in associated companies are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company is included in the consolidated profit and loss account and other comprehensive income respectively. The Group's share of net assets of the associated company is included in the consolidated balance sheet.

Any excess of the cost of acquisition over the Group's share of net identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition measured at their fair values is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net identifiable assets, liabilities and contingent liabilities measured at their fair values over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account as a bargain purchase gain.

2.8 Intangibles

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net identifiable assets acquired and the liabilities assumed measured at their fair values at acquisition date. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

Management Rights

Management rights acquired is initially recognised at cost and subsequently carried at cost less accumulated impairment losses, if any. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

Other Intangible Assets

Intangible assets include development expenditure, customer contracts and customer relationships initially recognised at cost and subsequently carried at cost less accumulated amortisation. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight line basis over their useful lives, ranging from 3 to 20 years.

2.9 Service Concession Arrangement

The Group entered into a service concession arrangement with a governing agency (the grantor) to design, build, own and operate a desalination plant in Singapore. Under the service concession arrangement, the Group will operate the plant for 25 years. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. Such service concession arrangement falls within the scope of SFRS(I) INT 12 *Service Concession Arrangements*.

The Group constructs the plant (construction services) used to provide public services and operates and maintains the plant (operation services) for the concession period as specified in the contract. The Group recognises and measures revenue in accordance with SFRS(I) 15 for the services it performs.

The Group recognises a financial asset arising from the provision of the construction services when it has a contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised amount using the effective interest method.

2.10 Investments

(i) Before 1 January 2018

Investments are classified as held for trading or available-for-sale. Investments acquired for the purpose of selling in the short term are classified as held for trading. Other investments held by the Group are classified as available-for-sale.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments are initially measured at fair value plus transaction costs except for investments held for trading, which are recognised at fair value. Transaction costs for investments held for trading are recognised immediately as expenses. Investments are subsequently carried at fair value. For unquoted equity investments whose fair value cannot be reliably measured using alternative valuation methods, they are carried at cost less any impairment loss.

For investments held for trading, gains and losses arising from changes in fair value are included in the profit and loss account.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income and accumulated in the fair value reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices are the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

(ii) From 1 January 2018

Investments are classified as fair value through other comprehensive income or fair value through profit or loss.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments at fair value through other comprehensive income are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the investments. Investments at fair value through profit or loss are initially measured at fair value with the related transaction costs recognised immediately as expenses in the profit and loss account.

Investments are subsequently carried at fair value. For investments at fair value through other comprehensive income, gains or losses arising from changes in fair value are included in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the revenue reserves. For investments at fair value through profit or loss, gains or losses arising from changes in fair value are included in the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices are the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

2.11 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in the profit and loss account.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group's key counterparty. The fair value of electricity future contracts is determined based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

2.12 Financial Assets

Financial assets include cash and bank balances, trade, intercompany and other receivables and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits and are subject to an insignificant risk of changes in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.13 Stocks

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

2.14 Contract Assets and Contract Liabilities

For contract where the customer is invoiced on a milestone payment schedule, a contract asset is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the Group.

2.15 Impairment of Assets

Financial Assets

(i) Before 1 January 2018

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

Investments

In addition to the objective evidence of impairment described in the preceding paragraph, significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account - is removed from equity and recognised in the profit and loss account. For available-for-sale equity investments, impairment losses previously recognised in the profit and loss account are not reversed through the profit and loss account in a subsequent period.

(ii) From 1 January 2018

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets

Tangible and intangible assets are tested for impairment whenever there is any indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

2.16 Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently carried at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

2.18 Leases

When a group company is the lessee

Operating leases

Leases of assets in which the Group does not transfer substantially all the risks and rewards of ownership of the assets by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a group company is the lessor

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

2.19 Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.20 Revenue

Revenue consists of:
- Revenue recognised on rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts;
- Sale of goods and services;
- Rental income from investment properties;
- Investment and fee income; and
- Dividend income.

Revenue recognition

The Group enters into rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The contract work, except for overseas property construction contracts, has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the contract work. For overseas property construction contracts, the Group does not have enforceable rights to payment arising from the contractual terms. Revenue from overseas property construction contracts is recognised at a point in time when the rights to payment become enforceable.

The measure of progress for rigbuilding contracts, and shipbuilding and repair contracts, is determined by engineers' estimates. The measure of progress for property construction and long term engineering contracts is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue from the rendering of services including electricity supply, logistic services, and operations and maintenance under service concession arrangement, is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Rental income from operating leases on investment properties are recognised on a straight-line basis over the lease term.

Dividend income is recognised in the profit and loss account when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

2.21 Borrowing Costs

Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

2.22 Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued, or to the treasury shares account when treasury shares are re-issued to the employee.

2.23 Income Taxes

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset/liability is realised/settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheets date, and based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.24 Foreign Currencies

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries and associated companies that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. Profit or loss of foreign subsidiaries and associated companies are translated into Singapore Dollars using the average exchange rates for the financial year. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign subsidiaries and associated companies. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in Foreign Exchange Translation Account until disposal.

Disposal or partial disposal of a foreign operation

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.25 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When shares are reacquired by the Company, the amount of consideration paid and any directly attributable transaction cost is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in non-distributable capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 Segment Reporting

The Group has four reportable segments, namely Offshore & Marine, Property, Infrastructure and Investments. Management monitors the results of each of these operating segments for the purpose of making decisions on resource allocation and performance assessment.

2.27 Critical Accounting Estimates and Judgments

(i) Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

Control over Keppel REIT

The Group has approximately 47% (2017: approximately 45%) gross ownership interest of units in Keppel REIT as at 31 December 2018. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it does not have control over Keppel REIT but continues to have significant influence over the investment.

Control over KrisEnergy

The Group has approximately 40% (2017: approximately 40%) gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2018. The management assessed whether or not the Group has control over KrisEnergy based on whether it has the practical ability to direct the relevant activities of KrisEnergy. In exercising its judgment, management considers the relative size and dispersion of the shareholdings owned by the other shareholders. Taking into consideration the approximately 20% (2017: approximately 26%) interest held by another two shareholders (2017: another single shareholder) of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy but continues to have significant influence over the investment.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Expected credit loss on financial assets measured at amortised cost and fair value through other comprehensive income

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI"). The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

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

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The carrying amounts of trade, intercompany and other receivables, and financial assets at FVOCI are disclosed in the balance sheet.

Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investments in subsidiaries, investment in associates and joint ventures, and intangibles are disclosed in the balance sheet. Management performed impairment tests on these non-financial assets as at 31 December 2018. Refer to Notes 6, 8, 9 and 12 for more details.

Revenue recognition and contract cost

The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 23.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Recoverability of contract asset and receivable balances in relation to Offshore & Marine construction contracts

Contracts with Sete Brasil ("Sete")
The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. Management has continually assessed the probable outcomes of these contracts by taking into consideration the progress and status of the discussions and market conditions in Brazil. During the financial year ended 31 December 2018, an expected credit loss on trade receivables of $102,000,000 (2017: $81,000,000) was recognised and a provision for contract related costs of $65,000,000 was made. Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000.

Other contracts
As at 31 December 2018, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years. See Note 14 on contract assets balances.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates.

Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects to determine if a provision for expected loss is necessary.

In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise their right to retain payments received to date and the legal possession of the rigs under construction. Management has further assessed if the values of the rigs would exceed the carrying values of contract assets and trade receivables. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using Discounted Cash Flow ("DCF") calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include day rates and discount rates.

During the financial year ended 31 December 2018, an expected credit loss on contract assets of $21,000,000 was recognised.

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

Civil action by EIG funds
In February 2018, the Company's subsidiary, Keppel Offshore & Marine Limited ("KOM") was served a summons by eight investment funds ("plaintiffs") managed by EIG Management Company, LLC ("EIG") where a civil action was commenced by the plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act ("RICO") in the United States District Court, Southern District of New York. The plaintiffs seek damages for its loss of investment of US$221 million in Sete Brasil, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

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

Management is of the view that the reported cause of action by the plaintiffs is without merit and KOM will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of the action and hence, the potential amount of any loss cannot currently be assessed. KOM has filed a motion to dismiss EIG's complaint.

3. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2018	2017	**2018**	2017
Balance at 1 January	**1,818,334,180**	1,817,910,180	**(10,788)**	(2,232,510)
Issue of shares under the share option scheme	**60,000**	424,000	-	-
Treasury shares transferred pursuant to share option scheme	-	-	**731,500**	208,900
Treasury shares transferred pursuant to KCL RSP	-	-	**4,643,244**	4,862,822
Treasury shares purchased	-	-	**(11,300,000)**	(2,850,000)
Balance at 31 December	**1,818,394,180**	1,818,334,180	**(5,936,044)**	(10,788)

	Amount ($'000)			
	Issued Share Capital		Treasury Shares	
	2018	2017	**2018**	2017
Balance at 1 January	**1,291,310**	1,288,394	**(74)**	(15,523)
Issue of shares under the share option scheme	**412**	2,916	-	-
Treasury shares transferred pursuant to share option scheme	-	-	**6,253**	1,437
Treasury shares transferred pursuant to KCL RSP	-	-	**39,506**	33,440
Treasury shares purchased			**(90,758)**	(19,428)
Balance at 31 December	**1,291,722**	1,291,310	**(45,073)**	(74)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company issued 60,000 (2017: 424,000) Shares at an average weighted price of $6.86 (2017: $6.88) per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 4,643,244 (2017: 4,862,822) Shares under the KCL Restricted Share Plan ("KCL RSP") were vested.

During the financial year, the Company transferred 5,374,744 (2017: 5,071,722) treasury shares to employees under vesting of shares released under the KCL Share Option Scheme and KCL Share Plans. The Company also purchased 11,300,000 (2017: 2,850,000) treasury shares in the Company in the open market during the financial year. The total amount paid was $90,758,000 (2017: $19,428,000). Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the financial year.

KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Till Bernhard Vestring (Chairman)
Lee Boon Yang
Danny Teoh
Tow Heng Tan

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average closing prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2018		2017	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**6,088,785**	**$7.83**	14,025,974	$8.92
Exercised	**(791,500)**	**$7.25**	(632,900)	$6.78
Cancelled	**(3,407,100)**	**$8.57**	(7,304,289)	$10.01
Balance at 31 December	**1,890,185**	**$6.74**	6,088,785	$7.83
Exercisable at 31 December	**1,890,185**	**$6.74**	6,088,785	$7.83

The weighted average share price at the date of exercise for options exercised during the financial year was $8.15 (2017: $7.58). The options outstanding at the end of the financial year had a weighted average exercise price of $6.74 (2017: $7.83) and a weighted average remaining contractual life of 0.9 year (2017: 1.0 year).

KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

Details of the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP and the KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP") are as follows:

	KCL RSP	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a six-year performance period
Performance Conditions	Return on Equity (2016 award)	-	(a) Economic Value Added (b) Absolute Total Shareholder's Return (c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXAPJIN) (2015 and 2016 awards) (a) Absolute Total Shareholder's Return (b) Return on Capital Employed (c) Net Profit (2017 and 2018 awards)	(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement
Final Award	0% to 100% of the contingent award granted, depending on achievement of pre-determined targets	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfilment of service requirements	Awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the six-year performance period subject to fulfilment of service requirements

Movements in the number of shares under the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP and the KCL PSP-TIP are as follows:

	2018			2017		
	KCL RSP-Deferred Shares	**KCL PSP**	**KCL PSP-TIP**	KCL RSP	KCL PSP	KCL PSP-TIP
Contingent awards / Awards (KCL RSP-Deferred Shares)						
Balance at 1 January	**-**	**2,525,000**	**6,747,491**	5,726,426	2,562,212	5,625,000
Granted	**4,099,369**	**1,180,000**	**-**	-	1,120,000	2,040,000
Adjustments upon released	**-**	**(575,000)**	**-**	-	(565,082)	-
Released	**(4,097,507)**	**-**	**-**	(5,676,157)	-	-
Cancelled	**(1,862)**	**(235,000)**	**(781,524)**	(50,269)	(592,130)	(917,509)
Balance at 31 December	**-**	**2,895,000**	**5,965,967**	-	2,525,000	6,747,491

	2018		2017
	KCL RSP	**KCL RSP-Deferred Shares**	KCL RSP
Awards released but not vested:			
Balance at 1 January	**5,102,365**	**-**	4,854,898
Released	**-**	**4,097,507**	5,676,157
Vested	**(3,278,043)**	**(1,365,201)**	(4,862,822)
Cancelled	**(178,604)**	**(111,969)**	(539,868)
Other adjustments	**(15,600)**	**(34,100)**	(26,000)
Balance at 31 December	**1,630,118**	**2,586,237**	5,102,365

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2018, there were 1,630,118 (2017: 5,102,365) shares under the KCL RSP and 2,586,237 (2017: nil) shares under the KCL RSP-Deferred Shares that were released but not vested. At the end of the financial year, the number of contingent Shares granted but not released was 2,895,000 (2017: 2,525,000) under the KCL PSP and 5,965,967 (2017: 6,747,491) under the KCL PSP-TIP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could range from zero to a maximum of 4,342,500 under the KCL PSP and zero to a maximum of 8,948,951 under the KCL PSP-TIP.

The fair values of the contingent award of shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 23 February 2018, the Company granted awards of 4,099,369 Shares under the KCL RSP-Deferred Shares and the estimated fair value of the shares granted was $7.76. On 30 April 2018 (2017: 28 April 2017), the Company granted contingent awards of 1,180,000 (2017: 1,120,000) Shares under the KCL PSP and the estimated fair value of the shares granted was $6.59 (2017: $5.22). In the prior year, the Company granted contingent awards of 2,040,000 Shares under the KCL PSP-TIP on 28 April 2017 and the estimated fair value of the shares granted was $1.74.

The significant inputs into the model are as follows:

	2018	
	KCL RSP-Deferred Shares	**KCL PSP**
Date of grant	**23.02.2018**	**30.04.2018**
Prevailing share price at date of grant	**$7.96**	**$8.19**
Expected volatility of the Company	**26.88%**	**27.00%**
Expected term	**0.00 - 2.00 years**	**2.83 years**
Risk free rate	**1.52% - 1.70%**	**2.05%**
Expected dividend yield	*	*

	2017	
	KCL PSP	KCL PSP-TIP
Date of grant	28.04.2017	28.04.2017
Prevailing share price at date of grant	$6.51	$6.51
Expected volatility of the Company	23.47%	23.47%
Expected term	2.83 years	4.83 years
Risk free rate	1.35%	1.64%
Expected dividend yield	*	*

* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price and the MXAPJIN price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

Share option and share plans of a subsidiary

Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

Details of share option and share plans granted by Keppel T&T are disclosed in its audited financial statements.

4. RESERVES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Capital Reserves						
Share option and share plan reserve	**203,926**	202,048	207,139	**177,529**	177,599	184,593
Fair value reserve	**69,700**	99,169	126,014	**16,957**	15,012	14,340
Hedging reserve	**(198,816)**	(111,930)	(410,797)	**-**	-	-
Bonus issue by subsidiaries	**40,000**	40,000	40,000	**-**	-	-
Others	**80,133**	52,120	49,130	**7,655**	16,895	14,183
	194,943	281,407	11,486	**202,141**	209,506	213,116
Revenue Reserves	**10,330,287**	10,193,647	10,383,615	**6,194,448**	6,132,150	5,133,722
Foreign Exchange Translation Account	**(493,669)**	(323,556)	-	**-**	-	-
	10,031,561	10,151,498	10,395,101	**6,396,589**	6,341,656	5,346,838

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity. Movements in hedging reserve by risk categories are as follows:

Group	Foreign exchange risk $'000	Interest rate risk $'000	Price risk $'000	Total $'000
2018				
As at 1 January	**(174,557)**	**(30,052)**	**92,679**	**(111,930)**
Fair value changes arising during the year, net of tax	**(53,261)**	**(23,137)**	**(162,396)**	**(238,794)**
Realised and transferred to profit and loss account				
- Revenue	**94,440**	**-**	**-**	**94,440**
- Materials and subcontract costs	**18,903**	**-**	**(82,973)**	**(64,070)**
- Other operating income – net	**86,400**	**-**	**-**	**86,400**
- Interest expenses	**-**	**15,247**	**-**	**15,247**
Share of associated companies' fair value gains	**717**	**19,314**	**-**	**20,031**
Less: Non-controlling interests	**(140)**	**-**	**-**	**(140)**
As at 31 December	**(27,498)**	**(18,628)**	**(152,690)**	**(198,816)**

The changes in fair value of the hedging instruments approximate the changes in fair value of the hedged items, which resulted in minimal hedge ineffectiveness recognise in profit or loss. Fair value loss arising from hedge ineffectiveness for cash flow hedges of $16,513,000 was recognised in profit or loss during the year.

5. NON-CONTROLLING INTERESTS

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest			Carrying amount of NCI			Profit after tax allocated to NCI	
	31 December		1 January	31 December		1 January	31 December	
	2018	2017	2017	**2018**	2017	2017	**2018**	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000
Beijing Aether Property Development Limited	**-**	49%	49%	**-**	199,716	202,855	**(277)**	2,150
Keppel Telecommunications & Transportation Ltd	**21%**	21%	20%	**184,067**	174,784	165,461	**12,728**	11,317
Other subsidiaries with immaterial NCI				**124,863**	155,725	308,602	**(135)**	(12,112)
Total				**308,930**	530,225	676,918	**12,316**	1,355

Summarised financial information before inter-group elimination

	Beijing Aether Property Development Limited		Keppel Telecommunications & Transportation Ltd	
	31 December		**31 December**	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Non-current assets	**-**	934,671	**1,360,166**	1,276,908
Current assets	**-**	2,001	**326,630**	272,816
Non-current liabilities	**-**	139,547	**490,930**	366,009
Current liabilities	**-**	389,542	**194,919**	222,985
Net assets	**-**	407,583	**1,000,947**	960,730
Less: NCI	**-**	-	**(115,160)**	(113,499)
	-	407,583	**885,787**	847,231
Revenue	**-**	-	**183,223**	176,988
(Loss)/profit for the year	**(294)**	4,387	**69,236**	60,184
Total comprehensive income/(loss)	**2,322**	(36,347)	**61,326**	65,478
Net cash flow (used in)/from operations	**(4,829)**	(8,909)	**4,123**	9,736
Total comprehensive income allocated to NCI	**1,282**	(17,810)	**11,387**	12,499
Dividends paid to NCI	**-**	-	**6,804**	6,495

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2018	2017
	$'000	$'000
Amounts paid/payable on changes in ownership interest in subsidiaries	**(9,758)**	(66,380)
Non-controlling interest acquired	**1,426**	43,489
Total amount recognised in equity reserves	**(8,332)**	(22,891)

6. FIXED ASSETS

Group	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery, Equipment & Others[1] $'000	Capital Work-in-Progress $'000	Total $'000
2018						
Cost						
At 1 January	115,711	2,068,595	292,682	2,015,487	368,501	4,860,976
Additions	202	1,269	174	54,633	104,134	160,412
Disposals	(18)	(7,946)	(8,248)	(32,845)	-	(49,057)
Write-off	-	-	-	(6,184)	(4,388)	(10,572)
Subsidiaries acquired	-	-	-	47	-	47
Subsidiaries disposed	-	-	(4,191)	(1,601)	(557)	(6,349)
Reclassification						
- Stocks	-	-	-	(319)	-	(319)
- Other fixed assets categories	812	14,076	71,135	30,693	(116,716)	-
Exchange differences	(2,406)	(21,042)	3,607	(22,342)	(3,356)	(45,539)
At 31 December	114,301	2,054,952	355,159	2,037,569	347,618	4,909,599
Accumulated Depreciation						
At 1 January	60,077	865,244	139,400	1,303,505	59,787	2,428,013
Depreciation charge	3,597	54,324	9,667	110,111	-	177,699
Disposals	(18)	(7,474)	(8,234)	(30,262)	-	(45,988)
Write-off	-	-	-	(3,661)	-	(3,661)
Subsidiaries disposed	-	-	(979)	(1,098)	-	(2,077)
Reclassification						
- Other fixed assets categories	(170)	10	12,410	160	(12,410)	-
Exchange differences	(559)	(5,915)	(1,109)	(8,806)	(558)	(16,947)
At 31 December	62,927	906,189	151,155	1,369,949	46,819	2,537,039
Net Book Value	51,374	1,148,763	204,004	667,620	300,799	2,372,560

Included in freehold land & buildings are freehold land amounting to $7,812,000 (31 December 2017: $8,726,000, 1 January 2017: $8,758,000).

Certain fixed assets with carrying amount of $159,996,000 (31 December 2017: $155,748,000, 1 January 2017: $273,363,000) are mortgaged to banks for loan facilities (Note 21).

Interest capitalised during the financial year amounted to $2,009,000 (2017: $1,460,000).

The Group has $1,545,641,000 of fixed assets as at 31 December 2018 where management performed an impairment review.

Each rigbuilding, shipbuilding and repair facilities in the Offshore & Marine Division has been identified as individual cash generating units (CGUs). The recoverable amounts of these CGUs were determined using value-in-use models that incorporated cash flow projections based on financial forecasts approved by management. Management had determined the forecasted cash flows based on past performance and its current expectations of market development. These cash flows were discounted at discount rates ranging from 6% to 11% (31 December 2017: 6% to 13%, 1 January 2017: 6% to 14%) per annum, depending on the location of the facilities. In the prior year, the Group recognised impairment losses amounting to $3,102,000 relating to the Offshore & Marine Division's assets.

In relation to the Infrastructure Division's assets in China, the Group has estimated the recoverable amount of the relevant assets on the basis of their value in use. The discount rate used in measuring the value in use was 8.2% (31 December 2017: 9.0%, 1 January 2017: 9.3%). In the prior year, the Group recognised impairment losses amounting to $3,700,000 relating to the Infrastructure Division's assets in China.

In the prior year, the Group also recognised an impairment loss of $8,501,000 relating to the Property Division's assets in China, which was based on the difference between the recoverable amount and the net book value of the fixed assets. The recoverable amount of the fixed assets was based on fair value determined using the income approach.

Group	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery, Equipment & Others[1] $'000	Capital Work-in-Progress $'000	Total $'000
2017						
Cost						
At 1 January	121,640	2,150,487	516,442	2,075,836	311,979	5,176,384
Additions	173	9,775	1,334	51,108	149,079	211,469
Disposals	(606)	(22,319)	(45,837)	(57,415)	-	(126,177)
Write-off	-	-	-	(12,305)	(10)	(12,315)
Subsidiaries disposed	(4)	(49,646)	(172,064)	(55,406)	(16,320)	(293,440)
Reclassification						
- Stocks and other assets	-	(775)	(46)	82	(1,370)	(2,109)
- Investment properties (Note 7)	-	-	-	(1,376)	-	(1,376)
- Other fixed assets categories	1,356	7,636	2,211	60,273	(71,476)	-
Exchange differences	(6,848)	(26,563)	(9,358)	(45,310)	(3,381)	(91,460)
At 31 December	115,711	2,068,595	292,682	2,015,487	368,501	4,860,976
Accumulated Depreciation & Impairment Losses						
At 1 January	59,736	850,850	255,130	1,304,783	60,429	2,530,928
Depreciation charge	3,776	56,206	20,318	127,073	-	207,373
Disposals	(526)	(16,752)	(40,756)	(47,304)	-	(105,338)
Impairment loss	-	9,242	10	6,002	49	15,303
Write-off	-	26	-	(12,114)	-	(12,088)
Subsidiaries disposed	(4)	(24,745)	(91,352)	(47,803)	-	(163,904)
Reclassification						
- Stocks and other assets	-	(1,791)	-	(152)	-	(1,943)
- Other fixed assets categories	690	(690)	(4)	4	-	-
Exchange differences	(3,595)	(7,102)	(3,946)	(26,984)	(691)	(42,318)
At 31 December	60,077	865,244	139,400	1,303,505	59,787	2,428,013
Net Book Value	55,634	1,203,351	153,282	711,982	308,714	2,432,963

(1) Others comprise furniture, fittings and office equipment, cranes and small equipment and tools.

