

Directors' Statement

For the financial year ended 31 December 2023

The Directors present their statement together with the audited consolidated financial statements of the Group, and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2023.

In the opinion of the directors, the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company as set out on pages 136 to 226, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the financial performance, changes in equity and the cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

The Directors of the Company in office at the date of this statement are:

Danny Teoh (Chairman)
 Loh Chin Hua (Chief Executive Officer)
 Till Bernhard Vestring
 Veronica Eng
 Jean-François Manzoni
 Teo Siong Seng
 Tham Sai Choy
 Penny Goh
 Shirish Moreshwar Apte
 Olivier Pascal Marius Blum
 Jimmy Ng Hwee Kim
 Ang Wan Ching (appointed on 1 July 2023)

2. AUDIT COMMITTEE

The Audit Committee of the Board of Directors comprises five independent non-executive Directors. Members of the Committee are:

Tham Sai Choy (Chairman)
 Veronica Eng
 Penny Goh
 Ang Wan Ching (appointed on 1 July 2023)
 Jimmy Ng Hwee Kim (appointed on 1 January 2024)

The Audit Committee carried out its function in accordance with the Companies Act 1967, AC Guide issued by Singapore Institute of Directors, Rule 1207(10) of the Listing Manual and Code of Corporate Governance, which include the following:

- Reviewed financial statements and announcements relating to financial performance, and significant financial reporting issues and judgments contained in them;
- Reviewed and reported to the Board at least annually on the adequacy and effectiveness of financial, operational, compliance and information technology controls, as well as risk management systems in relation to financial reporting and other financial-related risks;
- Reviewed the Board's comment on the adequacy and effectiveness of the Group's internal control systems and risk management systems, and state whether it concurs with the Board's comments; and if there are material weaknesses identified in the Group's internal controls systems, to consider and recommend the necessary steps to be taken to address them;
- Reviewed the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's internal control systems;
- Reviewed the adequacy, effectiveness, independence, scope and results of the internal and external auditors at least annually and reported the Audit Committee's assessment to the Board;
- Ensured that the Head of Internal Audit and external auditors have direct and unrestricted access to the Chairman of the Audit Committee, and that they are able to meet separately and privately to discuss matters and concerns;
- Monitored and assessed the role and effectiveness of the internal audit function, including the internal audit charter, plans, activities (including consulting services), staffing, budget, resources and organisational structure of the internal audit function;

- Ensured that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company;
- Reviewed audit plans and reports of the external auditors and on a periodic basis the internal auditors, management's responsiveness to any findings and recommendations to the extent set out/identified, and effectiveness of any follow up actions taken;
- Ensured that a Quality Assurance Review on internal audit function is independently conducted at least once every five years;
- Decided and approved the appointment, termination, evaluation and remuneration of the Head of Internal Audit, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- Made recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approved the remuneration and terms of engagement of the external auditors;
- Reviewed the nature and extent of non-audit services performed by external auditors;
- Met with external auditors (without the presence of management and internal auditors) and internal auditors (without the presence of management and external auditors), at least annually;
- Oversee the establishment and operation of the whistleblowing process. Reviewed the whistle-blower policy and the Company's procedures for detecting and preventing fraud and other arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- Reviewed interested person transactions to ensure they are on normal commercial terms and are not prejudicial to the interests of the company or its minority shareholders, and determine methods or procedures for assessing that the transaction prices are adequate for transactions to be carried out on normal commercial terms, and that they will not prejudice the company or its minority shareholders;
- Investigated any matters within the Audit Committee's purview, whenever it deemed necessary;
- Perform such other functions as the Board may determine;
- Reported to the Board on the Committee's proceedings on significant issues and judgements that the Committee considered in relation to the financial statements, and how these issues were addressed, the Committee's assessments on internal control and risk management systems, the internal audit function and external auditors, as well as any material matters, findings and recommendations;
- Ensured proper disclosure and reporting to shareholders on interested party transactions as required by the SGX Listing Manual;
- Produced a report on its activities to be included in the Company's annual report. The report should also disclose the measures taken by the Committee members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements; and an explanation of how the prospects of the Group have been assessed, over what period it has done so, and why the Board should consider it to be appropriate to use that period; and
- Reviewed the Audit Committee's terms of reference annually and recommended proposed changes to the Board for approval.

The Audit Committee has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP for re-appointment as independent auditors and approved the remuneration and terms of engagement at the forthcoming annual general meeting of the Company.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the Keppel Restricted Share Plan, Keppel Performance Share Plan, Keppel Restricted Share Plan 2020, Keppel Performance Share Plan 2020 and Remuneration Shares to Directors of the Company.

Directors' Statement

For the financial year ended 31 December 2023

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Companies Act 1967, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	Holdings At		
	1.1.2023	31.12.2023	21.1.2024
Keppel Ltd.			
<i>(No. of ordinary shares)</i>			
Danny Teoh	129,825	163,825	163,825
Loh Chin Hua	2,949,667	3,967,246	3,967,246
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Till Bernhard Vestring	103,000	112,000	112,000
Veronica Eng	56,000	66,000	66,000
Jean-François Manzoni	123,000	131,000	131,000
Teo Siong Seng	14,000	21,000	21,000
Teo Siong Seng (deemed interest)	21,483	21,483	21,483
Tham Sai Choy	170,570	179,570	179,570
Penny Goh	44,000	53,000	53,000
Shirish Moreshwar Apte	3,000	11,000	11,000
Olivier Pascal Marius Blum	–	4,000	4,000
Jimmy Ng Hwee Kim	–	4,000	4,000
<i>(Unvested restricted shares to be delivered after 2020)</i>			
Loh Chin Hua	86,958	–	–
<i>(Unvested restricted shares to be delivered after 2021)⁴</i>			
Loh Chin Hua	264,650	189,225	189,225
<i>(Unvested restricted shares to be delivered after 2022)⁴</i>			
Loh Chin Hua	–	426,747	426,747
<i>(Contingent award of performance shares issued in 2019 to be delivered after 2022)^{1,2}</i>			
Loh Chin Hua	365,000	–	–
<i>(Contingent award of performance shares issued in 2020 to be delivered after 2023)^{1,3}</i>			
Loh Chin Hua	365,000	365,000	365,000
<i>(Contingent award of performance shares issued in 2021 to be delivered after 2023)¹</i>			
Loh Chin Hua	365,000	365,000	365,000
<i>(Contingent award of performance shares issued in 2022 to be delivered after 2024)¹</i>			
Loh Chin Hua	400,000	400,000	400,000
<i>(Contingent award of performance shares issued in 2023 to be delivered after 2023)^{1,4}</i>			
Loh Chin Hua	–	313,900	313,900
<i>(Contingent award of performance shares issued in 2023 to be delivered after 2024)^{1,4}</i>			
Loh Chin Hua	–	172,000	172,000
<i>(Contingent award of performance shares issued in 2023 to be delivered after 2025)¹</i>			
Loh Chin Hua	–	450,000	450,000
<i>(Contingent award of performance shares – Transformation Incentive Plan issued in 2021 to be delivered after 2025)¹</i>			
Loh Chin Hua	970,000	970,000	970,000
<i>(Contingent award of performance shares – Transformation Incentive Plan issued in 2023 to be delivered after 2025)^{1,4}</i>			
Loh Chin Hua	–	417,100	417,100

- ¹ Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.
- ² The performance period of the Keppel PSP award issued in 2019 was extended for 1 more year as the targets of the award were set before the onset of the COVID-19 pandemic. The achievements in Year 2019, 2021 and 2022 will be used to determine the vesting level of the award at the end of the extended performance period.
- ³ The performance period of the Keppel PSP award issued in 2020 was extended for 1 more year as the targets of the award were set before the onset of the COVID-19 pandemic. The achievements in Year 2021, 2022 and 2023 will be used to determine the vesting level of the award at the end of the extended performance period.
- ⁴ The unvested restricted shares and contingent award of performance shares include adjustments made on 27 March 2023 to certain unvested shares under the Keppel Share Plans arising from the dividend *in specie* of the Seatrium Limited (formerly, Sembcorp Marine Ltd) shares ("Consideration Shares") to the Company's shareholders.

5. SHARE PLANS OF THE COMPANY

The Keppel Performance Share Plan ("Keppel PSP") and Keppel Restricted Share Plan ("Keppel RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

At the Annual General Meeting held on 2 June 2020, the Company's shareholders approved the adoption of the Keppel Performance Share Plan 2020 ("Keppel PSP 2020") and Keppel Restricted Share Plan 2020 ("Keppel RSP 2020"), replacing the Keppel PSP and Keppel RSP respectively with effect from 2 June 2020. The Keppel PSP and Keppel RSP were terminated on the same day. The termination of the Keppel PSP and Keppel RSP will not, however, affect awards granted prior to such termination, whether such awards have been released (whether fully or partially) or not, which awards will continue to be valid and be subject to the terms and conditions of the Keppel PSP and Keppel RSP.

Details of share plans awarded under the Keppel PSP, Keppel PSP-M1 Transformation Incentive Plan ("Keppel PSP-M1 TIP"), Keppel PSP 2020, Keppel PSP 2020-Transformation Incentive Plan ("Keppel PSP 2020-TIP") and Keppel RSP 2020-Deferred Shares are disclosed in Note 3 to the financial statements and as follows:

Contingent awards:

Date of Grant	Number of shares					Balance at 31.12.2023
	Balance at 1.1.2023	Contingent awards granted	Adjustment upon release	Released	Cancelled	
Keppel PSP						
30.4.2019	1,462,847	–	503,512	(1,966,359)	–	–
31.3.2020	1,379,033	–	592,984	–	–	1,972,017
	<u>2,841,880</u>	<u>–</u>	<u>1,096,496</u>	<u>(1,966,359)</u>	<u>–</u>	<u>1,972,017</u>
Keppel PSP-M1 TIP						
17.2.2020 ⁵	115,100	–	32,524	(147,624)	–	–
17.2.2020	264,800	–	113,864	–	–	378,664
	<u>379,900</u>	<u>–</u>	<u>146,388</u>	<u>(147,624)</u>	<u>–</u>	<u>378,664</u>
Keppel PSP 2020						
30.4.2021	1,420,000	–	569,020	–	(96,698)	1,892,322
29.4.2022	1,695,000	–	660,725	–	(158,430)	2,197,295
28.4.2023	–	1,845,000	–	–	–	1,845,000
	<u>3,115,000</u>	<u>1,845,000</u>	<u>1,229,745</u>	<u>–</u>	<u>(255,128)</u>	<u>5,934,617</u>
Keppel PSP 2020-TIP						
30.7.2021	10,430,000	–	3,806,318	–	(2,001,867)	12,234,451
29.4.2022	790,000	–	339,700	–	(257,400)	872,300
	<u>11,220,000</u>	<u>–</u>	<u>4,146,018</u>	<u>–</u>	<u>(2,259,267)</u>	<u>13,106,751</u>

- ⁵ The performance period of the 3-year Keppel PSP-M1 TIP issued in 2020 was extended for 1 more year as the targets of the award were set before the onset of the COVID-19 pandemic. The achievements in Year 2019, 2021 and 2022 will be used to determine the vesting level of the award at the end of the extended performance period.