Company	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others[2] $'000	Capital Work-in-Progress $'000	Total $'000
2018				
Cost				
At 1 January	**1,233**	**8,693**	**-**	**9,926**
Additions	**-**	**550**	**6,139**	**6,689**
Disposals	**-**	**(452)**	**-**	**(452)**
At 31 December	**1,233**	**8,791**	**6,139**	**16,163**
Accumulated Depreciation				
At 1 January	**1,231**	**8,399**	**-**	**9,630**
Depreciation charge	**2**	**307**	**-**	**309**
Disposals	**-**	**(452)**	**-**	**(452)**
At 31 December	**1,233**	**8,254**	**-**	**9,487**
Net Book Value	**-**	**537**	**6,139**	**6,676**
2017				
Cost				
At 1 January	1,233	8,570	-	9,803
Additions	-	177	-	177
Disposals	-	(54)	-	(54)
At 31 December	1,233	8,693	-	9,926
Accumulated Depreciation				
At 1 January	1,220	7,731	-	8,951
Depreciation charge	11	722	-	733
Disposals	-	(54)	-	(54)
At 31 December	1,231	8,399	-	9,630
Net Book Value	2	294	-	296

(2) Others comprise furniture, fittings and office equipment.

7. INVESTMENT PROPERTIES

	Group 31 December 2018 $'000	2017 $'000
At 1 January	**3,460,608**	3,550,290
Development expenditure	**94,099**	181,522
Fair value gain		
- Attributable to the Group (Note 25)	**84,886**	177,939
- Attributable to third parties under a contractual agreement	**-**	4,814
Disposal	**(2,870)**	-
Subsidiary acquired	**360,000**	-
Subsidiary disposed	**(948,613)**	(405,604)
Reclassification		
- Stocks (Note 13)	**(158,300)**	-
- Fixed assets (Note 6)	**-**	1,376
Exchange differences	**(38,430)**	(49,729)
At 31 December	**2,851,380**	3,460,608

The Group's investment properties (including integral plant and machinery) are stated at Management's assessments based on the following valuations (open market value basis), performed on an annual basis, by independent firms of professional valuers as at 31 December 2018:

- Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Colliers International (Hong Kong) Limited for properties in China;
- Savills Vietnam Co. Ltd for properties in Vietnam;
- CBRE Limited for a property in the Netherlands;
- Knight Frank LLP for a property in United Kingdom; and
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised during the financial year amounted to $3,408,000 (2017: $6,777,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of $905,656,000 (31 December 2017: $552,684,000, 1 January 2017: $517,726,000) to banks for loan facilities (Note 21).

During the year, the Group reclassified $158,300,000 from investment properties to properties held for sale upon change of use of the asset from holding for capital gain and/or rental yield to property trading.

In 2017, the Group reclassified $1,376,000 from fixed assets to investment properties as there is a change in use of the properties arising from the commencement of operating leases to another party.

8. SUBSIDIARIES

	Company 31 December 2018 $'000	2017 $'000	1 January 2017 $'000
Quoted shares, at cost Market value: $829,294,000 (2017: $701,714,000)	**398,140**	398,140	398,140
Unquoted shares, at cost	**7,821,604**	7,821,594	7,919,131
	8,219,744	8,219,734	8,317,271
Provision for impairment	**(351,785)**	(246,885)	(163,070)
	7,867,959	7,972,849	8,154,201

Movements in the provision for impairment of subsidiaries are as follows:

	Company 31 December 2018 $'000	2017 $'000	1 January 2017 $'000
At 1 January	**246,885**	163,070	31,070
Charge to profit and loss account	**104,900**	83,815	132,000
At 31 December	**351,785**	246,885	163,070

Impairment of $104,900,000 (2017: $83,815,000) made during the year mainly relates to an investment holding subsidiary that holds equity investments in the Oil & Gas segment. Due to the economic downturn in that segment, recoverable amount of the equity investments, based on a value-in-use ("VIU") calculation, was projected to be below the Company's cost of investment. Cash flows in the VIU calculation was discounted at 11.7% (2017: 10.0%) per annum.

Cash and cash equivalents of $684,375,000 (31 December 2017: $857,168,000, 1 January 2017: $946,797,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 37.

9. ASSOCIATED COMPANIES

	Group 31 December 2018 $'000	2017 $'000	1 January 2017 $'000
Quoted shares, at cost Market value: $3,149,785,000 (31 Dec 2017: $3,484,189,000; 1 Jan 2017: $2,978,817,000)	**3,149,917**	3,105,919	3,080,800
Unquoted shares, at cost	**2,096,656**	1,784,809	1,640,502
	5,246,573	4,890,728	4,721,302
Provision for impairment	**(161,367)**	(100,297)	(150,845)
	5,085,206	4,790,431	4,570,457
Share of reserves	**534,106**	526,582	510,871
Carrying amount of equity interest	**5,619,312**	5,317,013	5,081,328
Notes issued by associated companies	**315,787**	310,242	245,000
Advances to associated companies	**304,586**	286,522	97,503
	6,239,685	5,913,777	5,423,831

Notes issued by an associated company of $245,000,000 are unsecured and will mature in 2040. The remaining Notes are denominated in USD, secured and will mature in 2024. Interest is charged at rates ranging from 0% to 17.5% (31 December 2017: 0% to 17.5%, 1 January 2017: 17.5%) per annum.

Advances to associated companies are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 3.0% to 7.0% (31 December 2017: 3.0% to 7.0%, 1 January 2017: 6.0%) per annum on interest-bearing advances.

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2018	2017
	$'000	$'000
At 1 January	**100,297**	150,845
Impairment loss/(write-back of impairment loss)	**60,782**	(39,192)
Disposal	**-**	(9,873)
Exchange differences	**288**	(1,483)
At 31 December	**161,367**	100,297

Impairment loss made during the year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of certain associated companies.

Write-back of impairment losses in the prior year mainly relates to the excess of recoverable amount of an associated company over the carrying amount of the investment which includes share of losses recognised by the Group in 2017.

	Group	
	2018	2017
	$'000	$'000
The Group's share of net profit of associated companies is as follows:		
Share of profit before tax	**317,699**	386,773
Share of taxation	**(96,181)**	(96,240)
Share of net profit	**221,518**	290,533

The carrying amount of the Group's material associated companies, all of which are equity accounted for and whose activities are strategic to the Group's activities, are as follows:

	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Keppel REIT	**1,972,303**	1,850,409	1,844,738
Keppel Infrastructure Trust	**254,035**	267,169	284,320
KrisEnergy Limited	**196,311**	321,562	347,397
Keppel DC REIT	**377,616**	396,152	392,834
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	**560,818**	541,837	416,262
Floatel International Limited	**362,760**	342,694	334,697
Other associated companies	**2,515,842**	2,193,954	1,803,583
	6,239,685	5,913,777	5,423,831

The summarised financial information of the material associated companies, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Keppel REIT		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current assets	**274,529**	208,307	290,193
Non-current assets	**7,509,922**	7,395,981	7,245,132
Total assets	**7,784,451**	7,604,288	7,535,325
Current liabilities	**134,156**	492,865	59,869
Non-current liabilities	**2,314,699**	2,196,165	2,576,898
Total liabilities	**2,448,855**	2,689,030	2,636,767
Net assets	**5,335,596**	4,915,258	4,898,558
Less: Non-controlling interests	**(578,311)**	(151,834)	(151,841)
	4,757,285	4,763,424	4,746,717
Proportion of the Group's ownership	**47%**	45%	45%
Group's share of net assets	**2,255,429**	2,146,723	2,128,798
Other adjustments	**(283,126)**	(296,314)	(284,060)
Carrying amount of equity interest	**1,972,303**	1,850,409	1,844,738
Revenue	**165,858**	164,516	#
Profit after tax	**154,588**	180,154	#
Other comprehensive income/(loss)	**3,028**	(49,789)	#
Total comprehensive income	**157,616**	130,365	#
Fair value of ownership interest (if listed) **	**1,834,206**	1,914,043	1,505,741
Dividends received	**87,247**	80,011	#

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

 # Information for 1 January 2017 is not available.

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	Keppel Infrastructure Trust		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current assets	**521,616**	488,154	516,723
Non-current assets	**3,283,391**	3,468,262	3,601,919
Total assets	**3,805,007**	3,956,416	4,118,642
Current liabilities	**1,233,598**	919,010	937,324
Non-current liabilities	**1,393,153**	1,725,512	1,727,348
Total liabilities	**2,626,751**	2,644,522	2,664,672
Net assets	**1,178,256**	1,311,894	1,453,970
Less: Non-controlling interests	**(125,780)**	(158,959)	(198,580)
	1,052,476	1,152,935	1,255,390
Proportion of the Group's ownership	**18%**	18%	18%
Group's share of net assets	**191,761**	209,949	228,607
Other adjustments	**62,274**	57,220	55,713
Carrying amount of equity interest	**254,035**	267,169	284,320
Revenue	**637,387**	632,476	#
(Loss)/profit after tax	**(2,358)**	13,776	#
Other comprehensive income/(loss)	**13,876**	(10,051)	#
Total comprehensive income	**11,518**	3,725	#
Fair value of ownership interest (if listed) **	**341,023**	403,858	333,622
Dividends received	**26,134**	26,126	#

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

 # Information for 1 January 2017 is not available.

	KrisEnergy Limited*		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current assets	**147,702**	191,987	183,440
Non-current assets	**761,267**	869,374	1,236,024
Total assets	**908,969**	1,061,361	1,419,464
Current liabilities	**103,342**	74,604	273,951
Non-current liabilities	**671,960**	653,172	546,346
Total liabilities	**775,302**	727,776	820,297
Net assets	**133,667**	333,585	599,167
Less: Non-controlling interests	**-**	-	-
	133,667	333,585	599,167
Proportion of the Group's ownership	**40%**	40%	40%
Group's share of net assets	**53,213**	133,067	239,607
Other adjustments	**72,311**	123,253	107,790
Carrying amount of equity interest	**125,524**	256,320	347,397
Notes issued by associated company	**70,787**	65,242	-
	196,311	321,562	347,397
Revenue	**216,454**	196,612	#
Loss after tax	**(201,924)**	(293,277)	#
Other comprehensive (loss)/income	**(132)**	32	#
Total comprehensive loss	**(202,056)**	(293,245)	#
Fair value of ownership interest (if listed) **	**43,673**	60,425	110,679
Dividends received	**-**	-	#

** As at the date of approval of these financial statements, the most recent available financial information on which equity accounting for the current year can be practically applied are those financial information from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.*

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

 # Information for 1 January 2017 is not available.

NOTES TO THE FINANCIAL STATEMENTS
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	Keppel DC REIT		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current assets	**220,244**	178,078	338,312
Non-current assets	**2,032,687**	1,585,204	1,244,687
Total assets	**2,252,931**	1,763,282	1,582,999
Current liabilities	**186,779**	53,224	35,144
Non-current liabilities	**590,158**	593,556	473,987
Total liabilities	**776,937**	646,780	509,131
Net assets	**1,475,994**	1,116,502	1,073,868
Less: Non-controlling interests	**(31,155)**	(26,786)	(343)
	1,444,839	1,089,716	1,073,525
Proportion of the Group's ownership	**25%**	35%	35%
Group's share of net assets	**364,244**	380,617	375,841
Other adjustments	**13,372**	15,535	16,993
Carrying amount of equity interest	**377,616**	396,152	392,834
Revenue	**175,535**	139,050	#
Profit after tax	**146,009**	70,274	#
Other comprehensive (loss)/income	**(4,628)**	21,044	#
Total comprehensive income	**141,381**	91,318	#
Fair value of ownership interest (if listed) **	**459,925**	562,990	466,534
Dividends received	**27,876**	20,958	#

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

 # Information for 1 January 2017 is not available.

NOTES TO THE FINANCIAL STATEMENTS
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	Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current assets	**889,954**	816,431	1,004,529
Non-current assets	**438,662**	458,652	508,672
Total assets	**1,328,616**	1,275,083	1,513,201
Current liabilities	**190,317**	165,498	608,565
Non-current liabilities	**16,668**	25,912	72,116
Total liabilities	**206,985**	191,410	680,681
Net assets	**1,121,631**	1,083,673	832,520
Less: Non-controlling interests	**-**	-	-
	1,121,631	1,083,673	832,520
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**560,815**	541,836	416,260
Other adjustments	**3**	1	2
Carrying amount of equity interest	**560,818**	541,837	416,262
Revenue	**492,503**	1,247,882	#
Profit after tax	**111,222**	267,163	#
Other comprehensive income	**-**	-	#
Total comprehensive income	**111,222**	267,163	#
Dividends received	**22,493**	-	#

 # Information for 1 January 2017 is not available.

	Floatel International Limited		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current assets	**186,613**	334,668	263,092
Non-current assets	**1,771,181**	1,818,093	2,038,004
Total assets	**1,957,794**	2,152,761	2,301,096
Current liabilities	**104,714**	48,606	62,292
Non-current liabilities	**1,141,620**	1,432,657	1,584,259
Total liabilities	**1,246,334**	1,481,263	1,646,551
Net assets	**711,460**	671,498	654,545
Less: Non-controlling interests	**-**	-	-
	711,460	671,498	654,545
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**355,161**	335,212	326,749
Other adjustments	**7,599**	7,482	7,948
Carrying amount of equity interest	**362,760**	342,694	334,697
Revenue	393,535	443,442	#
Profit after tax	22,225	48,829	#
Other comprehensive income	6,796	7,728	#
Total comprehensive income	29,021	56,557	#
Dividends received	-	-	#

 # Information for 1 January 2017 is not available.

For the investment in KrisEnergy Limited ("KrisEnergy"), management performed an assessment on the recoverable amount using a discounted cash flow model based on a cash flow projection from 2019 to 2037 applying certain estimates and assumptions, such as oil prices, discount rates, production volume, lifting costs, reserves and operating costs. The assumption for oil prices, ranging from US$67 to US$73 per barrel for 2019 to 2037 (31 December 2017: US$52 to US$70 per barrel for 2018 to 2036, 1 January 2017: US$59 to US$76 per barrel for 2017 to 2032), is determined by taking reference from external information sources. The discount rate used is 11.7% (31 December 2017 and 1 January 2017: 10%). The Group has recognised an impairment charge of $53,000,000 (2017: write-back of impairment charge of $46,000,000) during the financial year. The estimates and assumptions used are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the investment in KrisEnergy. If the estimated oil prices applied to the discounted cash flows had been 10% (2017: 10%) lower than management's estimates, the Group would have recognised a further impairment charge of $55,000,000 (2017: reduction in write-back of impairment charge by $24,000,000).

In addition, the Group carried out a review of the recoverable amount of an associated company held by its Offshore & Marine Division, in consideration of the fact that the fair value of the investment is significantly below its carrying amount as at the balance sheet date. The recoverable amount of the associated company was determined based on a value-in-use calculation where cash flow projections were based on financial forecasts by management. Management had determined the forecasted cash flows based on past performance and their current expectations of market development. Cash inflows were based on revenue projections from existing order books with an estimate of the terminal growth rate of 1.2% (31 December 2017: 2.2%, 1 January 2017: 2.0%) and a discount rate ranging from 9.3% to 11.2% (31 December 2017: 7.9%, 1 January 2017: 7.6%) per annum on the cash flows. An impairment charge of $6,000,000 (2017: $8,000,000) was recognised in the profit and loss account within other operating expense as a result of the above review.

An independent professional firm was engaged to assist in the impairment assessment for the financial year ended 31 December 2018.

Aggregate information about the Group's investments in other associated companies are as follows:

	2018 $'000	2017 $'000
Share of profit before tax	**172,557**	168,364
Share of taxation	**(56,897)**	(26,698)
Share of other comprehensive loss	**(26,215)**	(41,061)
Share of total comprehensive income	**89,445**	100,605

Information relating to significant associated companies, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 37.

10. INVESTMENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Available-for-sale investments:						
Carried at fair value						
- Quoted equity shares	-	8,854	12,878	-	-	-
- Unquoted equity shares	-	53,419	47,736	-	15,012	14,340
- Unquoted property funds	-	185,187	174,154	-	-	-
- Unquoted - others	-	-	11,788	-	-	-
Total – Carried at fair value	-	247,460	246,556	-	15,012	14,340
Carried at cost						
- Unquoted equity shares	-	83,212	98,481	-	-	-
- Unquoted - others	-	22,256	23,694	-	-	-
Total – Carried at cost	-	105,468	122,175	-	-	-
Total available-for-sale investments	-	352,928	368,731	-	15,012	14,340
Investments at fair value through other comprehensive income ("OCI"):						
- Quoted equity shares	**6,527**	-	-	-	-	-
- Unquoted equity shares	**96,903**	-	-	**16,957**	-	-
- Unquoted property funds	**104,927**	-	-	-	-	-
Total investments at fair value through OCI	**208,357**	-	-	**16,957**	-	-
Investments at fair value through profit or loss:						
- Quoted warrants	**29,332**	31,647	-	-	-	-
- Unquoted equity shares	**189,559**	74,063	8,973	-	-	-
- Unquoted - others	**22,267**	-	-	-	-	-
Total investments at fair value through profit or loss	**241,158**	105,710	8,973	-	-	-
Total investments	**449,515**	458,638	377,704	**16,957**	15,012	14,340

The breakdown of the investments at fair value through other comprehensive income is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Unquoted property funds managed by a related company	**104,927**	-	-	-	-	-
Unquoted equity shares in real estate industry	**48,115**	-	-	**16,957**	-	-
Quoted and unquoted equity shares in oil and gas industry	**34,235**	-	-	-	-	-
Others	**21,080**	-	-	-	-	-
	208,357	-	-	**16,957**	-	-

Quoted warrants are issued by an associated company, KrisEnergy.

Unquoted investments included a bond amounting to $39,868,000 (31 December 2017: $39,256,000, 1 January 2017: $41,700,000) bearing interest at 4% (31 December 2017 and 1 January 2017: 4%) per annum which is maturing in 2027.

During the prior year, the Group recognised an impairment loss of $14,330,000 for certain unquoted equity securities in which the Group does not expect to recover its cost of investment.

11. LONG TERM ASSETS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Staff loans	**633**	933	1,395	**105**	386	504
Derivative assets	**22,002**	26,780	125,508	**8,751**	14,101	97,199
Call option	**150,500**	137,200	120,600	**-**	-	-
Service concession receivable	**235,959**	115,835	-	**-**	-	-
Long term receivables and others	**313,350**	535,762	569,334	**-**	-	-
	722,444	816,510	816,837	**8,856**	14,487	97,703
Less: Amounts due within one year and included in debtors (Note 16)	**(42,980)**	(42,194)	(2,399)	**(55)**	(141)	(146)
	679,464	774,316	814,438	**8,801**	14,346	97,557

Included in staff loans are interest-free advances to directors of related corporations amounting to $47,000 (31 December 2017: $179,000, 1 January 2017: $221,000) under an approved car loan scheme.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties Pte. Limited to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of $1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2018, the fair value was determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 843-year leasehold and 92-year leasehold (31 December 2017: based on the remaining 844-year leasehold and 93-year leasehold, 1 January 2017: based on the remaining 845-year leasehold and 94-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 33.

The service concession receivable relates to a service concession arrangement with a governing agency of the Government of Singapore (the grantor) to design, build, own and operate a desalination plant in Singapore, which has a capacity to produce 137,000 cubic metres of fresh drinking water per day. The plant is expected to be operational in 2020. The Group has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period of 25 years irrespective of the output produced. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. In arriving at the carrying value of the service concession arrangements as at the end of the reporting year, effective interest rates of 4.30% (31 December 2017: 4.33%) per annum were used to discount the future expected cash flows.

Long term receivables are unsecured, largely repayable after five years (31 December 2017 and 1 January 2017: five years) and bears effective interest ranging from 2.00% to 9.00% (31 December 2017: 2.00% to 6.00%, 1 January 2017: 2.00% to 11.00%) per annum.

The carrying amounts of the long term receivables of the Group approximate their fair values.

Included in the long term receivables is an unsecured, interest-bearing USD loan amounting to $139,799,000 (31 December 2017: secured, interest-bearing US$ loan amounting to $279,004,000, 1 January 2017: secured, interest-bearing US$ loan amounting to $285,167,000) which is repayable on 2025 by an associated company.

12. INTANGIBLES

	Goodwill $'000	Development Expenditure $'000	Management Rights $'000	Customer Contracts $'000	Customer Relationships $'000	Total $'000
Group						
2018						
At 1 January	**59,270**	**19,073**	**16,757**	**13,227**	**24,267**	**132,594**
Additions	-	**561**	-	-	-	**561**
Amortisation	-	**(1,760)**	-	**(1,464)**	**(1,463)**	**(4,687)**
Exchange differences	-	**143**	-	-	**396**	**539**
At 31 December	**59,270**	**18,017**	**16,757**	**11,763**	**23,200**	**129,007**
Cost	**59,270**	**38,808**	**16,757**	**24,963**	**28,342**	**168,140**
Accumulated amortisation	-	**(20,791)**	-	**(13,200)**	**(5,142)**	**(39,133)**
	59,270	**18,017**	**16,757**	**11,763**	**23,200**	**129,007**
2017						
At 1 January	59,270	20,779	16,757	14,694	29,169	140,669
Additions	-	731	-	-	-	731
Amortisation	-	(1,646)	-	(1,467)	(1,894)	(5,007)
Reversal	-	-	-	-	(1,195)	(1,195)
Exchange differences	-	(791)	-	-	(1,813)	(2,604)
At 31 December	59,270	19,073	16,757	13,227	24,267	132,594
Cost	59,270	38,122	16,757	24,963	27,775	166,887
Accumulated amortisation	-	(19,049)	-	(11,736)	(3,508)	(34,293)
	59,270	19,073	16,757	13,227	24,267	132,594

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Out of the total goodwill of $59,270,000, goodwill allocated to a cash-generating unit in the Infrastructure Division amounted to $57,178,000 (31 December 2017 and 1 January 2017: $57,178,000). The recoverable amount of the cash-generating unit at the balance sheet date is based on current bid prices of the quoted shares of the cash-generating unit.

The recoverable amount of management rights is determined based on cash flow projections from the provision of asset management services using a pre-tax discount rate of 5.0% (31 December 2017: 5.0%, 1 January 2017: 6.5%) per annum. The key assumptions are those regarding the discount rate and expected changes to assets under management and net property income of these assets.

13. STOCKS

		Group		
		31 December		1 January
		2018	2017	2017
		$'000	$'000	$'000
Consumable materials and supplies		**162,445**	110,434	150,096
Finished products for sale		**103,995**	96,978	85,889
Work-in-progress (net of provision)		**594,312**	763,255	724,890
Properties held for sale	(a)	**4,653,254**	4,809,375	5,606,865
		5,514,006	5,780,042	6,567,740

For work-in-progress balances, the Group determines the estimated net realisable value based on arrangements to market the work-in-progress and discounted cash flow models. The provision for work-in-progress at the end of the financial year was $53,697,000 (31 December 2017: $52,483,000, 1 January 2017: $55,055,000).

(a) Properties held for sale

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Properties under development			
Land cost	**2,587,958**	2,380,942	2,738,209
Development cost incurred to date	**544,505**	866,949	784,947
Related overhead expenditure	**244,828**	314,834	288,238
	3,377,291	3,562,725	3,811,394
Completed properties held for sale	**1,304,119**	1,284,426	1,867,887
	4,681,410	4,847,151	5,679,281
Provision for properties held for sale	**(28,156)**	(37,776)	(72,416)
	4,653,254	4,809,375	5,606,865

Movements in the provision for properties held for sale are as follows:

At 1 January	**37,776**	72,416	83,959
Charge to profit and loss account	**799**	-	19,008
Exchange differences	**(33)**	(383)	(400)
Amount written off	**(10,386)**	(28,866)	(15,155)
Subsidiary disposed	**-**	(5,391)	(14,996)
At 31 December	**28,156**	37,776	72,416

The provision for properties held for sale is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

Interest capitalised during the financial year amounted to $31,288,000 (2017: $44,187,000) at rate of 3.30% (2017: 1.60% to 3.36%) per annum for Singapore properties and 4.75% to 15.00% (2017: 0.05% to 15.00%) per annum for overseas properties.

In 2017, certain properties held for sale with carrying amount of $1,186,296,000 are mortgaged to banks for loan facilities (Note 21).

14. CONTRACT ASSETS/LIABILITIES

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Contract assets	3,212,712	3,643,495	4,157,146
Contract liabilities	1,918,547	1,950,151	1,612,984

Contract assets relating to certain rig building contracts where the scheduled dates of the rigs have been deferred and have higher counter-party risks amounted to $1,383,286,000 (2017: $1,127,566,000, 1 January 2017: $868,535,000).

Contract liabilities included proceeds received from sale of properties of $890,139,000 (31 December 2017: $677,997,000, 1 January 2017: $424,376,000).

Revenue recognised during the financial year ended 31 December 2018 in relation to contract liability balance at 1 January 2018 was $544,361,000 (2017: $409,175,000).

The aggregate amount of the transaction price allocated to the remaining performance obligation is $4,553,150,000 and the Group expects to recognise this revenue over the next 1 to 6 years.

As permitted under the transitional provisions in the SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 31 December 2017 and 1 January 2017 is not disclosed.

Movements in the provision for contract assets are as follows:

	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
At 1 January	-	-	-
Charge to profit and loss account	21,000	-	-
At 31 December	21,000	-	-

15. AMOUNTS DUE FROM / TO

	Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Subsidiaries			
Amounts due from			
- trade	163,800	97,984	86,001
- advances	3,885,921	3,407,536	3,902,961
	4,049,721	3,505,520	3,988,962
Provision for doubtful debts	(6,600)	(6,600)	(6,600)
	4,043,121	3,498,920	3,982,362
Amounts due to			
- trade	8,130	4,726	900,632
- advances	154,481	231,677	162,090
	162,611	236,403	1,062,722

Movements in the provision for doubtful debts are as follows:

At 1 January/31 December	6,600	6,600	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 4.00% (2017: up to 4.00%) per annum on interest-bearing advances.

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Associated Companies						
Amounts due from						
- trade	**84,201**	66,482	61,117	**548**	733	688
- advances	**223,526**	291,735	373,394	**-**	-	-
	307,727	358,217	434,511	**548**	733	688
Provision for doubtful debts	**(15,998)**	(15,257)	(1,131)	**-**	-	-
	291,729	342,960	433,380	**548**	733	688
Amounts due to						
- trade	**51,979**	34,110	16,094	**-**	-	-
- advances	**63,845**	219,221	95,449	**-**	-	-
	115,824	253,331	111,543	**-**	-	-

Movements in the provision for doubtful debts are as follows:

At 1 January	**15,257**	1,131	46	**-**	-	-
Charge to profit and loss account	**741**	14,126	1,085	**-**	-	-
At 31 December	**15,998**	15,257	1,131	**-**	-	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.45% to 11.50% (31 December 2017: 0.25% to 8.00%, 1 January 2017: 0.13% to 8.90%) per annum on interest-bearing advances.

16. DEBTORS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade debtors	**1,831,028**	2,214,444	2,569,022	**2**	7	-
Provision for doubtful debts	**(246,879)**	(122,027)	(15,723)	**-**	-	-
	1,584,149	2,092,417	2,553,299	**2**	7	-
Long term receivables due within one year (Note 11)	**42,980**	42,194	2,399	**55**	141	146
Sundry debtors	**203,069**	155,568	182,536	**478**	3,902	2,173
Prepayments	**137,518**	118,565	88,321	**104**	112	168
Tax recoverable	**7,109**	15,171	22,693	**-**	-	-
Goods & Services Tax receivable	**90,057**	59,040	52,648	**83**	-	-
Interest receivable	**15,830**	19,410	12,314	**21**	20	32
Deposits paid	**28,971**	25,235	25,104	**279**	408	446
Land tender deposits	**145,411**	103,346	-	**-**	-	-
Recoverable accounts	**155,747**	125,740	150,507	**5,207**	-	-
Accrued receivables	**197,059**	169,873	141,926	**-**	-	-
Purchase consideration receivable from disposal of subsidiaries/associated companies	**37,097**	61,228	-	**-**	-	-
Advances to subcontractors	**47,736**	73,455	86,132	**-**	-	-
Advances to non-controlling shareholders of subsidiaries	**26,705**	41,081	69,789	**-**	-	-
	1,135,289	1,009,906	834,369	**6,227**	4,583	2,965
Provision for doubtful debts	**(17,138)**	(13,906)	(13,827)	**-**	-	-
	1,118,151	996,000	820,542	**6,227**	4,583	2,965
Total	**2,702,300**	3,088,417	3,373,841	**6,229**	4,590	2,965

Movements in the provision for doubtful debts are as follows:

At 1 January	**135,933**	29,550	41,447	**-**	-	-
Adoption of SFRS(I) 9	**25,734**	-	-	**-**	-	-
Charge to profit and loss account	**95,457**	115,780	11,435	**-**	-	-
Amount written off	**(5,959)**	(7,361)	(23,504)	**-**	-	-
Subsidiary disposed	**-**	(1,926)	-	**-**	-	-
Exchange differences	**8**	(110)	172	**-**	-	-
Reclassification	**12,844**	-	-	**-**	-	-
Total	**264,017**	135,933	29,550	**-**	-	-

During the financial year ended 31 December 2018, a provision of $102,000,000 (2017: $81,000,000) was recognised for the rig contracts with Sete Brasil.

17. SHORT TERM INVESTMENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Available-for-sale investments:						
Quoted equity shares	-	55,048	77,264	-	-	-
Unquoted equity funds	-	-	49,610	-	-	-
Total available-for-sale investments	-	55,048	126,874	-	-	-
Total investments at fair value through other comprehensive income: Quoted equity shares	34,428	-	-	-	-	-
Investments at fair value through profit or loss:						
Quoted equity shares	74,759	147,654	147,054	-	-	-
Unquoted equity shares	-	74	-	-	-	-
Total investments at fair value through profit or loss	74,759	147,728	147,054	-	-	-
Total investments at amortised cost: Unquoted - others	27,400	-	-	27,400	-	-
Total short term investments	136,587	202,776	273,928	27,400	-	-

Investments at fair value through other comprehensive income are in the oil and gas industry.

The unquoted investment at amortised cost is repayable upon the repayment of a short term borrowing of an associated company.

18. BANK BALANCES, DEPOSITS & CASH

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Bank balances and cash	779,003	590,248	437,654	370	2,213	542
Fixed deposits with banks	1,042,052	1,515,887	1,436,485	-	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	9,562	32,340	68,306	-	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	150,789	135,313	144,633	-	-	-
	1,981,406	2,273,788	2,087,078	370	2,213	542

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 6 months (31 December 2017: 1 day to 12 months, 1 January 2017: 1 day to 3 months). This comprises Singapore dollar fixed deposits of $34,824,000 (31 December 2017: $121,525,000, 1 January 2017: $10,051,000) at interest rates ranging from 0.60% to 1.59% (31 December 2017: 0.35% to 1.24%, 1 January 2017: 0.15% to 0.85%) per annum, and foreign currency fixed deposits of $1,007,228,000 (31 December 2017: $1,394,362,000, 1 January 2017: $1,426,434,000) at interest rates ranging from 0.02% to 7.55% (31 December 2017: 0.01% to 13.15%, 1 January 2017: 0.03% to 14.21%) per annum.

The bank balances at 31 December 2018 include an amount of $99,450,000 (31 December 2017: $102,000,000, 1 January 2017: $nil) pledged to a bank in relation to certain banking arrangement.

19. CREDITORS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade creditors	**486,278**	579,371	589,834	**3,139**	161	-
Customers' advances and deposits	**87,102**	89,656	64,788	**-**	-	-
Sundry creditors	**896,743**	1,380,955	1,431,539	**3,007**	4,070	3,591
Accrued expenses	**2,584,096**	3,274,077	2,955,039	**47,020**	39,074	86,458
Advances from non-controlling shareholders	**145,998**	177,151	209,726	**-**	-	-
Retention monies	**148,895**	176,850	194,673	**-**	-	-
Interest payables	**41,911**	42,105	37,719	**23,006**	25,280	22,422
	4,391,023	5,720,165	5,483,318	**76,172**	68,585	112,471
Other non-current liabilities:						
Accrued expenses	**191,990**	204,121	112,885	**48,372**	49,275	54,409
Derivative liabilities	**169,727**	82,494	68,214	**43,303**	60,521	66,632
	361,717	286,615	181,099	**91,675**	109,796	121,041

The carrying amount of the non-current liabilities approximates their fair value.

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 2.00% to 4.75% (31 December 2017: 2.00% to 4.35%, 1 January 2017: 2.03% to 4.31%) per annum on interest-bearing advances.

During the financial year ended 31 December 2018, there was a write-back of provision for claims of $96,380,000. This was in relation to customer potential claims arising from a rig contract in the Offshore & Marine Division. In view of commercial sensitivity, the Group is unable to disclose the name of the customer or the amount of the potential claims. The original contract value was adjusted for cost escalations. The validity of the contract value adjustments was subsequently challenged. Due to prolonged uncertainty, provisions were made by the Group for the potential claims in the past, the first such provision being made more than ten years ago. For the current financial year, the Group has assessed, including seeking legal opinion, its position in respect of these potential claims and concluded that there are reasonable grounds for the write-back.

During the financial year ended 31 December 2018, a provision for related contract costs of $65,000,000 was recognised for the rig contracts with Sete Brasil, bringing the total provision to $245,000,000 as at 31 December 2018. These were included in sundry creditors as at 31 December 2018, 31 December 2017 and 1 January 2017.

In the prior year, a wholly-owned subsidiary, Keppel Land China Limited ("KLCL"), entered into a Sale & Purchase Agreement to divest its interest in a wholly-owned subsidiary, Keppel China Marina Holdings Pte Ltd ("KCMH"), which indirectly owns a 80% interest in Sunsea Yacht Club (Zhongshan) Company Limited ("SYCZS") ("Divestment"). KLCL has received an advance payment of $174,538,000 and the amount was included in sundry creditors as at 31 December 2017. Both KLCL and KCMH had, on 20 November 2017, been served as co-defendants a writ of summons filed by Sunsea Yacht Club (Hong Kong) Company Limited ("SYCHK"), which indirectly owns the remaining 20% interest in SYCZS, in the High Court of Singapore ("the Suit"). The reliefs claimed by SYCHK in the Suit are essentially to, amongst others, restrain both KLCL and KCMH from completing the Divestment. The Interim Injunction application was dismissed by the High Court on 15 December 2017. However, when SYCHK informed the High Court of its intention to apply to the Court of Appeal for permission to appeal the Dismissal of Application ("Application to CA"), the High Court on 22 December 2017 imposed an order restraining KLCL from completing the Divestment until the Application to CA is disposed of by the Court of Appeal. The Court of Appeal dismissed the Application to CA on 26 February 2018 and the divestment was subsequently completed during the year.

In the prior year, a wholly owned subsidiary, Keppel Offshore & Marine Limited ("KOM"), reached a global resolution with the criminal authorities in the United States, Brazil and Singapore in relation to corrupt payments made by KOM's former agent in Brazil, which were made with knowledge or approval of former KOM executives. Fines in an aggregated amount of US$422,216,980, or equivalent to approximately S$570 million, paid/payable are allocated between the three jurisdictions.

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

Pursuant to the DPA, KOM has paid a monetary penalty of US$105,554,245, of which US$4,725,000 has been paid as a criminal fine by KOM USA, to the United States Treasury. In addition, KOM has paid US$211,108,490 to the MPF. Under the Conditional Warning issued by CPIB, KOM has committed to certain undertakings and has paid US$52,777,122.50 and a further US$52,777,122.50 will be payable within three years from the date of the Conditional Warning (less any penalties paid by KOM to specified Brazilian authorities during this period). The amount payable was included in accrued expenses as at 31 December 2018 and 31 December 2017.

As part of the global resolution with the authorities, the Group has committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. In November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System.

Anti-bribery and corruption compliance audits were also performed during the year on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended in the current year. The audits did, however, identify certain matters relating to contracts entered into several years ago which require follow-up actions and further review. Notwithstanding, based on currently available information, management is of the opinion that no additional provisions would be required in relation to these matters.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

20. PROVISIONS FOR WARRANTIES

	$'000
Group	
2018	
At 1 January	**115,972**
Write-back to profit and loss account	**(1,550)**
Amount utilised	**(43,640)**
Exchange differences	**(1,168)**
At 31 December	**69,614**
2017	
At 1 January	81,679
Charge to profit and loss account	39,280
Amount utilised	(4,205)
Subsidiary disposed	(397)
Exchange differences	(385)
At 31 December	115,972

21. TERM LOANS

		31 December				1 January	
		2018		2017		2017	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000	Due within one year $'000	Due after one year $'000
Group							
Keppel Corporation Medium Term Notes	(a)	-	**1,700,000**	-	1,700,000	-	1,700,000
Keppel Land Medium Term Notes	(b)	**342,316**	**729,196**	-	916,027	99,964	786,873
Keppel Telecommunications & Transportation Medium Term Notes	(c)	-	**100,000**	-	100,000	-	120,000
Keppel GMTN Floating Rate Notes	(d)	-	**274,000**	-	269,800	-	286,600
Bank and other loans							
- secured	(e)	**412,412**	**185,874**	150,591	580,825	391,046	744,449
- unsecured	(f)	**726,029**	**3,078,682**	1,563,493	2,512,267	1,344,311	3,579,799
		1,480,757	**6,067,752**	1,714,084	6,078,919	1,835,321	7,217,721

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

		31 December				1 January	
		2018		2017		2017	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000	Due within one year $'000	Due after one year $'000
Company							
Keppel Corporation Medium Term Notes	(a)	-	**1,700,000**	-	1,700,000	-	1,700,000
Unsecured bank loans	(f)	**460,657**	**1,795,610**	551,530	1,239,800	692,311	1,625,600
		460,657	**3,495,610**	551,530	2,939,800	692,311	3,325,600

(a) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to $1,700,000,000 (31 December 2017 and 1 January 2017: $1,700,000,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2042 (31 December 2017 and 1 January 2017: from 2020 to 2042) with interest rates ranging from 3.10% to 4.00% (31 December 2017 and 1 January 2017: 3.10% to 4.00%) per annum.

(b) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to $642,060,000 (31 December 2017: $486,696,000, 1 January 2017: $357,691,000), of which $299,744,000 (31 December 2017: $149,818,000, 1 January 2017: $nil) are denominated in Singapore dollar and $342,316,000 (31 December 2017: $336,878,000, 1 January 2017: $357,691,000) are denominated in foreign currency. The fixed rate notes are unsecured and are due from 2019 to 2023 (31 December 2017: 2019 to 2023, 1 January 2017: 2020 to 2042), with interest rates ranging from 2.68% to 2.84% (31 December 2017: 2.84%) per annum for fixed rate notes denominated in Singapore dollar and with interest rates of 3.26% (31 December 2017 and 1 January 2017: 3.26%) per annum for fixed rate notes denominated in foreign currency.

At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to $429,452,000 (31 December 2017: $429,331,000, 1 January 2017: $529,146,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2024 (31 December 2017: 2020 to 2024, 1 January 2017: 2017 to 2024) with interest rates ranging from 2.83% to 3.90% (31 December 2017 and 1 January 2017: 2.83% to 3.90%) per annum.

(c) At the end of the financial year, notes issued under the S$500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to $100,000,000 (31 December 2017: $100,000,000, 1 January 2017: $120,000,000). The fixed rates notes, due in 2024, are unsecured and carried an interest rate of 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024 (31 December 2017: 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024, 1 January 2017: 2.63% per annum from August 2012 to August 2017 and 3.83% per annum from August 2017 to August 2019).

(d) At the end of the financial year, US$200,000,000 notes issued under the US$2,000,000,000 Euro Medium Term Note Programme by Keppel GMTN Pte Ltd amounted to $274,000,000 (31 December 2017: $269,800,000, 1 January 2017: $286,600,000). The floating rate notes due in 2020 are unsecured and bear interest rate payable quarterly at 3-month US Dollar London Interbank Offered Rate plus 0.89% per annum and ranging from 2.24% to 3.30% (31 December 2017: 1.75% to 2.24%, 1 January 2017: 1.21% to 1.75%) per annum.

(e) The secured bank loans consist of:

- A term loan of $297,923,000 drawn down by a subsidiary. The term loan is repayable in 2019 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 2.89% per annum.

- A term loan of $3,000,000 drawn down by a subsidiary. The term loan is repayable in 2023 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 2.74% per annum.

- Other secured bank loans comprised $297,363,000 (31 December 2017: $474,918,000, 1 January 2017: $504,943,000) of foreign currency loans. They are repayable between one to fifteen (31 December 2017: one to sixteen, 1 January 2017: one to seventeen) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 1.59% to 9.59% (31 December 2017: 1.49% to 7.23%, 1 January 2017: 1.60% to 10.89%) per annum.

The secured bank loans as of 31 December 2017 consist of a term loan of $256,498,000 (1 January 2017: $351,557,000) which was drawn down by a subsidiary. The term loan was repaid in 2018 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.35% to 1.94% (1 January 2017: 0.93% to 2.30%) per annum.

The secured bank loans as of 1 January 2017 also include:

- A term loan of $175,874,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.28% to 2.68% per annum.

- A term loan of $53,121,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.21% to 2.94% per annum.

- A term loan of $50,000,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was fixed at 2.62% per annum.

(f) The unsecured bank and other loans of the Group totalling $3,804,711,000 (31 December 2017: $4,075,760,000, 1 January 2017: $4,924,110,000) comprised $2,604,736,000 (31 December 2017: $2,823,820,000, 1 January 2017: $3,136,786,000) of loans denominated in Singapore dollar and $1,199,975,000 (31 December 2017: $1,251,940,000, 1 January 2017: $1,787,324,000) of foreign currency loans. They are repayable between one to thirteen (31 December 2017: one to fourteen, 1 January 2017: one to fifteen) years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 2.13% to 3.08% (31 December 2017: 1.18% to 3.38%, 1 January 2017: 0.84% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 9.30% (31 December 2017: 0.48% to 10.69%, 1 January 2017: 0.25% to 13.76%) per annum.

The unsecured bank loans of the Company totalling $2,256,267,000 (31 December 2017: $1,791,330,000, 1 January 2017: $2,317,911,000) comprise $1,707,050,000 (31 December 2017: $1,550,000,000, 1 January 2017: $1,707,350,000) of loans denominated in Singapore dollar and $549,217,000 (31 December 2017: $241,330,000, 1 January 2017: $610,561,000) of foreign currency loans. They are repayable within one to six years (31 December 2017 and 1 January 2017: one to seven years). Interest on loans denominated in Singapore dollar is based on money market rates ranging from 2.13% to 3.08% (31 December 2017: 1.46% to 3.38%, 1 January 2017: 0.84% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 3.96% (31 December 2017: 0.50% to 2.10%, 1 January 2017: 0.41% to 2.30%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $1,065,652,000 (31 December 2017: $1,894,728,000, 1 January 2017: $2,810,528,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $7,672,894,000 (31 December 2017: $7,864,285,000, 1 January 2017: $9,055,975,000) and $3,935,905,000 (31 December 2017: $3,556,370,000, 1 January 2017: $4,024,498,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using a discount rate based upon the borrowing rate which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Years after year-end:						
After one but within two years	**1,153,733**	1,403,471	1,839,458	**705,500**	-	400,000
After two but within five years	**3,686,101**	3,174,902	3,027,749	**2,069,580**	1,900,000	1,000,000
After five years	**1,227,918**	1,500,546	2,350,514	**720,530**	1,039,800	1,925,600
	6,067,752	6,078,919	7,217,721	**3,495,610**	2,939,800	3,325,600

22. DEFERRED TAXATION

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Deferred tax liabilities:			
Accelerated tax depreciation	**116,707**	108,936	115,424
Investment properties valuation	**49,843**	184,429	152,751
Offshore income & others	**80,163**	90,502	96,334
	246,713	383,867	364,509
Deferred tax assets:			
Other provisions	**(34,740)**	(32,778)	(29,711)
Unutilised tax benefits	**(15,347)**	(16,415)	(3,623)
	(50,087)	(49,193)	(33,334)
Net deferred tax liabilities	**196,626**	334,674	331,175

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of $84,027,000 (31 December 2017: $105,725,000, 1 January 2017: $86,905,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of $682,317,000 (31 December 2017: $886,858,000, 1 January 2017: $950,132,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses amounting to $145,177,000 (31 December 2017: $227,747,000, 1 Jan 2017: $322,206,000) can be carried forward for a period of one to eight years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Charged /(credited) to profit or loss $'000	Charged /(credited) to other comprehensive income $'000	Subsidiaries disposed $'000	Subsidiaries acquired $'000	Reclassification $'000	Exchange differences $'000	At 31 December $'000
Group								
2018								
Deferred Tax Liabilities								
Accelerated tax depreciation	**108,936**	**4,262**	**-**	**-**	**3,670**	**-**	**(161)**	**116,707**
Investment properties valuation	**184,429**	**6,263**	**-**	**(139,774)**	**-**	**-**	**(1,075)**	**49,843**
Offshore income & others	**90,502**	**(9,437)**	**(243)**	**-**	**-**	**-**	**(659)**	**80,163**
Total	**383,867**	**1,088**	**(243)**	**(139,774)**	**3,670**	**-**	**(1,895)**	**246,713**
Deferred Tax Assets								
Other provisions	**(32,778)**	**(3,045)**	**1,046**	**-**	**-**	**-**	**37**	**(34,740)**
Unutilised tax benefits	**(16,415)**	**1,245**	**-**	**-**	**-**	**-**	**(177)**	**(15,347)**
Total	**(49,193)**	**(1,800)**	**1,046**	**-**	**-**	**-**	**(140)**	**(50,087)**
Net Deferred Tax Liabilities	**334,674**	**(712)**	**803**	**(139,774)**	**3,670**	**-**	**(2,035)**	**196,626**
2017								
Deferred Tax Liabilities								
Accelerated tax depreciation	115,424	(2,320)	-	(2,753)	-	(1,195)	(220)	108,936
Investment properties valuation	152,751	32,196	-	-	-	-	(518)	184,429
Offshore income & others	96,334	(5,028)	898	(1,441)	-	-	(261)	90,502
Total	364,509	24,848	898	(4,194)	-	(1,195)	(999)	383,867
Deferred Tax Assets								
Other provisions	(29,711)	(3,392)	229	(53)	-	(49)	198	(32,778)
Unutilised tax benefits	(3,623)	(7,402)	-	(6,052)	-	(131)	793	(16,415)
Total	(33,334)	(10,794)	229	(6,105)	-	(180)	991	(49,193)
Net Deferred Tax Liabilities	331,175	14,054	1,127	(10,299)	-	(1,375)	(8)	334,674

23. REVENUE

	Group	
	2018	2017
	$'000	$'000
Revenue from contracts with customers		
Revenue from construction contracts	**1,875,857**	1,771,007
Sale of property	**1,215,915**	1,633,059
Sale of goods	**44,297**	49,835
Sale of electricity, utilities and gases	**2,090,651**	1,662,772
Revenue from other services rendered	**683,843**	754,521
	5,910,563	5,871,194
Other sources of revenue		
Rental income from investment properties	**49,176**	54,592
Gain on sale of investments	**2,232**	34,953
Dividend income from quoted shares	**2,703**	2,760
Others	**107**	274
	5,964,781	5,963,773

Sales are made with credit terms that are consistent with market practice. During the financial year, there was a sale of five rigs to a customer where amounts are paid in instalments within five years from the respective delivery dates of each individual rig.