Directors' Statement

For the financial year ended 31 December 2023

5. SHARE PLANS OF THE COMPANY (continued)

Awards released but not vested:

Date of Grant	Number of shares					Balance at 31.12.2023
	Balance at 1.1.2023	Released	Vested	Cancelled	Other adjustments	
Keppel PSP						
30.4.2019	–	1,966,359	(1,966,359)	–	–	–
	–	1,966,359	(1,966,359)	–	–	–
Keppel PSP-M1 TIP						
17.2.2020	–	147,624	(147,624)	–	–	–
	–	147,624	(147,624)	–	–	–
Keppel RSP 2020-Deferred Shares						
15.2.2021	1,442,179	–	(2,048,054)	(6,427)	612,302	–
15.2.2022	3,812,169	–	(2,951,470)	(113,664)	1,617,505	2,364,540
08.2.2023	–	140,059	(46,686)	–	–	93,373
15.2.2023	–	5,345,420	(2,956,851)	(204,390)	2,278,270	4,462,449
01.3.2023	–	651,640	(217,204)	(4,772)	–	429,664
	5,254,348	6,137,119	(8,220,265)	(329,253)	4,508,077	7,350,026

Following the dividend *in specie* of the Seatrium Limited (formerly, Sembcorp Marine Ltd) shares (“Consideration Shares”) to the Company’s shareholders, adjustments have been made on 27 March 2023 to certain unvested shares under the Keppel Share Plans. The increase in unvested shares due to the adjustments were:

- 1,222,008 unvested shares under the Keppel PSP;
- 163,357 unvested shares under the Keppel PSP-M1 TIP;
- 1,229,745 unvested shares under the Keppel PSP 2020;
- 4,146,018 unvested shares under the Keppel PSP 2020-TIP; and
- 4,510,021 unvested shares under the Keppel RSP 2020-Deferred Shares.

No Director of the Company received any contingent award of Shares granted under the Keppel PSP, Keppel RSP 2020 and Keppel PSP 2020 except for the following:

Contingent awards:

	Contingent awards granted during the financial year	Contingent awards released during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
Keppel PSP						
Executive Director						
Loh Chin Hua	–	(490,633)	2,250,814	(655,731)	(1,073,133)	521,950
Keppel PSP 2020						
Executive Director						
Loh Chin Hua	450,000	–	1,215,000	328,950	–	1,543,950
Keppel PSP 2020-TIP						
Executive Director						
Loh Chin Hua	–	–	970,000	417,100	–	1,387,100

Awards:

	Awards granted during the financial year	Awards released during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
Keppel RSP 2020-Deferred Shares						
Executive Director						
Loh Chin Hua	492,921	(492,921)	1,150,766	298,389	(1,449,155)	–

Awards released but not vested:

	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
Keppel RSP 2020-Deferred Shares			
Executive Director			
Loh Chin Hua	1,449,155	(833,183)	615,972
Keppel PSP			
Executive Director			
Loh Chin Hua	1,073,133	(1,073,133)	–

No Director or employee received 5% or more of the total number of contingent award of Shares granted during the financial year and aggregated to date, except for the following:

	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
Executive Director		
Loh Chin Hua		
– Keppel Performance Share Plan (“Keppel PSP”)	–	6.96
– Keppel Restricted Share Plan 2020 (“Keppel RSP 2020”) and Keppel Performance Share Plan 2020 (“Keppel PSP 2020”)	10.62	9.78

There are no contingent award of Shares granted to any of the Company’s controlling shareholders or their associates under the Keppel RSP 2020, Keppel PSP and Keppel PSP 2020.

6. INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board



Danny Teoh
Chairman



Loh Chin Hua
Chief Executive Officer

Singapore
1 March 2024

Independent Auditor's Report

to the Members of Keppel Ltd. (formerly known as Keppel Corporation Limited)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Keppel Ltd. (formerly known as 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 1967 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the balance sheets of the Group and of the Company as at 31 December 2023;
- the consolidated profit or loss account of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