24. STAFF COSTS

	Group	
	2018	2017
	$'000	$'000
Wages and salaries	**780,104**	821,201
Employer's contribution to Central Provident Fund	**68,357**	75,609
Share options and share plans granted to Director and employees	**34,885**	32,583
Other staff benefits	**104,484**	97,626
	987,830	1,027,019

25. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting) the following:

	Group 2018 $'000	Group 2017 $'000
Included in materials and subcontract costs:		
Fair value loss/(gain) on		
- investments	**942**	(9,094)
- forward foreign exchange contracts	**18,095**	3,305
Cost of stocks & contract assets recognised as expense	**771,465**	1,165,049
Direct operating expenses		
- investment properties that generated rental income	**24,951**	27,528
Included in staff costs:		
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	**9,015**	10,783
- post-employment benefits	**95**	124
- share options and share plans granted	**7,771**	7,740
Included in impairment loss on financial assets:		
Provision for doubtful debts (Note 16)	**95,457**	115,780
Impairment of investments (Note 10)	**-**	14,330
Included in other operating income - net:		
Rental expense		
- operating leases	**84,854**	94,090
Impairment/write-off of fixed assets	**6,911**	15,530
Impairment/(write-back of impairment) of associated companies (Note 9)	**60,782**	(39,192)
Provision for stocks	**6,271**	3,377
Provision for related contract costs (Note 19)	**65,000**	-
Provision for contract assets (Note 14)	**21,000**	-
Write-back of provision for claims (Note 19)	**(96,380)**	-
Fair value gain on investment properties (Note 7)	**(84,886)**	(177,939)
Fair value (gain)/loss on		
- investments	**(13,823)**	(18,861)
- forward foreign exchange contracts	**(6,966)**	35,181
Loss/(gain) on differences in foreign exchange	**42,070**	(5,389)
Profit on sale of fixed assets and an investment property	**(2,795)**	(20,142)
Profit on sale of investments	**-**	(341)
Gain on disposal of subsidiaries	**(604,638)**	(146,542)
Gain on disposal of associated companies	**(48,783)**	(62,673)
(Gain)/loss from change in interest in associated companies	**(63,622)**	13,075
Fees and other remuneration to Directors of the Company	**2,373**	2,341
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**3,510**	3,926
Auditors' remuneration		
- auditors of the Company	**3,121**	2,770
- other auditors of subsidiaries	**2,001**	2,218
Non-audit fees paid to		
- auditors of the Company	**486**	135
- other auditors of subsidiaries	**154**	129

26. INVESTMENT INCOME, INTEREST INCOME AND INTEREST EXPENSES

	Group 2018 $'000	Group 2017 $'000
Investment income from:		
Shares - quoted outside Singapore	**34**	129
Shares - unquoted	**9,957**	19,742
	9,991	19,871
Interest income from:		
Bonds, debentures and deposits	**100,376**	84,051
Associated companies	**56,760**	52,622
Service concession arrangement	**7,124**	1,255
	164,260	137,928
Interest expenses on notes, loans and overdrafts	**(199,464)**	(189,223)
Fair value gain/(loss) on interest rate caps and swaps	**1,021**	(4)
	(198,443)	(189,227)

27. TAXATION

(a) Income tax expense

	Group 2018 $'000	Group 2017 $'000
Tax expense comprised:		
Current tax	**245,091**	184,624
Adjustment for prior year's tax	**(32,200)**	(6,365)
Others	**10,958**	10,085
Deferred tax movement:		
Movements in temporary differences (Note 22)	**(712)**	14,054
Land appreciation tax:		
Current year	**60,610**	41,651
	283,747	244,049

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group 2018 $'000	Group 2017 $'000
Profit before tax	**1,239,892**	441,429
Share of profit of associated companies, net of tax	**(221,518)**	(290,533)
Profit before tax and share of profit of associated companies	**1,018,374**	150,896
Tax calculated at tax rate of 17% (2017: 17%)	**173,124**	25,652
Income not subject to tax	**(170,942)**	(151,650)
Expenses not deductible for tax purposes	**232,299**	313,952
Utilisation of previously unrecognised tax benefits	**(17,314)**	(12,637)
Effect of different tax rates in other countries	**39,861**	43,859
Adjustment for prior year's tax	**(32,200)**	(6,365)
Effects of changes in tax rates	**13,461**	-
Land appreciation tax	**60,610**	41,651
Effect of tax reduction on land appreciation tax	**(15,152)**	(10,413)
	283,747	244,049

(b) Movement in current income tax liabilities

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
At 1 January	**220,761**	364,845	**33,955**	17,263
Exchange differences	**(4,291)**	(4,217)	-	-
Tax expense	**245,091**	184,624	**10,200**	12,400
Adjustment for prior year's tax	**(32,200)**	(6,365)	**(636)**	4,400
Land appreciation tax	**60,610**	41,651	-	-
Net income taxes paid	**(195,904)**	(363,377)	-	(108)
Subsidiaries acquired	**157**	-	-	-
Subsidiaries disposed	**(89)**	(2,981)	-	-
Reclassification - tax recoverable and others	**3,787**	6,581	-	-
At 31 December	**297,922**	220,761	**43,519**	33,955

28. EARNINGS PER ORDINARY SHARE

	Group			
	2018 $'000		2017 $'000	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders	**943,829**	**943,829**	196,025	196,025
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,814,159**	**1,814,159**	1,816,965	1,816,965
Adjustment for dilutive potential ordinary shares	**-**	**10,728**	-	12,737
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,814,159**	**1,824,887**	1,816,965	1,829,702
Earnings per ordinary share	**52.0 cts**	**51.7 cts**	10.8 cts	10.7 cts

29. DIVIDENDS

A final cash dividend of 15.0 cents per share tax exempt one-tier (2017: final cash dividend of 14.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2018 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim cash dividend of 10.0 cents per share tax exempt one-tier and the special cash dividend of 5.0 cents per share tax exempt one-tier (2017: interim cash dividend of 8.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2018 will be 30.0 cents per share (2017: 22.0 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 14.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	254,290
An interim cash dividend of 10.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	181,241
A special cash dividend of 5.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	90,621
	526,152

In the prior year, total distributions of $363,531,000 were made.

30. COMMITMENTS

(a) Capital commitments

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Capital expenditure/commitments not provided for in the financial statements:			
In respect of contracts placed:			
- for purchase and construction of investment properties	**372,292**	175,759	261,950
- for purchase of other fixed assets	**13,034**	17,341	46,730
- for purchase/subscription of shares mainly in property development companies	**406,662**	174,311	376,308
- for commitments to private funds	**388,093**	450,247	169,953
Amounts approved by Directors in addition to contracts placed:			
- for purchase and construction of investment properties	**19,665**	105,115	108,422
- for purchase of other fixed assets	**158,677**	224,903	313,196
- for purchase/subscription of shares mainly in property development companies	**77,260**	36,509	-
	1,435,683	1,184,185	1,276,559
Less: Non-controlling shareholders' shares	**(65,018)**	(69,698)	(34,584)
	1,370,665	1,114,487	1,241,975

In addition to the above, the Group made a voluntary conditional general offer ("Offer") for all the issued and paid up ordinary shares in the capital of M1 Limited and proposed to acquire all the issued ordinary shares in the capital of Keppel T&T by way of a scheme of arrangement ("Scheme") in 2018. The assumed maximum consideration for the Offer and the Scheme was $1,506,865,000.

There was no significant future capital expenditure/commitment for the Company.

(b) Lessee's lease commitments

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Years after year-end:						
Within one year	**81,555**	89,315	94,214	**199**	40	121
From two to five years	**255,324**	300,506	326,154	**179**	-	40
After five years	**572,156**	684,204	806,359	**-**	-	-
	909,035	1,074,025	1,226,727	**378**	40	161

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group			Company		
	31 December		1 January	**31 December**		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Years after year-end:						
Within one year	**98,856**	88,087	104,100	**-**	-	-
From two to five years	**159,497**	166,553	212,861	**-**	-	-
After five years	**60,457**	61,638	81,721	**-**	-	-
	318,810	316,278	398,682	**-**	-	-

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

31. CONTINGENT LIABILITIES AND GUARANTEES (UNSECURED)

	Group		**Company**	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**676,470**	585,207	**1,376,427**	1,574,853
Bank guarantees	**23,996**	1,677	**-**	-
	700,466	586,884	**1,376,427**	1,574,853

See Note 2.27 for further disclosures relating to the Group's claims and litigations.

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant related party transactions as follows:

	Group	
	2018	2017
	$'000	$'000
Sales of goods and/or services to		
- associated companies	**183,486**	168,705
- other related parties	**63,544**	82,884
	247,030	251,589
Purchase of goods and/or services from		
- associated companies	**105,056**	83,761
- other related parties	**61,321**	28,842
	166,377	112,603
Treasury transactions with		
- associated companies	**21,412**	9,093

33. FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk

(i) Currency risk

The Group has receivables and payables denominated in foreign currencies via US dollars, Renminbi and other currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $5,284,557,000 (31 December 2017: $6,344,009,000, 1 January 2017: $7,865,165,000). The net negative fair value of forward foreign exchange contracts is $4,778,000 (31 December 2017: net positive fair value of $58,266,000, 1 January 2017: net negative fair value of $270,025,000) comprising assets of $28,143,000 (31 December 2017: $105,511,000, 1 January 2017: $138,169,000) and liabilities of $32,921,000 (31 December 2017: $47,245,000, 1 January 2017: $408,194,000). These amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $5,203,754,000 (31 December 2017: $6,269,592,000, 1 January 2017: $7,716,396,000). The net negative fair value of forward foreign exchange contracts is $4,972,000 (31 December 2017: net positive fair value of $56,859,000, 1 January 2017: net negative fair value of $265,342,000) comprising assets of $27,731,000 (31 December 2017: $104,045,000, 1 January 2017: $137,860,000) and liabilities of $32,703,000 (31 December 2017: $47,186,000, 1 January 2017: $403,202,000). These amounts are recognised as derivative assets and derivative liabilities.

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2018			2017		
	USD	**RMB**	**Others**	USD	RMB	Others
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Group						
Financial Assets						
Debtors	**22,038**	**19,388**	**374,124**	187,377	1,001	90,994
Investments	**197,976**	**-**	**92,244**	278,092	-	98,973
Bank balances, deposits & cash	**134,222**	**186,215**	**27,109**	140,111	245,835	14,323
Financial Liabilities						
Creditors	**88,895**	**7,878**	**25,874**	68,066	214	52,988
Term loans	**611,546**	**-**	**131,718**	55,896	-	241,330
Company						
Financial Assets						
Debtors	**776**	**83**	**-**	-	52	-
Investments	**27,400**	**-**	**-**	-	-	-
Bank balances, deposits & cash	**78**	**236**	**-**	1	330	13
Financial Liabilities						
Creditors	**3,757**	**246**	**69**	-	-	-
Term loans	**294,550**	**-**	**13,607**	-	-	-

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2017: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Group				
USD against SGD				
- Strengthened	**(25,195)**	10,109	**7,759**	13,812
- Weakened	**25,195**	(10,109)	**(7,759)**	(13,812)
RMB against SGD				
- Strengthened	**9,886**	12,331	**-**	-
- Weakened	**(9,886)**	(12,331)	**-**	-
Company				
USD against SGD				
- Strengthened	**(13,602)**	-	**-**	-
- Weakened	**13,602**	-	**-**	-
RMB against SGD				
- Strengthened	**3**	19	**-**	-
- Weakened	**(3)**	(19)	**-**	-

(ii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its SGD, USD and Renminbi variable rate term loans (Note 21). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $1,667,483,000 (31 December 2017: $1,778,962,000, 1 January 2017: $1,678,235,000) whereby it receives variable rates equal to SIBOR and LIBOR (31 December 2017: SIBOR and LIBOR, 1 January 2017: SIBOR, LIBOR and SHIBOR) and pays fixed rates of between 1.33% and 3.62% (31 December 2017: 1.27% and 3.62%, 1 January 2017: 1.27% and 4.90%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $62,841,000 (31 December 2017: net negative fair value of $58,025,000, 1 January 2017: net negative fair value of $10,605,000) comprising assets of $4,677,000 (31 December 2017: $4,339,000, 1 January 2017: $2,703,000) and liabilities of $67,518,000 (31 December 2017: $62,364,000, 1 January 2017: $13,308,000). These amounts are recognised as derivative assets and derivative liabilities.

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2017: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $10,827,000 (2017: $13,649,000) as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling $938,774,000 (31 December 2017: $542,679,000, 1 January 2017: $579,270,000) and $10,001,000 (31 December 2017 and 1 January 2017: $Nil) respectively. The net negative fair value of HSFO forward contracts for the Group is $147,250,000 (31 December 2017: net positive fair value of $89,599,000, 1 January 2017: net positive fair value of $57,122,000) comprising assets of $25,568,000 (31 December 2017: $97,957,000, 1 January 2017: $83,215,000) and liabilities of $172,818,000 (31 December 2017: $8,358,000, 1 January 2017: $26,093,000). These amounts are recognised as derivative assets and derivative liabilities. The net negative fair value of Dated Brent forward contracts for the Group of $14,138,000 (31 December 2017 and 1 January 2017: $Nil) is recognised as derivative liabilities.

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts with notional amounts totalling $80,055,000 (31 December 2017: $47,042,000, 1 January 2017: $6,964,000). The net positive fair values of electricity futures contracts is $7,857,000 (31 December 2017: net negative fair value of $2,297,000, 1 January 2017: net negative fair value of $124,000) comprising assets of $9,002,000 (31 December 2017: $199,000, 1 January 2017: $405,000) and liabilities of $1,145,000 (31 December 2017: $2,496,000, 1 January: $529,000). These amount are recognised as derivative assets and derivative liabilities.

The Group is exposed to equity securities price risk arising from equity investments classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income, in the case of 2017, available-for-sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis for price risk

If prices for HSFO and Dated Brent increase/decrease by 5% (31 December 2017 and 1 January 2017: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $39,366,000 (31 December 2017: $30,635,000, 1 January 2017: $31,820,000) and $252,000 (31 December 2017 and 1 January 2017: $Nil) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (31 December 2017 and 1 January 2017: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $2,849,000 (31 December 2017: $2,467,000, 1 January 2017: $15,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2017: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $5,205,000 (2017: $8,965,000) as a result of higher/lower fair value gains on investments at fair value through profit or loss, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $2,047,000 (2017: $3,195,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income, in the case of 2017, available-for-sale investments.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

Credit Risk

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets which are mainly debtors, amounts due from associated companies and bank balances, deposits and cash.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

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

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to debtors under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	Current $'000	1 to 3 months $'000	3 to 6 months $'000	> 6 months $'000	Total $'000
Offshore & Marine					
Expected loss rate	**0.02%**	**0.4%**	**0.5%**	**21.6%**	
Trade receivables	**164,367**	**27,776**	**11,511**	**1,128,408**	**1,332,062**
Loss allowance	**28**	**107**	**52**	**243,665**	**243,852**
Infrastructure					
Expected loss rate	**0.1%**	**0.7%**	**5.0%**	**51.7%**	
Trade receivables	**134,201**	**33,701**	**4,378**	**3,928**	**176,208**
Loss allowance	**128**	**244**	**219**	**2,032**	**2,623**

For the remaining subsidiaries which transact with low volume of customers and customers are monitored individually for credit loss assessment, the receivables (including concession service receivable and contract assets) are assessed individually for lifetime expected credit losses at each reporting date. In calculating the expected credit loss, the Group uses a probability-weighted amount that is determined by evaluating a range of possible outcomes. The possible outcomes include an unbiased estimate of the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

Individual customer will be evaluated periodically for its credit risk and the credit risk assessment is based on historical, current and forward-looking information such as:

- Historical financial and default rate of the customer
- Any publicly available information on the customer
- Any macro-economic or geopolitical information relevant to the customer
- Any other objectively supportable information on the quality and abilities of the customer's management relevant for its performance

Property

For investment properties, the Group manages credit risks arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposits, and/or banker's guarantees. The Group also has a policy of regular review of debt collection and rental contracts are entered into with customers with an appropriate credit history.

In measuring the expected credit losses, trade debtors and contract assets are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are subject to immaterial credit loss under the property segment.

Investments

Trade receivables are subject to immaterial credit loss under the investment segment.

Balances due from associated companies are subject to immaterial credit loss.

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and hence does not expect significant credit losses.

Previous accounting policy for impairment of debtors

Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

Debtors and amounts due from associated companies that are neither past due nor impaired are substantially companies with good collection track record with the Group. Bank deposits, forward foreign exchange contracts, interest rate caps and interest rate swaps are mainly transacted with banks of high credit ratings assigned by international credit-rating agencies.

The age analysis of trade debtors past due but not impaired/partially impaired is as follows:

	Group	
	31 December 2017 $'000	1 January 2017 $'000
Past due zero to three months but not impaired	88,280	120,531
Past due three to six months but not impaired	74,420	74,905
Past due over six months and partially impaired	1,180,123	1,262,615
	1,342,823	1,458,051

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Liquidity Risk

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury Department also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 21.

The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Group				
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,371,906**	**595,863**	**291,056**	**-**
- Payments	**(4,376,578)**	**(590,895)**	**(293,122)**	**-**
Net-settled HSFO forward contracts				
- Receipts	**18,276**	**5,291**	**2,001**	**-**
- Payments	**(78,658)**	**(89,608)**	**(4,551)**	**-**
Net-settled Dated Brent forward contracts				
- Receipts	**588**	**-**	**-**	**-**
- Payments	**(11,333)**	**(2,377)**	**(1,019)**	**-**
Net-settled electricity futures contracts				
- Receipts	**3,042**	**5,960**	**-**	**-**
- Payments	**(986)**	**(159)**	**-**	**-**
Borrowings	**(1,880,464)**	**(1,107,664)**	**(3,958,879)**	**(1,565,429)**
31 December 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,367,540	989,250	48,742	-
- Payments	(5,310,740)	(989,397)	(50,423)	-
Net-settled HSFO forward contracts				
- Receipts	85,426	12,150	381	-
- Payments	(4,564)	(1,841)	(1,953)	-
Net-settled electricity futures contracts				
- Receipts	52	147	-	-
- Payments	(2,390)	(106)	-	-
Borrowings	(1,903,567)	(1,567,496)	(3,457,684)	(1,884,254)
1 January 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,417,222	1,419,776	681,250	-
- Payments	(5,688,831)	(1,402,107)	(663,117)	-
Net-settled HSFO forward contracts				
- Receipts	55,851	25,690	1,673	-
- Payments	(17,390)	(7,354)	(1,349)	-
Net-settled electricity futures contracts				
- Receipts	513	-	-	-
- Payments	(495)	(142)	-	-
Borrowings	(1,542,315)	(2,011,240)	(3,415,261)	(2,794,455)

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Company				
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,295,278**	**591,445**	**291,056**	**-**
- Payments	**(4,300,024)**	**(586,549)**	**(293,122)**	**-**
Borrowings	**(767,884)**	**(592,033)**	**(2,224,328)**	**(982,992)**
31 December 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,306,832	973,865	48,742	-
- Payments	(5,251,003)	(974,631)	(50,423)	-
Borrowings	(644,666)	(85,514)	(2,096,221)	(1,333,585)
1 January 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,286,287	1,405,221	675,651	-
- Payments	(5,559,747)	(1,387,357)	(657,486)	-
Borrowings	(312,060)	(486,119)	(1,230,036)	(2,262,454)

In addition to the above, creditors (Note 19) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital undertakings for the financial year ended 31 December 2018. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to total equity not exceeding ratios ranging from 2.00 to 3.00 times.

Management monitors capital based on the Group net gearing. The Group net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as bank balances, deposits & cash (Note 18) less total term loans (Note 21).

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Net debt	**5,567,103**	5,519,215	6,965,964
Total equity	**11,587,140**	11,972,959	12,344,890
Net gearing ratio	**0.48x**	0.46x	0.56x

Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2018				
Financial assets				
Derivative financial instruments	-	67,978	-	67,978
Call option	-	-	150,500	150,500
Investments				
- Investments at fair value through other comprehensive income	6,527	-	201,830	208,357
- Investments at fair value through profit or loss	29,332	43,800	168,026	241,158
Short term investments				
- Investments at fair value through other comprehensive income	34,428	-	-	34,428
- Investments at fair value through profit or loss	74,759	-	-	74,759
	145,046	111,778	520,356	777,180
Financial liabilities				
Derivative financial instruments	-	289,132	-	289,132
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,716,314	1,716,314
- Commercial, under construction	-	-	1,135,066	1,135,066
	-	-	2,851,380	2,851,380

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2017				
Financial assets				
Derivative financial instruments	-	208,006	-	208,006
Call option	-	-	137,200	137,200
Investments				
- Available-for-sale investments	8,854	-	238,606	247,460
- Investments at fair value through profit or loss	31,647	43,250	30,813	105,710
Short term investments				
- Available-for-sale investments	55,048	-	-	55,048
- Investments at fair value through profit or loss	147,654	-	74	147,728
	243,203	251,256	406,693	901,152
Financial liabilities				
Derivative financial instruments	-	120,463	-	120,463
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,404,294	1,404,294
- Commercial, under construction	-	-	2,056,314	2,056,314
	-	-	3,460,608	3,460,608
Group				
1 January 2017				
Financial assets				
Derivative financial instruments	-	224,492	-	224,492
Call option	-	-	120,600	120,600
Investments				
- Available-for-sale investments	12,878	11,788	221,890	246,556
- Investments at fair value through profit or loss	-	-	8,973	8,973
Short term investments				
- Available-for-sale investments	77,264	49,610	-	126,874
- Investments at fair value through profit or loss	147,054	-	-	147,054
	237,196	285,890	351,463	874,549
Financial liabilities				
Derivative financial instruments	-	448,124	-	448,124
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,639,368	1,639,368
- Commercial, under construction	-	-	1,910,922	1,910,922
	-	-	3,550,290	3,550,290

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
31 December 2018				
Financial assets				
Derivative financial instruments	-	**31,968**	-	**31,968**
Investments				
- Investments at fair value through other comprehensive income	-	-	**16,957**	**16,957**
	-	**31,968**	**16,957**	**48,925**
Financial liabilities				
Derivative financial instruments	-	**71,099**	-	**71,099**
31 December 2017				
Financial assets				
Derivative financial instruments	-	107,631	-	107,631
Investments				
- Available-for-sale investments	-	-	15,012	15,012
	-	107,631	15,012	122,643
Financial liabilities				
Derivative financial instruments	-	90,049	-	90,049
1 January 2017				
Financial assets				
Derivative financial instruments	-	140,122	-	140,122
Investments				
- Available-for-sale investments	-	-	14,340	14,340
	-	140,122	14,340	154,462
Financial liabilities				
Derivative financial instruments	-	411,945	-	411,945

There have been no transfers between Level 1, Level 2 and Level 3 for the Group and Company in 2018 and 2017.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group		**Company**	
	2018 **$'000**	2017 $'000	**2018** **$'000**	2017 $'000
At 1 January	**406,693**	351,463	**15,012**	14,340
Adoption of SFRS(I) 9				
- Reclassification of investments previously held at cost	**90,408**	-	-	-
- Fair value loss	**(25,119)**	-	-	-
Purchases	**105,664**	22,522	-	-
Sales	**(122,034)**	(8,265)	-	-
Fair value (loss)/gain recognised in other comprehensive income	**(1,124)**	17,062	**1,945**	672
Fair value gain recognised in profit or loss	**47,785**	24,199	-	-
Reclassification	**16,877**	-	-	-
Exchange differences	**1,206**	(288)	-	-
At 31 December	**520,356**	406,693	**16,957**	15,012

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2018	2017
	$'000	$'000
At 1 January	**3,460,608**	3,550,290
Development expenditure	**94,099**	181,522
Fair value gain	**84,886**	182,753
Disposal	**(2,870)**	-
Subsidiary acquired	**360,000**	-
Subsidiary disposed	**(948,613)**	(405,604)
Reclassification		
- Stocks	**(158,300)**	-
- Fixed assets	**-**	1,376
Exchange differences	**(38,430)**	(49,729)
At 31 December	**2,851,380**	3,460,608

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties. The fair value of investment at fair value through profit or loss categorised under Level 2 of the fair value hierarchy is based on the consideration specified in a sales and purchase agreement.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	**Fair value as at 31 December 2018 $'000**	**Valuation Techniques**	**Unobservable Inputs**	**Range of unobservable Inputs**
Investments	369,856	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
			Discount rate	11%
Call option	150,500	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,500 to $3,200
			Capitalisation rate	3.5% to 3.65%

* *Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.*

Description	Fair value as at 31 December 2018 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investment Properties				
- Commercial and residential, completed	1,716,314	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	10.25% to 12.45%
			Terminal yield	7.00%
			Capitalisation rate	4.25% to 12.00%
			Net initial yield	3.7%
			Price of comparable land plots (psm)	$4,700 to $5,707
			Transacted price of comparable properties (psf)	$1,727 to $3,294
- Commercial, under construction	1,135,066	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$6,737 to $11,990
			Gross development value ($'million)	$636 to $1,898

Description	Fair value as at 31 December 2017 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	269,493	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
			Discount rate	11%
Call option	137,200	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,600 to $3,200
			Capitalisation rate	3.5% to 3.75%
Investment Properties				
- Commercial and residential, completed	1,404,294	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	11.50% to 13.00%
			Terminal yield	7.00%
			Capitalisation rate	2.80% to 12.50%
			Net initial yield	3.8%
			Price of comparable land plots (psm)	$7,627 to $12,463
			Transacted price of comparable properties (psf)	$1,321 to $2,500
- Commercial, under construction	2,056,314	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$7,627 to $12,463
			Gross development value ($'million)	$588 to $1,866

* *Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.*

Description	Fair value as at 1 January 2017 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	230,863	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
			Discount rate	11%
Call option	120,600	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$3,000 to $3,400
			Capitalisation rate	3.5% to 3.75%
Investment Properties				
- Commercial and residential, completed	1,639,368	Direct comparison method, investment method, income capitalisation method, cost replacement method and/or discounted cash flow method	Discount rate	7.50% to 13.70%
			Occupancy rate	95%
			Terminal yield	7.25% to 7.70%
			Capitalisation rate	2.80% to 12.50%
			Net initial yield	5.3%
			Price of comparable land plots (psm)	$9,513 to $13,213
			Transacted price of comparable properties (psf)	$1,296 to $2,100
- Commercial, under construction	1,910,922	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$9,513 to $13,213
			Gross development value ($'million)	$629 to $1,699

* *Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.*

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of investments at fair value through other comprehensive income on a quarterly basis.

Valuation process of investment properties is described in Note 7.

34. SEGMENT ANALYSIS

The Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Offshore & Marine
Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

(ii) Property
Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

(iii) Infrastructure
Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

(iv) Investments
The Investments Division consists mainly of the Group's investments in fund management, KrisEnergy Limited, M1 Limited, k1 Ventures Ltd, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities.

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable segments is presented in the following table:

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

2018

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Inter-segment sales	-	6,139	22,729	60,872	(89,740)	-
Total	1,874,571	1,346,374	2,651,300	182,276	(89,740)	5,964,781
Segment Results						
Operating (loss)/profit	(73,433)	1,031,852	105,332	(23,019)	1,834	1,042,566
Investment income	1,199	3,976	2,230	2,586	-	9,991
Interest income	53,675	57,268	57,265	295,233	(299,181)	164,260
Interest expenses	(102,630)	(70,869)	(16,969)	(305,322)	297,347	(198,443)
Share of results of associated companies	8,001	165,311	36,499	11,707	-	221,518
(Loss)/Profit before tax	(113,188)	1,187,538	184,357	(18,815)	-	1,239,892
Taxation	2,523	(253,963)	(7,837)	(24,470)	-	(283,747)
(Loss)/Profit for the year	(110,665)	933,575	176,520	(43,285)	-	956,145
Attributable to:						
Shareholders of Company	(109,250)	937,896	169,584	(54,401)	-	943,829
Non-controlling interests	(1,415)	(4,321)	6,936	11,116	-	12,316
	(110,665)	933,575	176,520	(43,285)	-	956,145
External revenue from contracts with customers						
- At a point in time	97,835	825,480	28,642	10,469	-	962,426
- Over time	1,776,736	469,357	2,596,393	105,651	-	4,948,137
	1,874,571	1,294,837	2,625,035	116,120	-	5,910,563
Other sources of revenue	-	45,398	3,536	5,284	-	54,218
Total	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Other information						
Segment assets	8,461,013	13,850,067	3,649,336	7,596,099	(6,950,188)	26,606,327
Segment liabilities	5,556,134	5,692,596	2,248,589	8,472,056	(6,950,188)	15,019,187
Net assets	2,904,879	8,157,471	1,400,747	(875,957)	-	11,587,140
Investment in associated companies	706,189	3,206,987	1,066,849	1,259,660	-	6,239,685
Additions to non-current assets	87,478	461,857	61,394	28,225	-	638,954
Depreciation and amortisation	99,091	32,762	44,930	5,603	-	182,386
Impairment loss	32,503	796	1,754	53,000	-	88,053

GEOGRAPHICAL INFORMATION

	Singapore $'000	China $'000	Brazil $'000	Other Far East & ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	4,370,849	741,759	224,573	374,430	253,170	-	5,964,781
Non-current assets	6,119,704	2,747,668	229,917	1,648,108	847,235	-	11,592,632

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2018.

INFORMATION ABOUT A MAJOR CUSTOMER
Revenue of $730,615,000 is derived from a single external customer and is attributable to the Infrastructure Division for the year ended 31 December 2018.

Note: Pricing of inter-segment goods and services is at fair market value.

2017

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	1,801,347	1,782,343	2,207,162	172,921	-	5,963,773
Inter-segment sales	584	6,217	20,031	62,795	(89,627)	-
Total	1,801,931	1,788,560	2,227,193	235,716	(89,627)	5,963,773
Segment Results						
Operating (loss)/profit	(166,747)	667,610	124,984	175,100	99	801,046
One-off financial penalty & related costs	(618,722)	–	–	–	–	(618,722)
Investment income	2,112	12,377	–	5,382	–	19,871
Interest income	50,897	40,413	47,801	263,754	(264,937)	137,928
Interest expenses	(127,080)	(67,053)	(16,009)	(243,923)	264,838	(189,227)
Share of results of associated companies	(2,650)	190,492	12,587	90,104	–	290,533
(Loss)/Profit before tax	(862,190)	843,839	169,363	290,417	–	441,429
Taxation	14,180	(198,552)	(27,797)	(31,880)	–	(244,049)
(Loss)/Profit for the year	(848,010)	645,287	141,566	258,537	–	197,380
Attributable to:						
Shareholders of Company	(825,773)	649,826	133,813	238,159	–	196,025
Non-controlling interests	(22,237)	(4,539)	7,753	20,378	–	1,355
	(848,010)	645,287	141,566	258,537	–	197,380
External revenue from contracts with customers						
- At a point in time	230,402	899,744	27,365	12,360	-	1,169,871
- Over time	1,570,945	831,530	2,176,390	122,458	-	4,701,323
	1,801,347	1,731,274	2,203,755	134,818	-	5,871,194
Other sources of revenue	-	51,069	3,407	38,103	-	92,579
Total	1,801,347	1,782,343	2,207,162	172,921	-	5,963,773
Other information						
Segment assets	10,102,851	14,949,530	3,417,867	7,791,404	(7,576,052)	28,685,600
Segment liabilities	8,913,463	6,892,999	1,867,633	6,614,598	(7,576,052)	16,712,641
Net assets	1,189,388	8,056,531	1,550,234	1,176,806	–	11,972,959
Investment in associated companies	690,086	2,918,425	1,032,008	1,273,258	–	5,913,777
Additions to non-current assets	183,879	342,337	224,996	173,216	–	924,428
Depreciation and amortisation	129,527	36,869	43,953	2,031	–	212,380
Impairment loss/(write-back of impairment loss)	28,800	8,499	2,554	(45,808)	–	(5,955)

GEOGRAPHICAL INFORMATION

	Singapore	China	Brazil	Other Far East & ASEAN Countries	Other Countries	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External sales	3,969,057	807,780	456,727	436,187	294,022	–	5,963,773
Non-current assets	5,937,794	3,367,171	267,965	1,473,070	893,942	–	11,939,942

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2017.

INFORMATION ABOUT A MAJOR CUSTOMER

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2017.

Note: Pricing of inter-segment goods and services is at fair market value.

35. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, the following new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 3 and 11 *Previously held interest in a joint operation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalization*

The management anticipates that the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 16 *Leases*

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors will not change significantly.

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitment of $909,035,000 (Note 30) that may result in the recognition of an asset and a liability for future payments.

The Group is currently finalising the transition adjustments.

36. SUBSEQUENT EVENT

(a) On 28 January 2019, the Group announced that its 50% owned associate, Dong Nai Waterfront City LLC ("DNWC") is undergoing a demerger and upon issuance of the Investment Registration Certificate by the relevant Vietnamese authorities, DNWC will become a wholly owned subsidiary of the Group.

The Group will then divest its 70% interest (the "Sale Stake") in DNWC to the Group's associate, Nam Long Investment Corporation at a consideration of VND 2,313 billion (approximately S$136 million). The consideration was arrived on a willing-buyer and willing-seller basis. The unaudited net asset value attributable to the Sale Stake was approximately S$57 million as at 31 December 2018.

(b) On 27 September 2018, a subsidiary of the Company, Konnectivity Pte Ltd, announced its intention to make a voluntary conditional general offer ("Offer") for all the issued and paid up ordinary shares in the capital of M1 Limited. The Offer is subject to satisfaction of certain conditions. On 15 February 2019, the Offer turned unconditional and M1 Limited will become a subsidiary of the Group. The closing date of the Offer has been extended to 4 March 2019. The disclosure of the effect of the business combination on the financial statements could not be made as the purchase price allocation has not commenced at the date of this financial statements.

37. SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies whose results are equity accounted for is given in the following pages.

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
OFFSHORE & MARINE									
Offshore									
Subsidiaries									
Keppel Offshore and Marine Ltd	100	100	100	100	801,720	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltd(1a)	100	100	100	100	#	#	#	Brazil	Holding of long-term investments and property management
Deepwater Technology Group Pte Ltd	100	100	100	100	#	#	#	Singapore	Research and experimental development on deepwater engineering
Estaleiro BrasFELS Ltda(1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long-term investments
Fernvale Pte Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of drilling rigs and offshore production facilities
FSTP Brasil Ltda(1a)	75	75	75	75	#	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	75	#	#	#	Singapore	Project management, engineering and procurement
Greenwood Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long-term investments
Guanabara Navegacao Ltda(1a)	100	100	100	100	#	#	#	Brazil	Ship owning

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
Keppel AmFELS, LLC	100	100	100	100	#	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd(1a)	100	100	100	100	#	#	#	Bulgaria	Marine and offshore engineering services
Keppel FELS Brasil SA(1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Floatec LLC	100	100	100	100	#	#	#	USA	Fabrication of offshore platforms and structures
Keppel Letourneau USA, Inc	100	100	100	100	#	#	#	USA	Design and license of various offshore rigs and platforms
Keppel Offshore & Marine Engineering Services Mumbai Pte Ltd(1a)	100	100	100	100	#	#	#	India	Marine and offshore engineering services
Keppel Offshore & Marine Technology Centre Pte Ltd	100	100	100	100	#	#	#	Singapore	Research & development on marine and offshore engineering
Keppel Offshore & Marine USA Inc	100	100	100	100	#	#	#	USA	Offshore and marine-related services
Keppel Sea Scan Pte Ltd	100	100	100	100	#	#	#	Singapore	Trading and installation of hardware, industrial, marine and building related products, leasing and provision of services
KV Enterprises BV(3)	100	100	100	100	#	#	#	Netherlands	Holding of long-term investments
KVE Adminstradora de Bens Imoveis Ltda(1a)	100	100	100	100	#	#	#	Brazil	Holding of long-term investments and property management
Lindel Pte Ltd	100	100	100	100	#	#	#	Singapore	Project management, engineering and procurement
Offshore Partners Pte Ltd (fka Caspian Rigbuilders Pte Ltd)	100	100	100	100	#	#	#	Singapore	Building of ships, tankers and other ocean-going vessels; environmental engineering services

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
Offshore Technology Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Production of jacking systems
Regency Steel Japan Ltd(1a)	51	51	51	51	#	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Willalpha Limited(3)	100	100	100	100	#	#	#	BVI	Holding of long-term investments
Associated Companies									
Asian Lift Pte Ltd	50	50	50	50	#	#	#	Singapore	Provision of heavy-lift equipment and related services
Atwin Offshore & Marine Pte Ltd(2)	30	30	30	30	#	#	#	Singapore	Investment holding company
FloaTEC Singapore Pte Ltd(2)	50	50	50	50	#	#	#	Singapore	Manufacturing and repair of oil rigs
Floatel International Ltd(1a)	50	50	50	50	#	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Marine Housing Services Pte Ltd	50	50	50	50	#	#	#	Singapore	Provision of housing services for marine workers
Seafox 5 Ltd(2)	49	49	49	49	#	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Marine									
Subsidiaries									
Keppel Shipyard Ltd	100	100	100	100	#	#	#	Singapore	Ship repairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	98	98	98	98	#	#	#	Philippines	Shipbuilding and repairing
Alpine Engineering Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Marine contracting
Blastech Abrasives Pte Ltd	100	100	100	100	#	#	#	Singapore	Painting, blasting, shot blasting, process and sale of slag
Keppel Nantong Heavy Industry Co Ltd(1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd(1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	100	#	#	#	Singapore	Shipbuilding and repairing

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Keppel Subic Shipyard Inc(1a)	87+	86+	86+	86+	3,020	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long-term investments
KSI Production Pte Ltd(3)	100	100	100	100	#	#	#	BVI	Holding of long-term investments
Marine Technology Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of technical consultancy for ship design and engineering works
Associated Companies									
Arab Heavy Industries PJSC(2)	33	33	33	33	#	#	#	UAE	Shipbuilding and repairing
Dyna-Mac Holdings Ltd	24	24	24	24	#	#	#	Singapore	Investment holding
Keppel Smit Towage Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Maju Maritime Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Nakilat - Keppel Offshore & Marine Ltd(2)	20	20	20	20	#	#	#	Qatar	Ship repairing
PV Keez Pte Ltd(2)	20	20	20	20	#	#	#	Singapore	Chartering of ships, barges and boats with crew
PROPERTY									
Subsidiaries									
Keppel Land Ltd	100	100	100	100	4,793,367	4,793,367	4,716,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Philippines Properties Inc(1a)	87+	87+	87+	80+	493	493	493	Philippines	Investment holding
Aether Ltd(3)	-	-	51	51	-	#	#	HK	Disposed
Aether Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Agathese Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Aintree Assets Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Bayfront Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Beijing Aether Property Development Ltd(3)	-	-	51	51	-	#	#	China	Disposed

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
Beijing Kingsley Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Broad Elite Investments Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Cesario Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hilltop Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Corredance Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Corson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Dattson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
DC REIT Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Double Peak Holdings Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Estella JV Co Ltd(1a)	98	98	98	98	#	#	#	Vietnam	Property development and investment
Eternal Commercial Ltd(n)(1a)	100	100	-	-	#	-	-	HK	Investment holding
Evergro Properties Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
First King Properties Ltd(3)	100	100	100	100	#	#	#	Jersey	Property investment
Flemmington Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Floraville Estate Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Harbourfront One Pte Ltd	100	100	100	100	#	#	#	Singapore	Property investment
Harvestland Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Hillsvale Resort Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Hillwest Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Jencity Ltd(3)	100	100	90	90	#	#	#	BVI	Investment holding
Jiangyin Evergro Properties Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Katong Retail Trust(n)	100	100	-	-	#	#	#	Singapore	Investment trust
KeplandeHub Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Bay Property Development (Shenyang) Co Ltd(3)	-	-	100	100	-	#	#	China	Disposed
Keppel China Marina Holdings Pte Ltd(3)	-	-	100	100	-	#	#	Singapore	Disposed
Keppel China Township Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Digihub Holdings Ltd	100	100	100	100	#	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(1a)	100	100	100	100+	#	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd(1a)	100	100	100	100+	#	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Land (Mayfair) Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Land (Saigon Centre) Ltd(1a)	100	100	100	100	#	#	#	HK	Investment holding
Keppel Land (Singapore) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Financial services
Keppel Land International Ltd	100	100	100	100	#	#	#	Singapore	Property services
Keppel Land Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Land Retail Management Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Watco IV Co Ltd(1a)	84	84	84	68	#	#	#	Vietnam	Property development
Keppel Land Watco V Co Ltd(1a)	84	84	84	68	#	#	#	Vietnam	Property development

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
Keppel REIT Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel REIT Property Management Pte Ltd(3)	-	-	100	100	-	#	#	Singapore	Disposed
Keppel Seasons Residences Property Development (Wuxi) Co., Ltd(n)(1a)	100	100	-	-	#	-	-	China	Property development
Keppel Tianjin Eco-City Holdings Pte Ltd	100	100	100	100+	#	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd	100	100	100	100+	#	#	126,137	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd(3)	-	-	100	100	-	#	#	China	Disposed
Keppel Yongxiang Corporate Management (Shanghai) Company Ltd(n)(1a)	100	100	-	-	#	-	-	China	Property services
Kingsdale Development Pte Ltd	86	86	86	86	#	#	#	Singapore	Investment holding
Kingsley Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Krystal Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Joysville Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Main Full Ltd(1a)	100	100	100	100	#	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Meadowsville Investment Pte Ltd(3)	-	-	100	100	-	#	#	Singapore	Dissolved
Merryfield Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Oceansky Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Parksville Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Pasir Panjang Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Pembury Properties Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Pisamir Pte Ltd	100	100	100	-	#	#	-	Singapore	Investment holding
Portsville Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
Pre-1 Investments Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Investment holding
PT Harapan Global Niaga(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Kepland Investama(1a)	100	100	100	100	#	#	#	Indonesia	Property investment
PT Puri Land Development(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Ria Bintan(1a)	100	46	46	46	#	#	#	Indonesia	Golf course ownership and operations
PT Straits-CM Village(1a)	100	39	39	39	#	#	#	Indonesia	Hotel ownership and operations
PT Sukses Manis Indonesia(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Sukses Manis Tangguh(1a)	100	100	100	-	#	#	-	Indonesia	Property development
Riviera Cove LLC(1a)	100	100	100	100	#	#	#	Vietnam	Property development
Riviera Point LLC(1a)	75	75	75	75	#	#	#	Vietnam	Property development
Saigon Centre Investment Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Saigon Sports City Ltd(1a)	100	100	90	90	#	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property investment
Shanghai Hongda Property Development Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Ji Lu Land Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development and investment
Shanghai Ji Xiang Land Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Shanghai Jinju Real Estate Development Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd(1a)	100	99	99	99	#	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property development
Sherwood Development Pte Ltd	70	70	70	70	#	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd(1a)	80	69	69	69	#	#	#	China	Golf club operations and development and property development

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Spring City Resort Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Straits Greenfield Ltd(2)	100	100	100	100	#	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd	100	100	100	100	#	#	#	Singapore	Property development
Straits Property Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd(3)	-	-	80	80	-	#	#	China	Disposed
Sunseacan Investment (HK) Co Ltd(3)	-	-	80	80	-	#	#	HK	Disposed
Third Dragon Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Tianjin Fulong Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Tianjin Fushi Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Tianjin Keppel Hong Hui Procurement Headquarter Co Ltd(1a)	100	100	100	100	#	#	#	China	Trading of construction materials
Triumph Jubilee Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
West Gem Properties Ltd(3)	100	100	100	100	#	#	#	Jersey	Investment holding
Atlantic Marina Services (Asia-Pacific) Pte Ltd	100+	100+	100+	100+	1,460	1,460	1,460	Singapore	Investment holding
FELS Property Holdings Pte Ltd	100	100	100	100	29,814	29,814	78,214	Singapore	Investment holding
FELS SES International Pte Ltd	98+	98+	98+	98+	48	48	48	Singapore	Investment holding
Keppel Houston Group LLC(3)	100+	100+	100+	100+	#	#	#	USA	Property investment
Keppel Kunming Resort Ltd(1a)	100+	98+	98+	98+	4	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	100+	100+	100+	122,785	122,785	122,785	Singapore	Property development and investment
Petro Tower Ltd(1a)	76	74	74	74	#	#	#	Vietnam	Property investment
Associated Companies									
Bellenden Investments Ltd(3)	67	67	67	67	#	#	#	BVI	Investment holding
Chengdu Taixin Real Estate Development Co Ltd(2)	35	35	35	35	#	#	#	China	Property investment