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 the 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 judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Accounting and fair valuation of notes receivables arising from the completion of the Asset Co Transaction (Refer to Notes 2.27(b)(vii) and 16 to the financial statements)</p> <p>Arising from the completion of the Asset Co Transaction on 27 February 2023, the Group subscribed to notes amounting to approximately \$4,251,144,000 issued by Rigco Holding Pte Ltd ("Rigco"), which bear interest of 4.0% per annum and the interest is payable annually in arrears for a tenure of 12 years, with an option held by Rigco to extend the maturity date by an additional 3 years ("vendor notes"). Details of the Asset Co Transaction are disclosed in Note 16 to the financial statements.</p> <p>These vendor notes issued by Rigco are classified as financial assets carried at fair value through profit or loss. Given the unique business and risk profile of Rigco, the transaction price of the vendor notes was assessed to not represent the fair value on initial recognition. The fair value of the vendor notes amounted to \$3,003,599,000 at initial recognition. As the fair value of the vendor notes is neither evidenced by a quoted price in an active market (i.e. Level 1 input) nor based on a valuation technique that uses only data from observable markets, the difference of \$1,247,545,000 between the fair value at initial recognition and the transaction price was deferred ("deferred loss"). This deferred loss is amortised using a straight-line method over the expected tenor of 7 years based on the projected repayment of the vendor notes in Rigco's business plan, or recognised in the profit or loss when there are observable market inputs, or when there is a redemption of the vendor notes.</p> <p>Management engaged an independent professional advisor to assist in the determination of the fair value of the vendor notes, which is based on the Discounted Cash Flow ("DCF") calculations using the estimated cash flows available for repayment of the vendor notes, derived based on a probability weighted range of scenarios per Rigco's business plan and financial projections. In addition to the independent professional firm responsible for estimating the fair value based on the DCF calculations and calculating the discount rates, management also relied on an independent industry expert engaged separately by Rigco to provide the estimated future rig sale values used in the financial projections, taking into consideration the market outlook, assumptions and industry parameters.</p> <p>As at 31 December 2023, the carrying value of the vendor notes, measured at fair value, amounted to \$4,286,354,000 which included an unamortised deferred loss amounting to \$1,107,501,000.</p>	<p>We evaluated the appropriateness of management's accounting treatment of the vendor notes, including the conclusion reached on the deferred loss.</p> <p>We reviewed management's estimation of the fair value of the vendor notes. We also assessed the appropriateness of key assumptions. Our procedures included:</p> <ul style="list-style-type: none"> • Obtained the business plan and financial projections of Rigco and validated the inputs applied by management in the DCF calculations. • Involved our valuation expert to review the DCF methodology and the discount rate used by management. • Evaluated the competency and experience of the independent professional firm and the industry expert who had assisted management in the valuation of the vendor notes. • Held discussions with the independent industry expert to gain an understanding on the approach adopted in estimating the future rig sale values used in the financial projections including the market outlook and industry parameters. <p>Based on our procedures, we found management's key judgements and estimation of the fair value of the vendor notes to be reasonable.</p> <p>We also considered the adequacy of the disclosures in the financial statements in respect of this matter and found the disclosures in the financial statements in respect of the key judgements and sources of estimation uncertainty to be adequate.</p>

Independent Auditor's Report

to the Members of Keppel Ltd. (formerly known as Keppel Corporation Limited)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Accounting and fair valuation of notes receivables arising from the completion of the Asset Co Transaction (continued) (Refer to Notes 2.27(b)(vii) and 16 to the financial statements)</p> <p>We focused on this area because of the complexity in the accounting of the vendor notes and the significant judgement required in:</p> <ul style="list-style-type: none"> Assessing the extent and significance of unobservable inputs used in the valuation of the vendor notes which determined the accounting for the deferral of the loss on initial recognition. Estimating the fair value of the vendor notes as the inputs to the valuation are not market observable. Such inputs and assumptions used in the valuation include estimated future rig sale values, dayrates, cost assumptions, utilisation rates, discount rates, duration of charters and estimated timing of future rig sales. These inputs are subject to high estimation uncertainty. The valuation of the vendor notes based on the DCF calculations was most sensitive to discount rates and the estimated future rig sale values. 	
<p>2. Revenue recognition based on measurement of progress towards performance obligation (Refer to Notes 2.27(b)(ii), 24 and 26 to the financial statements)</p> <p>During the financial year, the Group recognised \$382 million of revenue from continuing operations from 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.</p> <p>The stage of completion was measured by reference to the proportion of contract costs incurred to date to the estimated total contract costs.</p> <p>When it is probable that the costs of a contract will exceed the contract revenue, the expected loss is recognised as an expense immediately. As at 31 December 2023, management assessed that for some projects, total contract costs of each project would exceed the total contract sum. Costs yet to be incurred for these projects as at 31 December 2023 had been included in provision for onerous contracts amounting to \$47 million as presented in Note 24.</p> <p>We focused on this area because of the significant management judgment required in:</p> <ul style="list-style-type: none"> the estimation of the expected completion dates of the contracts, including expectations of any potential delays; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, and claims. 	<p>In respect of construction contracts where progress was measured based on the proportion of contract costs incurred to date to the estimated total contract costs, we evaluated the effectiveness of management's controls over the estimation of total costs and assessed the reasonableness of key inputs in the cost estimation. We tested the appropriateness of estimated costs by comparing these against actual costs incurred.</p> <p>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.</p> <p>In relation to total contracts costs, we:</p> <ul style="list-style-type: none"> validated costs incurred by tracing to supplier invoices or subcontractor progress billings; reviewed management's estimates of cost-to-complete for projects that were in-progress at the year end, by agreeing the costs to quotations and contracts entered for subcontracting costs and reviewing the estimation of construction costs with reference to the remaining activities of the projects, including the consideration for the expectation of potential delays and cost escalations; and reviewed claims from suppliers and subcontractors and traced to the recording of the costs.

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>We assessed the need for provision for liquidated damages via discussions with management and project managers and examination of project documentation.</p> <p>We also considered the adequacy of the Group's disclosures in respect of this matter.</p> <p>Based on our procedures, we found assumptions made in the measurement of the progress of construction contracts and the estimation of total contract costs to be reasonable. We also found the disclosures in the financial statements to be adequate.</p>
<p>3. Valuation of properties held for sale <i>(Refer to Notes 2.27(b)(v) and 18 to the financial statements)</i></p> <p>As at 31 December 2023, the Group has residential properties held for sale of \$2,053 million mainly in China, Singapore, Indonesia and Vietnam.</p> <p>Properties held for sale are stated at the lower of cost and net realisable values. The determination of the carrying value and whether to recognise any foreseeable losses for properties held for sale is highly dependent on the estimated cost to complete each development and the estimated selling price.</p> <p>For certain development projects, fair values based on independent valuation reports are used to determine the net realisable value of these properties.</p> <p>We focused on this area as significant judgment is required in making estimates of future selling prices and the estimated cost to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the discount rate and price of comparable plots and properties.</p> <p>Continued unfavourable market conditions in certain 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.</p>	<p>We found that, in making its estimates of future selling prices, the Group took into account macroeconomic and real estate price trend information in the estimates. Management applied their knowledge of the business in their regular review of these estimates.</p> <p>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.</p> <p>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.</p> <p>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 valuers 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.</p> <p>We focused our work on development projects with slower than expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computations of the foreseeable losses.</p> <p>We also considered the adequacy of the disclosures in the financial statements, in describing the allowance for foreseeable losses made for properties held for sale. Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.</p>

Independent Auditor's Report

to the Members of Keppel Ltd. (formerly known as Keppel Corporation Limited)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>4. Valuation of investment properties <i>(Refer to Notes 2.27(b)(iv) and 8 to the financial statements)</i></p> <p>As at 31 December 2023, the Group owns a portfolio of investment properties of \$4,665 million comprising mainly office buildings, hotels, retail malls and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam.</p> <p>Investment properties are stated at their fair values determined by independent professional property valuers.</p> <p>We focused on this area as the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied such as the capitalisation rate, discount rate, net initial yield and price of comparable plots and properties.</p>	<p>We evaluated the qualifications and competence of the independent professional property valuers. We found that the valuers engaged by management are members of recognised professional bodies for professional property valuers and they possessed the requisite competency and experience to assist management in the assessment of the valuations.</p> <p>We considered the valuation methodologies used against those applied by other valuers for similar property types in determining the valuation of investment properties. We also considered other alternative valuation methods. 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.</p> <p>We tested the reliability of the projected cash inflows and outflows used in the valuation against supporting lease agreements, construction contracts and other documents. We corroborated other inputs such as the capitalisation rate, net initial yield, discount rate and price of comparable plots used in the valuation methodology by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the reasons for these and, where necessary, held further discussions with the valuers.</p> <p>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 on the valuation of investment properties, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the disclosures in the financial statements to be adequate.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>5. Impairment assessment of goodwill arising from acquisition of subsidiary – M1 Limited (“M1”) (Refer to Notes 2.27(b)(i) and 10 to the financial statements)</p> <p>In February 2019, the Group obtained controlling interest in M1 and recognised a goodwill of \$988 million upon the acquisition.</p> <p>An annual impairment assessment has been performed on the goodwill where the recoverable amount of M1 as a Cash generating unit (“CGU”) is estimated. Where the recoverable amount of M1 is determined to be less than the Group’s carrying amount of the M1 CGU (including the goodwill), an impairment loss will be recognised.</p> <p>The recoverable value of the M1 CGU as at 31 December 2023 was determined on a VIU basis using a DCF model.</p> <p>The assessment of the VIU of M1 CGU as at 31 December 2023 required significant judgment in estimating the underlying assumptions including the revenue growth rate, long term growth rate and discount rate. Based on management’s assessment, no impairment loss was recognised as the recoverable amount was estimated to be higher than the carrying value (including goodwill) of the M1 CGU.</p>	<p>We assessed the appropriateness of the underlying assumptions made by management in their cash flow projections, including the revenue growth rate, long term growth rate and discount rate based on the economic and industry conditions relevant to M1. We checked whether the cash flow projections were based on the approved business plan. We involved our valuation expert in evaluating the valuation methodology, the long term growth rate and the discount rate applied by management.</p> <p>We assessed the sensitivity of the cash flow projections and other key assumptions including discount rate and long term growth rate on the impairment assessment and the impact on the headroom over the carrying value.</p> <p>Based on our procedures, we were satisfied that management’s estimates and assumptions used in the impairment assessment of the goodwill on acquisition of M1 were reasonable.</p> <p>We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found the disclosures in the financial statements to be adequate.</p>

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 the other sections of the Keppel Ltd. (formerly known as Keppel Corporation Limited) Annual Report 2023 (“the Other Sections”), 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, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Independent Auditor's Report

to the Members of Keppel Ltd. (formerly known as Keppel Corporation Limited)

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Lam Hock Choon.



PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore
1 March 2024

Balance Sheets

As at 31 December 2023

	Note	GROUP		COMPANY	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Share capital	3	1,305,668	1,305,668	1,305,668	1,305,668
Treasury shares	3	(387,316)	(456,015)	(387,316)	(456,015)
Reserves	4	9,389,089	10,328,606	6,345,501	9,578,146
Share capital & reserves		10,307,441	11,178,259	7,263,853	10,427,799
Perpetual securities	5	401,521	401,521	401,521	401,521
Non-controlling interests	6	307,598	333,560	–	–
Total equity		11,016,560	11,913,340	7,665,374	10,829,320
Represented by:					
Fixed assets	7	902,149	976,797	2,853	5,641
Investment properties	8	4,665,064	4,283,093	–	–
Right-of-use assets	9	213,730	241,052	7,923	11,659
Intangibles	10	1,534,302	1,564,714	–	–
Subsidiaries	11	–	–	7,183,858	7,188,393
Associated companies and joint ventures	12	6,601,853	6,791,862	–	–
Investments	13	1,618,886	1,482,719	18,013	19,430
Deferred tax assets	14	78,520	87,624	8,862	8,853
Derivative assets		100,524	203,200	82,083	163,978
Contract assets	15	18,674	86,411	–	–
Notes receivables	16	4,286,354	–	–	–
Long term assets	17	452,098	498,536	58,744	70,252
		20,472,154	16,216,008	7,362,336	7,468,206
Current assets					
Stocks	18	2,109,941	2,300,950	–	–
Contract assets	15	405,715	255,900	–	–
Amounts due from:					
– subsidiaries	19	–	–	8,500,662	7,546,620
– associated companies and joint ventures	19	256,933	262,068	64	202
Debtors	20	1,693,963	1,239,298	72,524	58,911
Derivative assets		18,771	69,851	5,134	9,664
Short term investments	21	253,109	48,782	167,524	–
Bank balances, deposits & cash	22	1,265,660	1,142,344	272,601	1,232
		6,004,092	5,319,193	9,018,509	7,616,629
Disposal group and assets classified as held for sale	38	361,656	9,529,776	–	3,166,596
		6,365,748	14,848,969	9,018,509	10,783,225
Current liabilities					
Creditors	23	2,586,430	2,768,820	168,581	89,085
Derivative liabilities		91,280	156,355	78,607	49,048
Contract liabilities	15	165,494	209,770	–	–
Provisions	24	50,797	58,445	–	–
Amounts due to:					
– subsidiaries	19	–	–	210,923	273,063
– associated companies and joint ventures	19	101,264	69,863	897	900
Term loans	25	2,421,680	3,577,658	1,547,129	2,789,301
Lease liabilities	9	37,408	36,426	4,129	4,216
Taxation	30	377,474	258,990	52,762	43,513
		5,831,827	7,136,327	2,063,028	3,249,126
Liabilities directly associated with disposal group and assets classified as held for sale	38	307,001	4,224,003	–	–
		6,138,828	11,360,330	2,063,028	3,249,126
Net current assets		226,920	3,488,639	6,955,481	7,534,099
Non-current liabilities					
Term loans	25	8,537,958	6,603,186	6,505,384	4,043,984
Lease liabilities	9	142,055	162,703	4,606	8,467
Deferred tax liabilities	14	411,815	368,031	3,198	–
Derivative liabilities		114,563	99,849	109,693	91,306
Other non-current liabilities	23	476,123	557,538	29,562	29,228
		9,682,514	7,791,307	6,652,443	4,172,985
Net assets		11,016,560	11,913,340	7,665,374	10,829,320

The accompanying notes form an integral part of these financial statements.

Consolidated Profit or Loss Account

For the financial year ended 31 December 2023

	Note	2023 \$'000	2022 [#] \$'000
Continuing operations			
Revenue	26	6,966,128	6,619,718
Materials, subcontract and other costs		(4,998,415)	(5,174,408)
Staff costs	27	(704,133)	(667,878)
Depreciation and amortisation		(221,440)	(206,558)
Expected credit loss on financial assets	28	(24,119)	(34,010)
Loss from dividend <i>in specie</i>	28	(110,816)	-
Other operating income – net		168,707	28,343
Operating profit	28	1,075,912	565,207
Investment income	29	78,391	48,541
Interest income	29	64,886	91,348
Interest expenses	29	(328,053)	(146,187)
Share of results of associated companies and joint ventures		322,418	535,979
Profit before tax		1,213,554	1,094,888
Taxation	30	(289,706)	(245,149)
Profit from continuing operations for the year		923,848	849,739
Discontinued operations			
Profit from discontinued operations, net of tax	38	3,181,232	83,066
Profit for the year		4,105,080	932,805
Attributable to:			
Shareholders of the Company:			
– from continuing operations		885,219	838,959
– from discontinued operations		3,181,433	87,658
		4,066,652	926,617
Perpetual securities holders		11,600	11,600
Non-controlling interests	6	26,828	(5,412)
		4,105,080	932,805
Earnings per ordinary share			
– basic	31	227.6 cts	52.1 cts
– diluted		225.6 cts	51.6 cts
Earnings per ordinary share – Continuing operations:			
– basic	31	49.5 cts	47.2 cts
– diluted		49.1 cts	46.7 cts

[#] On 27 February 2023 and 28 February 2023, the Asset Co Transaction and the Proposed Combination were completed respectively (please refer to Note 38 for more details). Consequent to the completion, in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the performance of Keppel O&M, as a separate reportable operating segment, excluding certain out-of-scope assets, for the period from 1 January to 28 February 2023 and the gain arising from the Proposed Combination, and the comparative full year ended 31 December 2022, were reported as discontinued operations. Refer to Note 38 for further details.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

	2023 \$'000	2022 \$'000
Profit for the year	4,105,080	932,805
<u>Items that may be reclassified subsequently to profit or loss account:</u>		
Cash flow hedges		
– Fair value changes arising during the year, net of tax	(82,706)	155,771
– Realised and transferred to profit or loss account	(59,040)	195,578
Foreign exchange translation		
– Exchange differences arising during the year	5,849	(410,257)
– Realised and transferred to profit or loss account	123,900	(15,954)
Share of other comprehensive income of associated companies and joint ventures		
– Cash flow hedges	(39,983)	68,506
– Foreign exchange translation	(57,506)	(280,320)
	(109,486)	(286,676)
<u>Items that will not be reclassified subsequently to profit or loss account:</u>		
Financial assets, at FVOCI		
– Fair value changes arising during the year	(146,931)	(9,121)
Foreign exchange translation		
– Exchange differences arising during the year	(15,607)	(17,080)
Share of other comprehensive income of associated companies and joint ventures		
– Financial assets, at FVOCI	(1,431)	(662)
	(163,969)	(26,863)
Other comprehensive loss for the year, net of tax	(273,455)	(313,539)
Total comprehensive income for the year	3,831,625	619,266
Attributable to:		
Shareholders of the Company		
– from continuing operations	565,212	523,603
– from discontinued operations	3,244,417	107,852
	3,809,629	631,455
Perpetual securities holders	11,600	11,600
Non-controlling interests	10,396	(23,789)
	3,831,625	619,266