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
CityOne Township Development Pte Ltd(2)	50	50	50	50	#	#	#	Singapore	Investment holding
City Square Office Co Ltd(2)	40	40	40	40	#	#	#	Myanmar	Property development
Davinelle Ltd(3)	67	67	67	67	#	#	#	BVI	Investment holding
Dong Nai Waterfront City LLC(1a)	50	50	50	50	#	#	#	Vietnam	Property development
Empire City Limited LLC(2)	40	40	40	40	#	#	#	Vietnam	Property development
EM Services Pte Ltd	25	25	25	25	#	#	#	Singapore	Property management
Equity Rainbow II Pte Ltd(2)	43	43	43	43	#	#	#	Singapore	Property investment
Garden Development Pte Ltd	60	60	60	-	#	#	-	Singapore	Property development
Keppel Land Watco I Co Ltd(1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd(1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd(1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel REIT	47	47	46	46	#	#	#	Singapore	Real estate investment trust
Marina Bay Suites Pte Ltd(3)	-	-	33	33	-	#	#	Singapore	Liquidated
Nam Long Investment Corporation(2)	10	10	5	5	#	#	#	Vietnam	Trading of development properties
PT Pulomas Gemala Misori(2)	25	25	25	25	#	#	#	Indonesia	Property development
Raffles Quay Asset Management Pte Ltd(2)	33	33	33	33	#	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(1a)	40	40	40	40	#	#	#	Malaysia	Property investment
Quoc Loc Phat Joint Stock Company(3)	-	-	45	45	-	#	#	Vietnam	Disposed
South Rach Chiec LLC(1a)	42	42	42	42	#	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd	25	25	25	25	#	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd(2)	30	30	30	30	#	#	#	Vietnam	Property investment
Vision (III) Pte Ltd(2)	30	30	30	-	#	#	-	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
INFRASTRUCTURE									
Subsidiaries									
Keppel Infrastructure Holdings Pte Ltd	100	100	100	100	445,892	445,892	445,892	Singapore	Investment holding
Energy Infrastructure									
Subsidiaries									
Keppel Energy Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	100	#	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel DHCS Pte Ltd	100	100	100	100	#	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Associated Companies									
Keppel Merlimau Cogen Pte Ltd (2)	49	49	49	49	#	#	#	Singapore	Commercial power generation
Environmental Infrastructure									
Subsidiaries									
Keppel Seghers Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Holdings BV(1a)	100	100	100	100	#	#	#	Netherlands	Investment holding
Keppel Seghers Belgium NV(1a)	100	100	100	100	#	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Marina East Water Pte Ltd	100	100	100	-	#	#	-	Singapore	Design and construction of desalination plant
Associated Companies									
Tianjin Eco-City Energy Investment & Construction Co Ltd(2)	20	20	20	20	#	#	#	China	Investment and implementation of energy and utilities related infrastructure

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Tianjin Eco-City Environmental Protection Co Ltd(2)	20	20	20	20	#	#	#	China	Investment, construction and operation of infrastructure for environmental protection
Infrastructure Services									
Subsidiaries									
Keppel Infrastructure Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of technical support including engineering, construction, operations and maintenance of plants and facilities
KMC O&M Pte Ltd	100	100	100	100	#	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	100	#	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Investments									
Subsidiaries									
Keppel Integrated Engineering Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Prince Engineering Pty Ltd(1a)	100	100	100	100	#	#	#	Australia	Metal fabrication
Keppel XTE Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Associated Companies									
Keppel Infrastructure Trust (2)	18	18	18	18	#	#	#	Singapore	Public trust
Logistics & Data Centres									
Subsidiaries									
Keppel Telecommunications & Transportation Ltd	79	79	79	80	397,647	397,647	397,647	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd	100	79	79	80	#	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Logistics (Foshan) Ltd(2)	70	55	55	56	#	#	#	China	Integrated logistics port operations, warehousing and distribution
Keppel Logistics (Foshan Sanshui Port) Co Ltd(2)	60	33	33	33	#	#	#	China	Integrated logistics port operations and warehousing

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
Jilin Sino-Singapore Food Zone International Logistics Co Ltd(2)	70	55	55	56	#	#	#	China	Integrated logistics services, warehousing and distribution
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd (2)	60	47	47	48	#	#	#	China	Integrated logistics services, food trading hub, warehousing and distribution
UrbanFox Pte Ltd(2) (fka Courex Pte Ltd)	85	67	47	48	#	#	#	Singapore	Omnichannel logistics and channel management solutions provider
Keppel Data Centres Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100+	85+	85+	86+	#	#	#	Singapore	Investment holding and management services
Keppel DC Singapore 1 Ltd	100+	85+	85+	86+	#	#	#	Singapore	Data centre facilities management
Keppel DC Singapore 2 Pte Ltd	100+	85+	85+	86+	#	#	#	Singapore	Data centre facilities management
Keppel DC Investment Holdings Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Keppel Communications Pte Ltd	100	79	79	80	#	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Associated Companies									
Asia Airfreight Terminal Company Ltd(3)	-	-	8	8	-	#	#	HK	Disposed
Computer Generated Solutions Inc(2)	21	17	17	17	#	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT(2)	25+	20+	29+	29+	#	#	#	Singapore	Data centre facilities and colocation services
Nautilus Data Technologies, Inc.(2)	21	17	17	-	#	#	-	USA	Water-cooled data centre leasing, co-location and interconnection services
Radiance Communications Pte Ltd	50	40	40	40	#	#	#	Singapore	Distribution and maintenance of communications equipment and systems

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
SVOA Public Company Ltd(2)	32	25	25	25	#	#	#	Thailand	Distribution of IT products and telecommunica-tions services
Wuhu Sanshan Port Co Ltd(2)	50	40	40	40	#	#	#	China	Integrated logistics services and port operations
INVESTMENTS									
Subsidiaries									
Keppel Capital Holdings Pte Ltd	100	100	100	100	783,000	783,000	783,000	Singapore	Investment holding
Keppel Capital Investment Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Alpha Investment Partners Ltd	100	100	100	100	#	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100+	90+	90+	90+	#	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Infrastructure Fund Management Pte Ltd	100	100	100	100	#	#	#	Singapore	Trust management
Keppel REIT Management Ltd	100	100	100	100	#	#	#	Singapore	Investment advisory and property fund management
Keppel Philippines Holdings Inc(1a)	82+	81+	81+	81+	#	#	#	Philippines	Investment holding
Alpha Real Estate Securities Fund	99	99	99	99	#	#	#	Singapore	Investment holding
Kephinance Investment Pte Ltd	100	100	100	100	90,000	90,000	90,000	Singapore	Investment holding
Kepinvest Holdings Pte Ltd(n)	100	100	-	-	10	-	-	Singapore	Investment holding
Kepinvest Singapore Pte Ltd	100	100	100	100	18,425	18,425	18,425	Singapore	Investment holding
Kepital Management Ltd(1a)	100	100	100	100	#	#	#	HK	Investment company
Keppel Group Eco-City Investments Pte Ltd	100+	100+	100+	100+	126,744	126,744	126,744	Singapore	Investment holding
Keppel Funds Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel GMTN Pte Ltd	100	100	100	100	10	10	10	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	100	594,922	594,922	594,922	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation / Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018	2018	2017	2017	2018	2017	2017		
	%	%	%	%	$'000	$'000	$'000		
KI Investments (HK) Ltd(3)	-	-	100	100	-	#	#	HK	Liquidated
Primero Investments Pte Ltd(3)	-	-	100	100	-	#	#	Singapore	Liquidated
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90+	90+	90+	90+	#	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(3)	100+	100+	100+	100+	#	#	#	BVI	Investment holding
Travelmore Pte Ltd	100	100	100	100	265	265	265	Singapore	Travel agency
Associated Companies									
k1 Ventures Ltd(2)	36	36	36	36	#	#	#	Singapore	Investment holding (under liquidation)
Keppel-KBS US REIT(2)	8	7	7	-	#	#	-	Singapore	Real estate investment trust
KrisEnergy Ltd(2)	40	40	40	40	#	#	#	Cayman Islands	Exploration for, and the development and production of oil and gas
M1 Ltd(2)	19	15	15	15	#	#	#	Singapore	Telecommunications services
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(2)	50	45	45	45	#	#	#	China	Property development
Total Subsidiaries					8,209,626	8,209,616	8,307,153		

Notes:

(i) All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:
(1a) Audited by overseas practice of PricewaterhouseCoopers LLP;
(2) Audited by other firms of auditors; and
(3) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated/acquired during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vii) Abbreviations:
British Virgin Islands (BVI) United Arab Emirates (UAE)
Hong Kong (HK) United States of America (USA)

(viii) The Company has 260 significant subsidiaries and associated companies as at 31 December 2018. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KEPPEL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The information in this Appendix III has been extracted from the unaudited financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum.

Keppel Corporation

KEPPEL CORPORATION LIMITED

Co. Reg. No. 196800351N
(Incorporated in the Republic of Singapore)

FULL YEAR 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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KEPPEL CORPORATION LIMITED

Full Year 2019 Financial Statements & Dividend Announcement

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the year ended 31 December 2019.

1. GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December

	Note	Fourth Quarter			Full Year		
		31.12.2019 $'000	31.12.2018 $'000 Restated	+/- %	**31.12.2019 $'000**	31.12.2018 $'000 Restated	+/- %
Revenue		**2,197,233**	1,676,367	+31.1	**7,579,703**	5,964,781	+27.1
Materials & subcontract costs	(i)	**(1,531,725)**	(1,207,800)	+26.8	**(5,266,594)**	(4,175,035)	+26.1
Staff costs	(ii)	**(334,832)**	(280,052)	+19.6	**(1,163,231)**	(987,830)	+17.8
Depreciation & amortisation	(iii)	**(100,433)**	(49,304)	+103.7	**(375,294)**	(182,386)	+105.8
Impairment loss on financial assets	(xi),(xii)	**(61,702)**	(103,751)	-40.5	**(74,367)**	(99,713)	-25.4
Other operating income /(expense) - net	(iv)	**42,711**	(29,011)	NM	**176,284**	535,345	-67.1
Operating profit		**211,252**	6,449	>+ 500	**876,501**	1,055,162	-16.9
Investment income	(v)	**15,624**	5,686	+174.8	**64,594**	9,991	>+500
Interest income		**51,640**	33,592	+53.7	**177,675**	164,260	+8.2
Interest expenses	(vi)	**(76,199)**	(53,943)	+41.3	**(312,716)**	(204,824)	+52.7
Share of results of associated companies	(vii)	**35,193**	172,820	-79.6	**147,413**	220,895	-33.3
Profit before tax		**237,510**	164,604	+44.3	**953,467**	1,245,484	-23.4
Taxation	1b	**(31,083)**	(18,631)	+66.8	**(192,329)**	(284,776)	-32.5
Profit for the quarter / year		**206,427**	145,973	+41.4	**761,138**	960,708	-20.8
Attributable to:							
Shareholders of the Company		**191,408**	135,251	+41.5	**706,975**	948,392	-25.5
Non-controlling interests		**15,019**	10,722	+40.1	**54,163**	12,316	+339.8
		206,427	145,973	+41.4	**761,138**	960,708	-20.8
Earnings per ordinary share							
- basic		**10.5 cts**	7.5 cts	+40.0	**38.9 cts**	52.3 cts	-25.6
- diluted		**10.4 cts**	7.5 cts	+38.7	**38.7 cts**	52.0 cts	-25.6

NM – Not Meaningful

An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IAS 23 Borrowing Costs was finalised by the International Financial Reporting Standards Interpretations Committee. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Consequently, the results for the fourth quarter and full year ended 31 December 2018 are restated.

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1a. Pre-tax profit of the Group is arrived at after charging/(crediting) the following:

	Note	Fourth Quarter			Full Year		
		31.12.2019 $'000	31.12.2018 $'000	+/- %	**31.12.2019 $'000**	31.12.2018 $'000	+/- %
Share-based payment expenses		**13,749**	6,440	+113.5	**37,255**	34,885	+6.8
Profit on sale of fixed assets and investment properties	(viii)	**(5,566)**	(1,002)	+455.5	**(6,277)**	(2,795)	+124.6
Provision							
- Stocks	(ix)	**6,743**	27,681	-75.6	**7,571**	6,271	+20.7
- Contract assets	(x)	**–**	21,000	NM	**–**	21,000	NM
- Doubtful debts	(xi)	**18,389**	99,528	-81.5	**31,036**	95,457	-67.5
Bad debts write-off	(xii)	**43,313**	4,223	>+500	**43,331**	4,256	>+500
Fair value loss/(gain)							
- Investments	(xiii)	**822**	(12,911)	NM	**10,866**	(12,881)	NM
- Forward contracts	(xiv)	**6,692**	4,110	+62.8	**15,703**	11,129	+41.1
- Financial derivatives		**(34)**	555	NM	**(159)**	(1,021)	-84.4
Foreign exchange (gain)/loss	(xv)	**(13,540)**	(7,453)	+81.7	**(39,632)**	42,070	NM
Impairment of associated companies	(xvi)	**17,902**	61,721	-71.0	**35,915**	60,782	-40.9
Impairment/write-off of fixed assets	(xvii)	**8,432**	6,911	+22.0	**8,432**	6,911	+22.0
Loss/(gain) on disposal of subsidiaries	(xviii)	**65**	(5,774)	NM	**(64,469)**	(604,638)	-89.3
Loss/(gain) on disposal of associated companies	(xix)	**76**	(6,771)	NM	**22**	(48,783)	NM
Fair value gain on investment properties	(xx)	**(62,673)**	(36,586)	+71.3	**(101,020)**	(84,886)	+19.0
Gain from change in interest in associated companies	(xxi)	**(542)**	(2,845)	-80.9	**(27,114)**	(63,622)	-57.4
Write-back of provision for claims	(xxii)	**–**	(96,380)	NM	**–**	(96,380)	NM
Provision for related contract costs	(xxiii)	**–**	65,000	NM	**–**	65,000	NM
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xxiv)	**–**	–	–	**(158,376)**	–	NM

NM – Not Meaningful

Note:

(i) Materials & subcontract costs increased for the current year in line with higher revenue from the Investments (consolidation of M1 Limited (“M1”) from date of acquisition), Offshore & Marine and Infrastructure Divisions.

(ii) Staff costs increased for the current year due mainly to consolidation of M1 from date of acquisition as well as higher manpower cost in the Offshore & Marine and Infrastructure Divisions.

(iii) Depreciation & amortisation increased for the current year due mainly to the recognition of right-of-use assets following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 9, as well as consolidation of M1 from date of acquisition.

(iv) Other operating income decreased for the current year due mainly to the lower gain on disposal of subsidiaries (Note xviii), absence of write-back of provision for claims (Note xxii), loss on disposal of associated companies compared to a gain in the prior year (Note xix), lower gain from change in interest in associated companies (Note xxi) and fair value loss on investments compared to fair value gain in the prior year (Note xiii), partly offset by fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary (Note xxiv), foreign exchange gain (Note xv), absence of provision for related contract costs (Note xxiii), lower impairment of associated companies (Note xvi), absence of provision for contract assets (Note x) and higher fair value gain on investment properties (Note xx).

(v) Higher investment income was largely attributable to distributions received by the Property, Investments and Offshore & Marine Divisions.

(vi) Higher interest expense was mainly attributable to higher average borrowings as well as the recognition of lease liabilities following the adoption of SFRS(I) 16 as disclosed in paragraph 9.

(vii) Share of profit of associated companies for the current year was lower due mainly to lower contribution from associated companies from Offshore & Marine and Investments Divisions.

(viii) Profit on sale of fixed assets & investment properties for the current year was largely attributable to disposal of assets in the Investments Division. The profit on sale of fixed assets in the prior year arose mainly from the Offshore & Marine and Property Divisions.

(ix) The provision for stocks for the current year arose mainly from the Offshore & Marine Division. The provision for stocks in the prior year arose mainly from the Offshore & Marine and Property Divisions.

(x) In the prior year, the provision for contract assets arose from the Offshore & Marine Division.

(xi) The provision for doubtful debts arose mainly from the Infrastructure, Offshore & Marine and Investments Divisions. In the prior year, the provision for doubtful debts arose mainly from the Offshore & Marine Division.

(xii) The bad debt write-off for the current year arose mainly from the Investments Division. The bad debt write-off in the prior year arose mainly from the Offshore & Marine Division.

(xiii) Fair value loss (mark-to-market) on investment portfolio for the current year was due to decrease in prices of warrants and prices of stocks. Fair value gain (mark-to-market) on investment portfolio for prior year was due to increase in prices of stocks.

(xiv) Fair value loss on forward contracts for the current year arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate. In the prior year, fair value loss on forward contracts arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate, partly offset by fair value gain in relation to fair value hedge of United States dollar loan. The corresponding effects from revaluation of the United States dollar loan was recorded under foreign exchange loss (Note xv).

(xv) Foreign exchange gain for the current year was mainly attributable to the revaluation of net payables denominated in Brazilian Real and United States dollar, both of which depreciated against Singapore dollar, as well as revaluation of Qatari Riyal denominated receivables which appreciated against Singapore dollar, partly offset by foreign exchange loss arising from the receipt of Renminbi denominated dividends. Foreign exchange loss for the prior year was mainly attributable to the realisation of fair value changes in cash flow hedge to profit & loss account and revaluation of net liabilities denominated in United States dollar, which appreciated against Singapore dollar, partly offset by the revaluation of net assets denominated in United States dollar, which appreciated against Singapore dollar. Foreign exchange loss for prior year also included foreign exchange loss arising from the revaluation of United States dollar loan which was hedged using forward exchange contracts. The effects from fair value on forward contracts was recorded under fair value loss on forward contracts (Note xiv).

(xvi) The impairment of an associated company for current year was mainly attributable to the Investments Division. The impairment of associated companies in prior year arose from the Investments, Offshore & Marine and Infrastructure Divisions.

(xvii) The impairment of fixed assets in the current year arose from the Property and Infrastructure Divisions. The impairment of fixed assets in prior year arose from the Offshore & Marine, Investments and the Infrastructure Divisions.

(xviii) Gain on disposal of subsidiaries arose from the sale of 70% interest in Dong Nai Waterfront City LLC. In the prior year, gain on disposal of subsidiaries arose from the sale of Aether Limited, Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd and Keppel Bay Property Development (Shenyang) Co. Ltd.

(xix) Loss on disposal of associated companies in the current year arose from disposal of Buena Homes (Sandoval) Inc, partly offset by gain on divestment of Anew Corporation Limited. In the prior year, gain on disposal of an associated company arose from the sale of interest in Quoc Loc Phat Joint Stock Company and Advanced Research Group.

(xx) Higher fair value gain on investment properties was attributable to higher fair value gain on the investment properties in the Property Division, partly offset by higher fair value loss on data centre assets.

(xxi) Gain from change in interest in associated companies relates to change in interest in Keppel REIT and Keppel DC REIT.

(xxii) In the prior year, write-back of provision for claims arose from the Offshore & Marine Division.

(xxiii) In the prior year, provision for expected loss on contracts arose from the Offshore & Marine Division's contract related costs with Sete Brasil.

(xxiv) Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary arose from the acquisition of M1.

1b. Taxation expenses for the current year were lower mainly because of write-back of tax provision in the Offshore & Marine Division, and lower taxable profits.

1c. Earnings per ordinary share

	2019	2018 Restated	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**38.9 cts**	52.3 cts	-25.6
- Weighted average number of shares (excluding treasury shares) ('000)	**1,815,701**	1,814,159	+0.1
(ii) On a fully diluted basis	**38.7 cts**	52.0 cts	-25.6
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,825,369**	1,824,887	+0.03

1d. Breakdown of sales

	2019 $'000	2018 $'000 Restated	+/-%
First Half			
Sales reported for first half year	**3,315,178**	2,992,733	+10.8
Profit after tax before deducting non-controlling interests reported for first half year	**389,673**	586,131	-33.5
Second Half			
Sales reported for second half year	**4,264,525**	2,972,048	+43.5
Profit after tax before deducting non-controlling interests reported for second half year	**371,465**	374,577	-0.8

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the full year ended 31 December

		Fourth Quarter			Full Year		
		31.12.2019 $'000	31.12.2018 $'000 Restated	+/- %	**31.12.2019 $'000**	31.12.2018 $'000 Restated	+/- %
Profit for the quarter / year		**206,427**	145,973	+41.4	**761,138**	960,708	-20.8
Items that may be reclassified subsequently to profit & loss account:							
Cash flow hedges							
- Fair value changes arising during the quarter / year, net of tax	(i)	**(6,772)**	(367,764)	-98.2	**(70,056)**	(238,794)	-70.7
- Realised and transferred to profit & loss account	(ii)	**45,077**	179,477	-74.9	**94,645**	132,017	-28.3
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(iii)	**(17,029)**	6,739	NM	**(100,310)**	(132,866)	-24.5
- Realised and transferred to profit & loss account		**1,153**	(7,602)	NM	**7,345**	5,574	+31.8
Share of other comprehensive income of associated companies							
- Cash flow hedges		**1,302**	(3,288)	NM	**(18,898)**	20,031	NM
- Foreign exchange translation		**(31,774)**	(42,587)	-25.4	**(76,952)**	(42,821)	+79.7
		(8,043)	(235,025)	-96.6	**(164,226)**	(256,859)	-36.1
Items that will not be reclassified subsequently to profit & loss account:							
Financial assets, at FVOCI							
- Fair value changes arising during the quarter / year	(iv)	**(37,500)**	(31,512)	+19.0	**(78,459)**	(31,566)	+148.6
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(iii)	**(823)**	2,582	NM	**(1,936)**	(3,545)	-45.4
Share of other comprehensive income of associated companies							
- Financial assets, at FVOCI		**31**	(130)	NM	**342**	581	-41.1
		(38,292)	(29,060)	+31.8	**(80,053)**	(34,530)	+131.8
Other comprehensive expense for the quarter / year, net of tax		**(46,335)**	(264,085)	-82.5	**(244,279)**	(291,389)	-16.2
Total comprehensive income/(expense) for the quarter / year		**160,092**	(118,112)	NM	**516,859**	669,319	-22.8
Attributable to:							
Shareholders of the Company		**146,262**	(131,361)	NM	**462,946**	660,866	-29.9
Non-controlling interests		**13,830**	13,249	+4.4	**53,913**	8,453	>+500
		160,092	(118,112)	NM	**516,859**	669,319	-22.8

NM – Not Meaningful

Note:

(i) Fair value differences were due mainly to the hedging differential on forward exchange contracts and fuel oil forward contracts.

(ii) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.

(iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation losses for the year ended 31 December 2019 and 31 December 2018 arose largely from the weakening of foreign currencies, such as Renminbi against Singapore dollar.

(iv) Fair value changes were attributable to movements in prices of financial assets measured at fair value with fair value changes recognised in other comprehensive income.