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

	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	Perpetual Securities \$'000	Non-controlling Interests \$'000	Total Equity \$'000
GROUP									
2023									
As at 1 January 2023	1,305,668	(456,015)	544,909	10,632,860	(849,163)	11,178,259	401,521	333,560	11,913,340
Total comprehensive income for the year									
Profit for the year	-	-	-	4,066,652	-	4,066,652	11,600	26,828	4,105,080
Other comprehensive income*	-	-	(329,266)	-	72,243	(257,023)	-	(16,432)	(273,455)
Total comprehensive income for the year	-	-	(329,266)	4,066,652	72,243	3,809,629	11,600	10,396	3,831,625
Transactions with owners, recognised directly in equity									
<u>Contributions by and distributions to owners</u>									
Dividends paid (Note 32)	-	-	-	(581,520)	-	(581,520)	-	-	(581,520)
Dividends <i>in specie</i> (Note 32)	-	-	-	(4,139,456)	-	(4,139,456)	-	-	(4,139,456)
Share-based payment	-	-	40,777	-	-	40,777	-	-	40,777
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(15,993)	(15,993)
Treasury shares reissued pursuant to share plans	-	68,699	(68,699)	-	-	-	-	-	-
Transfer of statutory, capital and other reserves from revenue reserves	-	-	8,606	(7,235)	(1,371)	-	-	-	-
Distribution paid to perpetual securities holders	-	-	-	-	-	-	(11,600)	-	(11,600)
Contributions to defined benefits plans	-	-	(248)	-	-	(248)	-	(143)	(391)
Total contributions by and distributions to owners	-	68,699	(19,564)	(4,728,211)	(1,371)	(4,680,447)	(11,600)	(16,136)	(4,708,183)
<u>Changes in ownership interests in subsidiaries</u>									
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	(14,316)	(14,316)
Disposal of interest in subsidiaries	-	-	-	-	-	-	-	(5,906)	(5,906)
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	-	(20,222)	(20,222)
Total transactions with owners	-	68,699	(19,564)	(4,728,211)	(1,371)	(4,680,447)	(11,600)	(36,358)	(4,728,405)
As at 31 December 2023	1,305,668	(387,316)	196,079	9,971,301	(778,291)	10,307,441	401,521	307,598	11,016,560

* 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.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

	Attributable to owners of the Company								Total Equity \$'000
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Perpetual Securities \$'000	Non-controlling Interests \$'000	
GROUP									
2022									
As at 1 January 2022	1,305,668	(4,624)	129,619	10,365,733	(141,256)	11,655,140	401,521	384,700	12,441,361
Total comprehensive income for the year									
Profit for the year	-	-	-	926,617	-	926,617	11,600	(5,412)	932,805
Other comprehensive income*	-	-	411,369	-	(706,531)	(295,162)	-	(18,377)	(313,539)
Total comprehensive income for the year	-	-	411,369	926,617	(706,531)	631,455	11,600	(23,789)	619,266
Transactions with owners, recognised directly in equity									
<u>Contributions by and distributions to owners</u>									
Dividends paid (Note 32)	-	-	-	(643,233)	-	(643,233)	-	-	(643,233)
Share-based payment	-	-	45,096	-	-	45,096	-	-	45,096
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(33,033)	(33,033)
Purchase of treasury shares	-	(499,993)	-	-	-	(499,993)	-	-	(499,993)
Treasury shares reissued pursuant to share plans	-	48,602	(48,602)	-	-	-	-	-	-
Transfer of statutory, capital and other reserves from revenue reserves	-	-	17,659	(16,283)	(1,376)	-	-	-	-
Contribution by non-controlling shareholders	-	-	-	-	-	-	-	2,916	2,916
Distribution paid to perpetual securities holders	-	-	-	-	-	-	(11,600)	-	(11,600)
Contributions to defined benefits plans	-	-	1,234	-	-	1,234	-	22	1,256
Total contributions by and distributions to owners	-	(451,391)	15,387	(659,516)	(1,376)	(1,096,896)	(11,600)	(30,095)	(1,138,591)
<u>Changes in ownership interests in subsidiaries</u>									
Acquisition of additional interest in subsidiaries	-	-	(11,466)	-	-	(11,466)	-	(13,138)	(24,604)
Disposal of interest in subsidiaries	-	-	-	26	-	26	-	(4,071)	(4,045)
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	19,953	19,953
Total change in ownership interests in subsidiaries	-	-	(11,466)	26	-	(11,440)	-	2,744	(8,696)
Total transactions with owners	-	(451,391)	3,921	(659,490)	(1,376)	(1,108,336)	(11,600)	(27,351)	(1,147,287)
As at 31 December 2022	1,305,668	(456,015)	544,909	10,632,860	(849,163)	11,178,259	401,521	333,560	11,913,340

* 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.