3. BALANCE SHEETS as at 31 December

	Group			Company	
	31.12.2019	31.12.2018	01.01.2018	**31.12.2019**	31.12.2018
	$'000	$'000	$'000	**$'000**	$'000
		Restated	Restated		
Share capital	**1,291,722**	1,291,722	1,291,310	**1,291,722**	1,291,722
Treasury shares	**(14,009)**	(45,073)	(74)	**(14,009)**	(45,073)
Reserves	**9,933,140**	10,021,113	9,901,249	**6,772,318**	6,396,589
Share capital & reserves	**11,210,853**	11,267,762	11,192,485	**8,050,031**	7,643,238
Non-controlling interests	**435,178**	308,930	529,970	**–**	–
Total equity	**11,646,031**	11,576,692	11,722,455	**8,050,031**	7,643,238
Represented by:					
Fixed assets	**3,166,345**	2,372,560	2,432,963	**7,273**	6,676
Investment properties	**3,022,091**	2,851,380	3,460,608	**–**	–
Right-of-use assets	**495,429**	–	–	**12,833**	–
Subsidiaries	**–**	–	–	**7,962,528**	7,867,959
Associated companies	**6,350,845**	6,239,053	5,915,379	**–**	–
Investments	**649,069**	449,515	417,792	**19,230**	16,957
Long term assets	**1,656,362**	679,464	603,792	**23,469**	8,801
Intangibles	**1,682,981**	129,007	132,594	**–**	–
	17,023,122	12,720,979	12,963,128	**8,025,333**	7,900,393
Current assets					
Stocks	**5,542,755**	5,495,904	5,755,725	**–**	–
Contract assets	**3,497,476**	3,212,712	3,643,495	**–**	–
Amounts due from:					
- subsidiaries	**–**	–	–	**7,280,724**	4,043,121
- associated companies	**563,578**	291,729	342,960	**705**	548
Debtors	**2,748,484**	2,702,300	3,062,683	**8,844**	6,229
Derivative assets	**41,050**	45,976	181,226	**18,544**	23,217
Short term investments	**121,581**	136,587	202,776	**–**	27,400
Bank balances, deposits & cash	**1,783,514**	1,981,406	2,273,788	**1,047**	370
	14,298,438	13,866,614	15,462,653	**7,309,864**	4,100,885
Current liabilities					
Creditors	**4,604,544**	4,391,023	5,720,165	**78,725**	76,172
Derivative liabilities	**119,481**	119,405	37,969	**19,988**	27,796
Contract liabilities	**1,824,965**	1,918,547	1,950,151	**–**	–
Provisions for warranties	**36,448**	69,614	115,972	**–**	–
Amounts due to:					
- subsidiaries	**–**	–	–	**156,867**	162,611
- associated companies	**490,286**	115,824	253,331	**–**	–
Term loans	**4,555,237**	1,480,757	1,714,084	**3,400,430**	460,657
Lease liabilities	**67,387**	–	–	**4,154**	–
Taxation	**248,425**	297,922	220,761	**31,523**	43,519
	11,946,773	8,393,092	10,012,433	**3,691,687**	770,755
Net current assets	**2,351,665**	5,473,522	5,450,220	**3,618,177**	3,330,130
Non-current liabilities					
Term loans	**6,504,394**	6,067,752	6,078,919	**3,498,203**	3,495,610
Lease liabilities	**530,052**	–	–	**11,498**	–
Deferred taxation	**399,028**	188,340	325,359	**–**	–
Other non-current liabilities	**295,282**	361,717	286,615	**83,778**	91,675
	7,728,756	6,617,809	6,690,893	**3,593,479**	3,587,285
Net assets	**11,646,031**	11,576,692	11,722,455	**8,050,031**	7,643,238
Group net debt	***9,873,556***	*5,567,103*	*5,519,215*	***n.a.***	*n.a.*
Group net gearing ratio	***0.85x***	*0.48x*	*0.47x*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

(i) Amount repayable in one year or less, or on demand

As at 31.12.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
165,986	**4,456,638**	412,412	1,068,345

(ii) Amount repayable after one year

As at 31.12.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
840,911	**6,193,535**	185,874	5,881,878

(iii) Details of any collateral and securities

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of $963,054,000 (31 December 2018: $1,065,652,000) to banks for loan facilities. Included in secured borrowings as at 31 December 2019 are current lease liabilities of $67,387,000 and non-current lease liabilities of $530,052,000 which are secured over the right-of-use assets of $495,429,000.

3b. Net asset value

	Group			**Company**		
	31.12.2019	31.12.2018 Restated	+/-%	**31.12.2019**	31.12.2018	+/-%
Net asset value per ordinary share *	**$6.17**	$6.22	-0.8	**$4.43**	$4.22	+5.0
Net tangible asset per ordinary share *	**$5.25**	$6.15	-14.6	**$4.43**	$4.22	+5.0

* Based on share capital of 1,816,379,444 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2018: 1,812,458,136 ordinary shares (excluding treasury shares)).

3c. Balance sheet analysis

Group shareholder's funds decreased by $0.06 billion to $11.21 billion at 31 December 2019. The decrease was mainly attributable to payment of final dividend of 15.0 cents per share in respect of financial year 2018, payment of interim dividend of 8.0 cents per share in respect of half year ended 30 June 2019, adoption of SFRS(I) 16 *Leases,* and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd, foreign exchange translation losses, decrease in value of investments accounted for at fair value through other comprehensive income, partly offset by retained profits for 2019.

Group total assets were $31.32 billion at 31 December 2019, $4.73 billion higher than the previous year end. Non-current assets increased due mainly to increase in fixed assets following the consolidation of M1, recognition of intangibles due to M1 acquisition, recognition of right-of-use assets arising from the adoption of SFRS(I) 16 and increase in long term assets. Increase in current assets was due mainly to the increase in contract assets and advances to associated companies, partly offset by decrease in bank balances, deposits and cash.

Group total liabilities of $19.68 billion at 31 December 2019 were $4.66 billion higher than the previous year end. This was largely attributable to the increase in term loans, recognition of lease liabilities arising from the adoption of SFRS(I) 16, as well as deposits by and advances from associated companies.

Group net debt increased by $4.31 billion to $9.87 billion at 31 December 2019. This was due mainly to the acquisition of M1 of $1.23 billion, consolidation of M1's net debt of $0.34 billion, acquisition of remaining interest in Keppel Telecommunications & Transportation Ltd of $0.22 billion, payment of final dividend in respect of financial year 2018 of $0.27 billion, payment of interim dividend in respect of half year ended 30 June 2019 of $0.15 billion, the recognition of lease liabilities of $0.60 billion arising from adoption of SFRS(I) 16, as well as working capital requirements of $1.44 billion.

Group net gearing ratio increased from 48% at 31 December 2018 to 85% at 31 December 2019. This was largely driven by increase in group net debt.

4. STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2019								
As previously reported at 31 December 2018	**1,291,722**	**(45,073)**	**194,943**	**10,330,287**	**(493,669)**	**11,278,210**	**308,930**	**11,587,140**
Effects of change in accounting policy on capitalisation of borrowing costs	–	–	–	(10,448)	–	(10,448)	–	(10,448)
As restated at 31 December 2018	**1,291,722**	**(45,073)**	**194,943**	**10,319,839**	**(493,669)**	**11,267,762**	**308,930**	**11,576,692**
Adoption of SFRS(I) 16	–	–	–	(78,201)	–	(78,201)	(2,797)	(80,998)
As adjusted at 1 January 2019	**1,291,722**	**(45,073)**	**194,943**	**10,241,638**	**(493,669)**	**11,189,561**	**306,133**	**11,495,694**
Total comprehensive income for the year								
Profit for the year	–	–	–	706,975	–	706,975	54,163	761,138
Other comprehensive income *	–	–	(74,112)	–	(169,917)	(244,029)	(250)	(244,279)
Total comprehensive income for the year	–	–	(74,112)	706,975	(169,917)	462,946	53,913	516,859
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(417,938)	–	(417,938)	–	(417,938)
Share-based payment	–	–	34,991	–	–	34,991	125	35,116
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(11,623)	(11,623)
Purchase of treasury shares	–	(4,543)	–	–	–	(4,543)	–	(4,543)
Treasury shares reissued pursuant to share plans and share option scheme	–	35,607	(35,472)	–	–	135	–	135
Transfer of statutory, capital and other reserves from revenue reserves	–	–	9,821	(9,821)	–	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	1,207	1,207
Contributions to defined benefits plans	–	–	(4,041)	–	–	(4,041)	(415)	(4,456)
Other adjustments	–	–	(31)	–	–	(31)	–	(31)
Total contributions by and distributions to owners	–	31,064	5,268	(427,759)	–	(391,427)	(10,706)	(402,133)
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	–	–	–	–	–	–	308,001	308,001
Acquisition of additional interest in subsidiaries	–	–	–	(50,227)	–	(50,227)	(173,390)	(223,617)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(50,864)	(50,864)
Effects of acquiring part of non-controlling interests in a subsidiary	–	–	–	–	–	–	2,091	2,091
Total change in ownership interests in subsidiaries	–	–	–	(50,227)	–	(50,227)	85,838	35,611
Total transactions with owners	–	31,064	5,268	(477,986)	–	(441,654)	75,132	(366,522)
As at 31 December 2019	1,291,722	(14,009)	126,099	10,470,627	(663,586)	11,210,853	435,178	11,646,031

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

4a. Statement of changes in equity of the Group (cont'd)

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2018								
As previously reported at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959
Effects of change in accounting policy on capitalisation of borrowing costs	–	–	–	(15,011)	–	(15,011)	–	(15,011)
As restated at 1 January 2018	1,291,310	(74)	281,407	10,178,636	(323,556)	11,427,723	530,225	11,957,948
Adoption of SFRS(I) 9	–	–	1,058	(236,296)	–	(235,238)	(255)	(235,493)
As adjusted at 1 January 2018	1,291,310	(74)	282,465	9,942,340	(323,556)	11,192,485	529,970	11,722,455
Total comprehensive income for the year								
Profit for the year	–	–	–	948,392	–	948,392	12,316	960,708
Other comprehensive income *	–	–	(117,413)	–	(170,113)	(287,526)	(3,863)	(291,389)
Total comprehensive income for the year	–	–	(117,413)	948,392	(170,113)	660,866	8,453	669,319
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(526,152)	–	(526,152)	–	(526,152)
Share-based payment	–	–	33,073	–	–	33,073	481	33,554
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(20,321)	(20,321)
Shares issued	412	–	–	–	–	412	–	412
Purchase of treasury shares	–	(90,758)	–	–	–	(90,758)	–	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	–	45,759	(40,435)	–	–	5,324	–	5,324
Transfer of statutory, capital and other reserves from revenue reserves	–	–	44,771	(44,771)	–	–	–	–
Contributions to defined benefits plans	–	–	814	–	–	814	–	814
Other adjustments	–	–	–	30	–	30	4,442	4,472
Total contributions by and distributions to owners	412	(44,999)	38,223	(570,893)	–	(577,257)	(15,398)	(592,655)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	(8,332)	–	–	(8,332)	(1,426)	(9,758)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(210,166)	(210,166)
Other adjustments	–	–	–	–	–	–	(2,503)	(2,503)
Total change in ownership interests in subsidiaries	–	–	(8,332)	–	–	(8,332)	(214,095)	(222,427)
Total transactions with owners	412	(44,999)	29,891	(570,893)	–	(585,589)	(229,493)	(815,082)
As at 31 December 2018	1,291,722	(45,073)	194,943	10,319,839	(493,669)	11,267,762	308,930	11,576,692

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

4b. Statement of changes in equity of the Company

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2019					
As at 1 January 2019	**1,291,722**	**(45,073)**	**202,141**	**6,194,448**	**7,643,238**
Profit / Total comprehensive income for the year	**–**	**–**	**2,273**	**790,696**	**792,969**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(417,938)**	**(417,938)**
Share-based payment	**–**	**–**	**36,170**	**–**	**36,170**
Purchase of treasury shares	**–**	**(4,543)**	**–**	**–**	**(4,543)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**35,607**	**(35,472)**	**–**	**135**
Total transactions with owners	**–**	**31,064**	**698**	**(417,938)**	**(386,176)**
As at 31 December 2019	**1,291,722**	**(14,009)**	**205,112**	**6,567,206**	**8,050,031**
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Profit / Total comprehensive income for the year	–	–	1,945	588,420	590,365
Transactions with owners, recognised directly in equity					
Dividends paid	–	–	–	(526,152)	(526,152)
Share-based payment	–	–	31,125	–	31,125
Shares issued	412	–	–	–	412
Purchase of treasury shares	–	(90,758)	–	–	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	–	45,759	(40,435)	–	5,324
Other adjustments	–	–	–	30	30
Total transactions with owners	412	(44,999)	(9,310)	(526,122)	(580,019)
As at 31 December 2018	1,291,722	(45,073)	202,141	6,194,448	7,643,238

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2019	1,818,394,180	5,936,044
Treasury shares transferred pursuant to share option scheme	–	(44,000)
Treasury shares transferred pursuant to share plans	–	(4,630,467)
Treasury shares purchased	–	770,000
As at 30 September 2019	**1,818,394,180**	**2,031,577**
Treasury shares transferred pursuant to share plans	–	(16,841)
As at 31 December 2019	**1,818,394,180**	**2,014,736**

Treasury shares
During the year ended 31 December 2019, the Company transferred 4,691,308 (31 December 2018: 5,374,744) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There was 770,000 treasury shares purchased (31 December 2018: 11,300,000) during the year. As at 31 December 2019, the number of treasury shares held by the Company represented 0.11% (31 December 2018: 0.33%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the year ended 31 December 2019.

Share options
As at 31 December 2019, there were unexercised options for 910,900 of unissued ordinary shares (31 December 2018: 1,890,185 ordinary shares) under the KCL Share Options Scheme. 44,000 options (31 December 2018: 791,500) were exercised during year ended 31 December 2019. Unexercised options for 935,285 (31 December 2018: 3,407,100) of unissued ordinary shares were cancelled during the year ended 31 December 2019.

KCL Performance Share Plan ("KCL PSP")
As at 31 December 2019, the number of contingent shares granted but not released were 3,885,000 (31 December 2018: 2,895,000) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 5,827,500 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan ("KCL PSP-TIP")
As at 31 December 2019, the number of contingent shares granted but not released were 5,585,967 (31 December 2018: 5,965,967) for KCL PSP-TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 8,378,951 under KCL PSP-TIP.

KCL Restricted Share Plan ("KCL RSP")
There are no contingent shares granted but not released as at 31 December 2019 and 31 December 2018.

As at 31 December 2019, the number of awards released but not vested was 26,241 (31 December 2018: 1,630,118) for KCL RSP.

KCL Restricted Share Plan – Deferred Shares ("KCL RSP-Deferred Shares")
There are no contingent shares granted but not released as at 31 December 2019 and 31 December 2018.

As at 31 December 2019, the number of awards released but not vested was 3,912,564 (31 December 2018: 2,586,237) for KCL RSP-Deferred Shares.

The movements in the number of shares under KCL PSP, KCL PSP-TIP, KCL RSP and KCL RSP-Deferred shares are as follows:

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.19	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.12.19
KCL PSP						
29.4.2016	645,000	–	(264,400)	(380,600)	–	–
28.4.2017	1,070,000	–	–	–	–	1,070,000
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	–	1,635,000	–	–	–	1,635,000
	2,895,000	1,635,000	(264,400)	(380,600)	–	3,885,000
KCL PSP-TIP						
29.4.2016	3,935,967	–	–	–	(350,000)	3,585,967
28.4.2017	2,030,000	–	–	–	(30,000)	2,000,000
	5,965,967	–	–	–	(380,000)	5,585,967

Awards:

	Number of shares					
Date of Grant	At 1.1.19	Awards granted	Adjustment upon release	Released	Cancelled	At 31.12.19
KCL RSP-Deferred shares						
15.2.2019	–	3,908,536	–	(3,908,536)	–	–
18.4.2019	–	325,635	–	(325,635)	–	–
	–	4,234,171	–	(4,234,171)	–	–

Awards released but not vested:	**Number of shares**					
Date of Grant	At 1.1.19	Released	Vested	Cancelled	Other adjustments	At 31.12.19
KCL PSP						
29.4.2016	–	380,600	(380,600)	–	–	–
	–	380,600	(380,600)	–	–	–
KCL RSP						
31.3.2014	4,200	–	–	(600)	–	3,600
31.3.2015	11,000	–	–	(3,700)	–	7,300
29.4.2016	1,614,918	–	(1,565,032)	(34,545)	–	15,341
	1,630,118	–	(1,565,032)	(38,845)	–	26,241
KCL RSP-Deferred shares						
23.2.2018	2,586,237	–	(1,276,901)	(94,045)	(492)	1,214,799
15.2.2019	–	3,908,536	(1,312,115)	(106,166)	(2,165)	2,488,090
18.4.2019	–	325,635	(112,660)	(3,300)	–	209,675
	2,586,237	4,234,171	(2,701,676)	(203,511)	(2,657)	3,912,564

4d. Capital reserves

	Group		**Company**	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Share option and share plans reserve	**210,412**	203,926	**187,032**	177,529
Fair value reserve	**(17,300)**	69,700	**19,230**	16,957
Hedging reserve	**(192,864)**	(198,816)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**85,851**	80,133	**(1,150)**	7,655
	126,099	194,943	**205,112**	202,141

5. CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December

		Fourth Quarter		Full Year	
		31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
		$'000	$'000	**$'000**	$'000
	Note		Restated		Restated
OPERATING ACTIVITIES					
Operating profit		**211,252**	6,449	**876,501**	1,055,162
Adjustments:					
Depreciation and amortisation		**100,433**	49,304	**375,294**	182,386
Share-based payment expenses		**13,749**	6,440	**37,255**	34,885
Profit on sale of investments		**–**	(2,232)	**–**	(2,232)
Profit on sale of fixed assets and investment properties		**(5,566)**	(1,002)	**(6,277)**	(2,795)
Impairment of associated companies		**17,902**	61,721	**35,915**	60,782
Impairment of fixed assets		**8,432**	6,911	**8,432**	6,911
Loss/(gain) on disposal of subsidiaries		**65**	(5,774)	**(64,469)**	(604,638)
Loss/(gain) on disposal of associated companies		**76**	(6,771)	**22**	(48,783)
Gain from change in interest in associated companies		**(542)**	(2,845)	**(27,114)**	(63,622)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		**–**	–	**(158,376)**	–
Fair value gain on investment properties		**(62,673)**	(36,586)	**(101,020)**	(84,886)
Unrealised foreign exchange differences		**(18,554)**	(26,896)	**17,434**	27,622
Operational cash flow before changes in working capital		**264,574**	48,719	**993,597**	560,792
Working capital changes:					
Stocks		**(23,502)**	(284,403)	**(72,104)**	(408,506)
Contract assets		**100,080**	(141,931)	**(159,551)**	357,046
Debtors		**(152,544)**	574,170	**(806,164)**	543,245
Creditors		**77,851**	(384,264)	**(15,610)**	(694,363)
Contract liabilities		**38,835**	160,651	**(77,990)**	12,430
Investments		**(50,405)**	25,892	**(274,421)**	(5,448)
Intangibles		**(662)**	(561)	**(662)**	(561)
Amount due to/from associated companies		**15,627**	(22,708)	**(30,093)**	177
		269,854	(24,435)	**(442,998)**	364,812
Interest received		**53,468**	44,756	**179,503**	154,482
Interest paid		**(61,589)**	(54,137)	**(298,099)**	(198,637)
Income taxes paid, net of refunds received		**(11,190)**	(5,628)	**(263,856)**	(195,904)
Net cash from/(used in) operating activities		**250,543**	(39,444)	**(825,450)**	124,753
INVESTING ACTIVITIES					
Acquisition of a subsidiary	5a	**–**	(38,052)	**(1,143,012)**	(38,052)
Acquisition and further investment in associated companies		**(191,598)**	(299,630)	**(652,576)**	(365,818)
Acquisition of fixed assets and investment properties		**(138,628)**	(100,754)	**(516,794)**	(254,511)
Disposal of subsidiaries	5b	**8,636**	18,445	**27,117**	1,085,671
Proceeds from disposal of fixed assets		**13,684**	2,142	**16,094**	5,524
Proceeds from disposal of associated companies and return of capital		**100,687**	8,450	**106,117**	179,342
Advances to/from associated companies		**2,536**	(37,108)	**96,625**	(216,636)
Dividends received from investments and associated companies		**142,268**	71,811	**378,422**	281,375
Net cash (used in)/from investing activities		**(62,415)**	(374,696)	**(1,688,007)**	676,895

	Note	Fourth Quarter		Full Year	
		31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
		$'000	$'000	**$'000**	$'000
	Note		Restated		Restated
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**–**	(1,802)	**(223,652)**	(3,337)
Proceeds from share options exercised with issue of treasury shares		**–**	32	**135**	5,324
Proceeds from non-controlling shareholders of subsidiaries		**969**	–	**1,178**	–
Proceeds from share issues		**–**	–	**–**	412
Proceeds from term loans		**850,253**	451,793	**4,392,341**	1,549,445
Repayment of term loans		**(565,878)**	(51,386)	**(1,342,450)**	(1,939,475)
Principal element of lease payments		**(2,019)**	–	**(47,306)**	–
Purchase of treasury shares		**–**	–	**(4,543)**	(90,758)
Dividend paid to shareholders of the Company		**–**	–	**(417,938)**	(526,152)
Dividend paid to non-controlling shareholders of subsidiaries		**(1,257)**	(4,934)	**(11,623)**	(20,321)
Net cash from/(used in) financing activities		**282,068**	393,703	**2,346,142**	(1,024,862)
Net decrease in cash and cash equivalents		**470,196**	(20,437)	**(167,315)**	(223,214)
Cash and cash equivalents as at beginning of quarter / year		**1,319,123**	1,987,082	**1,971,844**	2,241,448
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(12,075)**	5,199	**(27,285)**	(46,390)
Cash and cash equivalents as at end of quarter / year	5c	**1,777,244**	1,971,844	**1,777,244**	1,971,844

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of a subsidiary

During the financial year, net assets of subsidiary acquired at their fair values were as follows:

	Fourth Quarter		Full Year	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
	$'000	$'000	**$'000**	$'000
Fixed assets and investment properties	**12,144**	360,047	**772,654**	360,047
Right-of-use assets	**–**	–	**44,324**	–
Intangible assets	**(36,196)**	–	**610,516**	–
Stocks	**–**	–	**34,745**	–
Contract assets	**–**	–	**163,121**	–
Debtors and other assets	**–**	530	**197,211**	530
Bank balances and cash	**–**	18,521	**88,991**	18,521
Creditors and other liabilities	**–**	(6,778)	**(241,555)**	(6,778)
Borrowings and lease liabilities	**(1,418)**	(297,923)	**(496,189)**	(297,923)
Current and deferred taxation	**4,330**	(3,827)	**(251,498)**	(3,827)
Non-controlling interests consolidated	**–**	–	**(2,091)**	–
Total identifiable net assets at fair value	**(21,140)**	70,570	**920,229**	70,570
Non-controlling interests measured at fair value	**–**	–	**(308,001)**	–
Amount previously accounted for as associated company	**–**	(32,484)	**(210,137)**	(32,484)
Goodwill arising from acquisition	**21,140**	–	**988,288**	–
Remeasurement loss/(gain)	**–**	18,487	**(158,376)**	18,487
Total purchase consideration	**–**	56,573	**1,232,003**	56,573
Less: Bank balances and cash acquired	**–**	(18,521)	**(88,991)**	(18,521)
Cash outflow on acquisition	**–**	38,052	**1,143,012**	38,052

During the year, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% interest in M1 Limited, bringing to a total of 100% as at 31 December 2019.

In prior year, acquisition of a subsidiary relates to the acquisition of 77.6% interest in PRE I Investments Pte. Ltd.

5b. Disposal of subsidiaries

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	Fourth Quarter		Full Year	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
	$'000	$'000	**$'000**	$'000
Fixed assets and investment properties	**(80,973)**	–	**(80,973)**	(952,885)
Right-of-use Assets	**(4,433)**	–	**(4,433)**	–
Stocks	**(182)**	–	**(95,065)**	(692,651)
Debtors and other assets	**(16,643)**	–	**(17,350)**	(7,939)
Bank balances and cash	**(24,307)**	(573)	**(26,053)**	(39,194)
Creditors and other liabilities	**23,820**	5,989	**41,357**	446,973
Current and deferred taxation	**1,891**	89	**1,891**	139,863
Borrowings and lease liabilities	**6,713**	–	**6,713**	171,380
Non-controlling interest	**50,099**	–	**50,099**	210,166
Net assets disposed of	**(44,015)**	5,505	**(123,814)**	(724,287)
Net loss/(gain) on disposal	**65**	(5,774)	**(64,469)**	(604,638)
Amount accounted for as associated company	**8,664**	–	**26,984**	–
Realisation of foreign currency translation reserve	**1,154**	(244)	**(7,335)**	(7,575)
Sale proceeds	**(34,132)**	(513)	**(168,634)**	(1,336,500)
Less: Bank balances and cash disposed	**24,307**	573	**26,053**	39,194
Less: Advanced payments received in prior year	**–**	–	**–**	174,538
Less: Proceeds receivable/(Deferred proceeds received)	**1,189**	(18,505)	**115,464**	37,097
Cash inflow on disposal	**(8,636)**	(18,445)	**(27,117)**	(1,085,671)

During the year, disposal relates to the sale of 70% interest in Dong Nai Waterfront City LLC, Keppel Logistics (Foshan Sanshui Port) Company Ltd and Keppel Logistics (Hong Kong) Ltd.

Significant disposal during the prior year relates to the sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd and Aether Limited.

5c. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	2019	2018
	$'000	$'000
Bank balances, deposits and cash	**1,783,514**	1,981,406
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(6,270)**	(9,562)
	1,777,244	1,971,844

5d. Cash flow analysis

(i) Fourth Quarter

Net cash from operating activities for the quarter was $251 million compared to net cash used in the prior period of $39 million. This was due mainly to working capital generation as compared to working capital requirements in prior period.

Net cash used in investing activities for the quarter was $62 million. Acquisitions and capital expenditure of $330 million was partly offset by the divestment and dividend income of $265 million, as well as advances to associated companies of $3 million.

Net cash from financing activities was $282 million. This was mainly attributable to net borrowings drawn down.

(ii) Full year

Net cash used in operating activities was $825 million compared to net cash from operating activities of $125 million in the prior year. This was due mainly to higher working capital requirements.

Net cash used in investing activities was $1,688 million. Acquisitions and capital expenditure of $2,312 million was partly offset by the divestments and dividend income of $528 million and receipts from associated companies of $97 million. The acquisitions and capital expenditure comprised principally the acquisition of M1, investment in associated companies as well as acquisitions of fixed assets and investment properties.

Net cash from financing activities was $2,346 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend of $430 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the year and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd.

6. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

7. AUDITORS' REPORT

Not applicable.

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2018.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 3 and 11 *Previously held interest in a joint operation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalization*

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

Lease liabilities are included as part of net debt and are taken into consideration when deriving the net gearing ratio.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

Group Balance Sheets	01.01.2019 $'000
Increase in right-of-use assets	465,006
Increase in investment properties	5,765
Decrease in debtors	(14,213)
Increase in lease liabilities	(573,363)
Decrease in creditors	14,687
Increase in deferred tax assets	21,120
Decrease in net assets	(80,998)
Decrease in revenue reserves	(78,201)
Decrease in non-controlling interests	(2,797)
Decrease in total equity	(80,998)

Clarification on SFRS(I) 1-23 *Borrowing Costs*

In 2018, the International Financial Reporting Standards Interpretations Committee ("Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognizes revenue over time for the sale of individual units in the development based on IFRS 15 *Revenue from Contracts with Customers*.

In November 2018, the Committee issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 *Borrowing Costs* apply to the fact pattern in the submission. The Interpretations Committee tentatively concluded that such an entity should not capitalised borrowing costs. This tentative agenda decision was finalized in its original form on 20 March 2019.

As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Following this Agenda Decision, borrowing costs on portion of property where control is capable of being transferred to customers are expensed off as incurred to the profit and loss account. Borrowing costs on portion of property not ready for transfer of control to customers are capitalized until the time when control is capable of being transferred to customers. As this constitutes a change in accounting policy, comparatives were restated accordingly.

Impact on the comparatives for the Fourth Quarter and the year ended 31 December 2019 Financial Statements

The financial effect of the change in accounting policy:

Group Profit and Loss Account	Fourth Quarter 31.12.2018 $'000	Full Year 31.12.2018 $'000
Decrease in materials & subcontract costs	1,306	12,596
Increase in interest expenses	–	(6,381)
Decrease in share of results of associated companies	(368)	(623)
Increase in taxation	(222)	(1,029)
Increase in profit for the quarter / year attributable to shareholders of the Company	716	4,563
Increase in basic EPS	0.1 cts	0.3 cts
Increase in diluted EPS	0.1 cts	0.3 cts

Group Balance Sheets	31.12.2018 $'000	01.01.2018 $'000
Decrease in associated companies	(632)	(9)
Decrease in stocks	(18,102)	(24,317)
Decrease in deferred taxation	8,286	9,315
Decrease in net assets	(10,448)	(15,011)
Decrease in revenue reserves	(10,448)	(15,011)
Decrease in total equity	(10,448)	(15,011)

10. REVIEW OF GROUP PERFORMANCE

(i) Fourth Quarter

Group revenue for 4Q2019 of $2,198 million was $521 million or 31% above that of 4Q2018. Revenue from the Offshore & Marine Division increased by $255 million to $775 million due mainly to higher revenue recognition from ongoing projects. Revenue from the Property Division decreased by $50 million to $323 million due mainly to lower revenue from property trading projects in Vietnam and China, partly offset by higher revenue from property trading projects in Singapore. The Infrastructure Division's revenue increased by $16 million to $760 million due mainly to higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $300 million higher at $340 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit for 4Q2019 was $73 million or 44% higher at $238 million as compared to $165 million for 4Q2018. The Offshore & Marine Division's pre-tax loss for 4Q2019 was $37 million as compared to pre-tax loss of $97 million for 4Q2018. The lower loss was due mainly to higher operating results arising from higher revenue, lower impairment provisions, partly offset by share of losses from associated companies as well as the absence of write-back of provisions for claims in 2018. Pre-tax profit of the Property Division of $242 million was $26 million or 12% higher than 4Q2018. This was due mainly to higher fair value gains on investment properties, higher contribution from property trading projects in Singapore and higher investment income, partly offset by lower contribution from property trading projects in Vietnam and China as well as higher net interest expense. Pre-tax profit of the Infrastructure Division was $25 million as compared to $50 million in 4Q2018. This was due mainly to fair value losses on data centres in 4Q2019 as compared to fair value gains in 2018, lower contribution from Infrastructure Services, partly offset by higher contributions from Energy Infrastructure and Environmental Infrastructure. Investments Division's pre-tax profit was $8 million as compared to pre-tax loss of $4 million for 4Q2018. This was due mainly to higher contribution from the asset management business, lower provision for impairment of an associated company, partly offset by lower contribution from the Sino-Singapore Tianjin Eco-City and write-off of a receivable.

Taxation expenses increased by $13 million due mainly to higher taxable profits. Non-controlling interests were $3 million higher than those of 4Q2018. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 4Q2019 was $192 million, $57 million or 42% above the net profit of $135 million for 4Q2018.

(ii) Full year

Group net profit attributable to shareholders decreased by $241 million or 25% to $707 million. Earnings per share decreased correspondingly by 26% to 38.9 cents. Return on equity was 6.3%.

Group revenue of $7,580 million for 2019 was $1,615 million or 27% higher than in the preceding year. Revenue from the Offshore & Marine Division improved by $345 million or 18% to $2,220 million due mainly to higher revenue recognition from ongoing projects, partly offset by the absence of revenue recognised in 2018 from the sale of jackup rigs to Borr Drilling Limited. Major jobs delivered in 2019 include five jackup rigs, three FPSO/FSRU conversions and four dredgers. Revenue from the Property Division decreased marginally by $4 million to $1,336 million due mainly to lower revenue from property trading projects in Singapore, partly offset by higher revenue from property trading projects in China. Revenue from the Infrastructure Division grew by $298 million to $2,927 million as a result of increased sales in the power and gas business as well as higher progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division increased by $976 million to $1,097 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit for the current year was $954 million, $291 million or 23% below the previous year. The Offshore & Marine Division's pre-tax loss was $24 million as compared to pre-tax loss of $113m in 2018. The lower loss was due mainly to higher operating results arising from higher revenue, lower impairment provisions and lower net interest expense, partly offset by share of losses from associated companies, and the absence of write-back of provisions for claims in 2018. Pre-tax profit from the Property Division decreased by $486 million to $707 million due mainly to the lower gains from the en-bloc sale of development projects in 2019 (disposal of a partial interest in the Dong Nai project in Vietnam) as compared to 2018 (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company), the absence of gain from divestment as compared against 2018 (Aether Limited), lower contribution from property trading projects in Singapore and higher net interest expense, partly offset by higher contribution from property trading projects in China, higher investment income, higher fair value gains on investment properties and higher contribution from associated companies. Pre-tax profit of the Infrastructure Division was $188 million, $4 million above that in 2018. This was due mainly to higher fair value gains on data centres, higher contributions from Energy Infrastructure and Environmental Infrastructure, partly offset by lower contribution from Infrastructure Services and the logistics business, as well as the absence of gain arising from the sale of stake in Keppel DC REIT in 2018. Pre-tax profit of the Investments Division was $83 million as compared to pre-tax loss of $19 million in 2018. This was due mainly to fair value gain from the remeasurement of the previously held interest in M1 at acquisition date, higher contributions from asset management business as well as from M1 resulting from the consolidation of M1, lower provision for impairment of an associated company, partly offset by lower share of profit from the Sino-Singapore Tianjin Eco-City, higher net interest expense, higher fair value loss on KrisEnergy warrants, financing cost and amortization of intangibles arising from acquisition of M1, as well as write-off of a receivable.

Taxation expenses decreased by $92 million or 32% due mainly to lower taxable profits. Non-controlling interests were $42 million higher than in the preceding year. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2019 was $707 million, a decrease of $241 million from $948 million in 2018. The Property Division was the largest contributor to the Group's net profit with a 73% share, followed by the Infrastructure Division's 24%, the Investments Division's 2% and the Offshore & Marine Division's 1%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division’s net order book, excluding the Sete rigs, stands at $4.4 billion. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities. The Division is also actively capturing opportunities in gas solutions, offshore renewables, production assets, specialised vessels, and floating infrastructure, as well as exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 5,150 homes in 2019, comprising about 250 in Singapore, 3,400 in China, 950 in Vietnam, 300 in Indonesia and 250 in India. Keppel REIT’s office buildings in Singapore, Australia and Korea maintained a high portfolio committed occupancy rate of 99% as at 31 December 2019. The Division will remain focused on strengthening its presence in its key markets such as Singapore, China and Vietnam and scaling up in other markets such as Indonesia and India, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure will continue to build on its core competencies in the energy and environment-related infrastructure as well as infrastructure services businesses to pursue promising growth areas. Keppel Telecommunications & Transportation (Keppel T&T) will continue to develop its data centre business locally and overseas, and also transform the logistics business from an asset-heavy business to an asset-light service provider in urban logistics, while building complementary capabilities in e-commerce.

In the Investments Division, Keppel Capital continues to leverage the Group’s core competencies to create innovative investment solutions and connect investors with quality real assets in fast growing sectors fuelled by urbanisation trends. This includes seizing growth opportunities across our chosen sectors, as well as expanding into new markets and asset classes including the infrastructure, senior living and education sectors.

Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable precincts. Starting with Saigon Sports City in Ho Chi Minh City, Keppel Urban Solutions will also explore opportunities in other cities across Asia. The Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd will continue the development of the Eco-City, including selling land parcels to drive the Eco-City’s further development.

The strategic acquisition of M1 complements the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 serves as a digital platform and connectivity partner to complement and augment the Group's suite of solutions, and at the same time can benefit from harnessing the synergies of the Group.

The Group will continue to execute its integrated business strategy to provide solutions for sustainable urbanisation, and deepen collaboration across divisions, while being agile and innovative, and investing in the future.

13. DIVIDEND

13a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

The Directors are pleased to recommend a final cash dividend of 12.0 cents per share tax exempt one-tier (2018: 15.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2019 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 8.0 cents per share tax exempt one-tier (2018: cash dividend of 10.0 cents per share tax exempt one-tier and a special cash dividend of 5.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2019 will be 20.0 cents in cash per share (2018: 30.0 cents in cash per share).

Name of Dividend	**Final FY2019**
Dividend type Dividend per share Tax rate	**Cash** **12.0 cents** **Tax exempt**

13b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	**Final FY2018**
Dividend type Dividend per share Tax rate	**Cash** **15.0 cents** **Tax exempt**

13c. Date Payable

The proposed final dividend, if approved at the Annual General Meeting to be held on 24 April 2020, will be paid on 14 May 2020.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 4 May 2020 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company (“Shares”) received by the Company’s Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on 4 May 2020 will be registered to determine shareholders’ entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 4 May 2020 will be entitled to the proposed final dividend.

13e. Total Annual Dividend

Total distribution paid and proposed in respect of the financial year ended 31 December 2019 will be 20.0 cents in cash per share (2018: 30.0 cents in cash per share).

	2019 **$’000**	2018 $’000	+/- %
Interim cash dividend	**145,370**	181,241	-19.8
Special cash dividend	**–**	90,621	NM
Final cash dividend	**217,966**	272,568	-20.0
Total annual dividend	**363,336**	544,430	-33.3

* Estimated based on share capital of 1,816,379,444 ordinary shares (excluding treasury shares) at the end of the financial year.

14. SEGMENT ANALYSIS

2019

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**2,219,397**	**1,336,236**	**2,927,331**	**1,096,739**	**–**	**7,579,703**
Inter-segment sales	**323**	**11,187**	**31,018**	**112,809**	**(155,337)**	**–**
Total	**2,219,720**	**1,347,423**	**2,958,349**	**1,209,548**	**(155,337)**	**7,579,703**
Segment Results						
Operating profit	**60,041**	**507,740**	**113,612**	**194,988**	**120**	**876,501**
Investment income	**4,988**	**48,131**	**1,410**	**10,065**	**–**	**64,594**
Interest income	**74,444**	**48,776**	**63,443**	**356,896**	**(365,884)**	**177,675**
Interest expenses	**(107,123)**	**(85,966)**	**(28,753)**	**(456,638)**	**365,764**	**(312,716)**
Share of results of associated companies	**(56,823)**	**188,189**	**38,079**	**(22,032)**	**–**	**147,413**
(Loss)/profit before tax	**(24,473)**	**706,870**	**187,791**	**83,279**	**–**	**953,467**
Taxation	**33,182**	**(179,055)**	**(23,982)**	**(22,474)**	**–**	**(192,329)**
Profit for the year	**8,709**	**527,815**	**163,809**	**60,805**	**–**	**761,138**
Attributable to:						
Shareholders of Company	**10,050**	**517,373**	**168,391**	**11,161**	**–**	**706,975**
Non-controlling interests	**(1,341)**	**10,442**	**(4,582)**	**49,644**	**–**	**54,163**
	8,709	**527,815**	**163,809**	**60,805**	**–**	**761,138**
Other Information						
Segment assets	**9,493,583**	**14,081,759**	**3,960,727**	**12,028,650**	**(8,243,159)**	**31,321,560**
Segment liabilities	**6,663,302**	**6,435,784**	**2,552,695**	**12,266,907**	**(8,243,159)**	**19,675,529**
Net assets	**2,830,281**	**7,645,975**	**1,408,032**	**(238,257)**	**–**	**11,646,031**
Investment in associated companies	**645,946**	**3,443,534**	**1,067,436**	**1,193,929**	**–**	**6,350,845**
Additions to non-current assets	**95,440**	**622,622**	**188,819**	**297,711**	**–**	**1,204,592**
Depreciation and amortisation	**121,126**	**38,275**	**58,393**	**157,500**	**–**	**375,294**
Impairment loss/(write-back of impairment loss)	**6,827**	**(10)**	**(776)**	**37,445**	**–**	**43,486**

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**5,704,097**	**1,005,803**	**83,769**	**429,351**	**356,683**	**–**	**7,579,703**
Non-current assets	**8,741,671**	**3,111,521**	**286,862**	**1,891,462**	**686,175**	**–**	**14,717,691**

2018 (Restated)

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	1,874,571	1,340,235	2,628,571	121,404	–	5,964,781
Inter-segment sales	–	6,139	22,729	60,872	(89,740)	–
Total	1,874,571	1,346,374	2,651,300	182,276	(89,740)	5,964,781
Segment Results						
Operating (loss)/profit	(73,433)	1,044,448	105,332	(23,019)	1,834	1,055,162
Investment income	1,199	3,976	2,230	2,586	–	9,991
Interest income	53,675	57,268	57,265	295,233	(299,181)	164,260
Interest expenses	(102,630)	(77,250)	(16,969)	(305,322)	297,347	(204,824)
Share of results of associated companies	8,001	164,688	36,499	11,707	–	220,895
(Loss)/profit before tax	(113,188)	1,193,130	184,357	(18,815)	–	1,245,484
Taxation	2,523	(254,992)	(7,837)	(24,470)	–	(284,776)
(Loss)/profit for the year	(110,665)	938,138	176,520	(43,285)	–	960,708
Attributable to:						
Shareholders of Company	(109,250)	942,459	169,584	(54,401)	–	948,392
Non-controlling interests	(1,415)	(4,321)	6,936	11,116	–	12,316
	(110,665)	938,138	176,520	(43,285)	–	960,708
Other Information						
Segment assets	8,461,013	13,831,333	3,649,336	7,596,099	(6,950,188)	26,587,593
Segment liabilities	5,556,134	5,684,310	2,248,589	8,472,056	(6,950,188)	15,010,901
Net assets	2,904,879	8,147,023	1,400,747	(875,957)	–	11,576,692
Investment in associated companies	706,189	3,206,355	1,066,849	1,259,660	–	6,239,053
Additions to non-current assets	87,478	461,857	61,394	28,225	–	638,954
Depreciation and amortisation	99,091	32,762	44,930	5,603	–	182,386
Impairment loss	32,503	796	1,754	53,000	–	88,053

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	4,370,849	741,759	224,573	374,430	253,170	–	5,964,781
Non-current assets	6,119,072	2,747,668	229,917	1,648,108	847,235	–	11,592,000

Note:

(a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Property, Infrastructure and Investments. Investments consist mainly of the Group's investments in fund management, M1 Limited, KrisEnergy Limited, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities. M1 Limited, which was part of Investments prior to the acquisition, continues to be reported under that segment as it currently undergoes transformation of its business. M1 accounts for about 13% and 10% of the Group's total revenue and net profit respectively for the financial year ended 31 December 2019.

(b) Pricing of inter-segment goods and services is at fair market value.

(c) For the years ended 31 December 2019 and 31 December 2018, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.

(d) No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019. Revenue of $730,615,000 is derived from a single external customer and is attributable to the Infrastructure Division for the year ended 31 December 2018.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $7,580 million for the year was $1,615 million or 27% higher than that of prior year. Revenue from the Offshore & Marine Division of $2,220 million was $345 million above prior year due mainly to higher revenue recognition from ongoing projects, partly offset by absence of revenue recognised in 2018 from the sale of jackup rigs to Borr Drilling Limited. Revenue from the Property Division decreased by $4 million to $1,336 million due mainly to lower revenue from property trading projects in Singapore, partly offset by higher revenue from property trading projects in China. Revenue from the Infrastructure Division grew by $298 million to $2,927 million as a result of increased sales in the power and gas business as well as higher progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $976 million higher at $1,097 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

15b. Net profit by Segments

Group net profit of $707 million was $241 million or 25% higher than that of prior year. Net profit from the Offshore & Marine Division was $10 million as compared to net loss of $109 million in 2018. This was mainly due to higher operating results, lower impairment provisions, lower net interest expense and higher write back of tax provision, partly offset by share of losses from associated companies and absence of write-back of provisions for claims in 2018. Profit from the Property Division of $517 million decreased by $425 million due mainly to the lower gains from the en-bloc sale of development projects in 2019 (disposal of a partial interest in the Dong Nai project in Vietnam) as compared to 2018 (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company), the absence of gain from divestment as compared against 2018 (Aether Limited), lower contribution from Singapore property trading projects and higher net interest expense, partly offset by higher contribution from China property trading projects, higher investment income, higher fair value gains on investment properties and higher contribution from associated companies. Profit from the Infrastructure Division was $169 million for both years. Net profit from the Investments Division was $11 million as compared to net loss of $54 million for prior year due mainly to fair value gain from the remeasurement of previously held interest in M1 at acquisition date, higher contribution from asset management business as well as M1 resulting from the consolidation of M1, lower provision for impairment of an associated company, partly offset by lower share of profit from the Sino-Singapore Tianjin Eco-City, higher net interest expense, higher fair value loss on KrisEnergy warrants, financing cost and amortization of intangibles arising from acquisition of M1 as well as write-off of a receivable. The Property Division was the largest contributor to the Group's net profit with a 73% share, followed by the Infrastructure Division's 24%, the Investments Division's 2% and the Offshore & Marine Division's 1%.

15c. Revenue by Geographical Segments

Revenue from Singapore of $5,704 million was $1,333 million higher than that of prior year, due largely to higher revenue from the Infrastructure Division, Offshore & Marine Division and Investments Division (consolidation of M1 from date of acquisition), partly offset by lower revenue from the Property Division.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 23 April 2019. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Transaction for the Sale of Goods and Services				
PSA International Group	**–**	–	**4,319**	208
SembCorp Marine Group	**–**	–	**869**	2,202
Singapore Power Group	**–**	–	**876**	923
Singapore Technologies Engineering Group	**–**	–	**988**	1,272
Singapore Telecommunications Group	**–**	–	**8,276**	–
Starhub Group	**–**	–	**3,349**	–
Temasek Holdings Group (other than the above)	**–**	–	**470**	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**801**	549
Mapletree Investments Group	**–**	–	**–**	773
Pavilion Gas Pte Ltd	**–**	–	**62,000**	52,000
PSA International Group	**–**	–	**151**	501
Singapore Power Group	**–**	–	**126**	43
Starhub Group	**–**	–	**19,791**	28
MediaCorp Group	**–**	–	**442**	–
SembCorp Marine Group	**–**	–	**327**	–
Singapore Technologies Engineering Group	**–**	–	**4,632**	418
Singapore Telecommunications Group	**–**	–	**38,111**	6,776
SMRT Corporation Group	**–**	–	**1,258**	209
Temasek Holdings Group (other than the above)	**–**	–	**1,377**	336
Total Interested Person Transactions	**–**	–	**148,163**	66,238

17. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Keppel Corporation Limited (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

18. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

CAROLINE CHANG/KENNY LEE
Company Secretaries
23 January 2020
CONFIRMATION BY THE BOARD