Statement of Changes in Equity

For the financial year ended 31 December 2023

	Attributable to owners of the Company						Total \$'000
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Share Capital & Reserves \$'000	Perpetual Securities \$'000	
COMPANY							
2023							
As at 1 January 2023	1,305,668	(456,015)	217,036	9,361,110	10,427,799	401,521	10,829,320
Total comprehensive income for the year							
Profit for the year	-	-	-	1,517,670	1,517,670	11,600	1,529,270
Other comprehensive income	-	-	(1,417)	-	(1,417)	-	(1,417)
Total comprehensive income for the year	-	-	(1,417)	1,517,670	1,516,253	11,600	1,527,853
Transactions with owners, recognised directly in equity							
Dividends paid (Note 32)	-	-	-	(581,520)	(581,520)	-	(581,520)
Dividends <i>in specie</i> (Note 32)	-	-	-	(4,139,456)	(4,139,456)	-	(4,139,456)
Share-based payment	-	-	40,777	-	40,777	-	40,777
Treasury shares reissued pursuant to share plans	-	68,699	(68,699)	-	-	-	-
Distribution paid to perpetual securities holders	-	-	-	-	-	(11,600)	(11,600)
Total transactions with owners	-	68,699	(27,922)	(4,720,976)	(4,680,199)	(11,600)	(4,691,799)
As at 31 December 2023	1,305,668	(387,316)	187,697	6,157,804	7,263,853	401,521	7,665,374
2022							
As at 1 January 2022	1,305,668	(4,624)	224,759	8,271,057	9,796,860	401,521	10,198,381
Total comprehensive income for the year							
Profit for the year	-	-	-	1,733,286	1,733,286	11,600	1,744,886
Other comprehensive income	-	-	(4,218)	-	(4,218)	-	(4,218)
Total comprehensive income for the year	-	-	(4,218)	1,733,286	1,729,068	11,600	1,740,668
Transactions with owners, recognised directly in equity							
Dividends paid	-	-	-	(643,233)	(643,233)	-	(643,233)
Share-based payment	-	-	45,097	-	45,097	-	45,097
Purchase of treasury shares	-	(499,993)	-	-	(499,993)	-	(499,993)
Treasury shares reissued pursuant to share plans	-	48,602	(48,602)	-	-	-	-
Distribution paid to perpetual securities holders	-	-	-	-	-	(11,600)	(11,600)
Total transactions with owners	-	(451,391)	(3,505)	(643,233)	(1,098,129)	(11,600)	(1,109,729)
As at 31 December 2022	1,305,668	(456,015)	217,036	9,361,110	10,427,799	401,521	10,829,320

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Operating activities			
Operating profit		4,272,704	726,891
Adjustments:			
Depreciation and amortisation		221,440	241,957
Share-based payment expenses		37,337	43,403
Gain on sale of fixed assets and investment properties		(53,931)	(6,980)
Gain on disposal of subsidiaries		(3,320,201)	(22,498)
Gain on disposal of associated companies and joint ventures		(69,774)	(74,860)
(Gain)/loss from sale of interests in associated companies and joint ventures		(36,636)	40,168
Provision/(write-back) of impairment of right-of-use assets and fixed assets		1,023	(291,867)
Loss on dividend <i>in specie</i>		110,816	-
Impairment of a joint venture		-	1,000
Fair value gain on investment properties		(149,532)	(131,711)
(Gain)/loss from change in interest in associated companies		1,427	(10,933)
Fair value gain on investments and associated companies and joint ventures		(69,028)	(85,844)
Fair value gain on notes receivables		(965)	-
Gain on acquisition of subsidiaries		-	(6,795)
Unrealised foreign exchange differences		(78,420)	(100,380)
Operational cash flow before changes in working capital		866,260	321,551
Working capital changes:			
Stocks		295,878	708,305
Contract assets		(274,574)	(620,466)
Debtors		(24,685)	38,717
Creditors		(185,342)	274,318
Contract liabilities		(104,795)	3,297
Trade amount due (to)/from associated companies and joint ventures		(104,168)	99,741
		468,574	825,463
Interest received		70,231	107,306
Interest paid		(364,290)	(285,609)
Net income taxes paid, net of refunds received		(116,086)	(387,573)
Net cash from operating activities		58,429	259,587
Investing activities			
Acquisition of subsidiaries	A	504	(34,328)
Acquisition and further investment in associated companies and joint ventures		(419,157)	(885,728)
Acquisition of fixed assets, investment properties, intangible assets and investments		(921,090)	(696,211)
Disposal of subsidiaries	B	(890,641)	403,194
Proceeds from disposal of fixed assets, investment properties, and investments		411,437	83,413
Proceeds from disposal of associated companies and joint ventures and return of capital		505,052	341,797
Deposit paid for acquisition of a real estate asset manager		(44,912)	-
Loan extended in relation to a potential acquisition		(14,324)	-
Repayment from/(advances to) associated companies, joint ventures and joint venture partner		166,516	(210,364)
Dividends received from investments, associated companies and joint ventures		263,901	330,942
Net cash used in investing activities		(942,714)	(667,285)
Financing activities			
Acquisition of additional interest in subsidiaries		(14,316)	(28,600)
Proceeds from non-controlling shareholders of subsidiaries		-	2,916
Proceeds from term loans		4,958,307	2,933,615
Repayment of term loans		(3,582,576)	(3,270,039)
Principal element of lease payments		(40,005)	(82,641)
Purchase of treasury shares		-	(499,993)
Dividend paid to shareholders of the Company		(581,520)	(643,233)
Dividend paid to non-controlling shareholders of subsidiaries		(15,993)	(33,033)
Net advances from non-controlling shareholders of certain subsidiaries		10,646	111,023
Distribution to perpetual securities holders		(11,600)	(11,600)
Net cash from/(used in) financing activities		722,943	(1,521,585)
Net decrease in cash and cash equivalents		(161,342)	(1,929,283)
Cash and cash equivalents as at beginning of year		1,444,773	3,543,642
Effects of exchange rate changes on the balance of cash held in foreign currencies		(18,340)	(169,586)
Cash and cash equivalents as at end of year	C	1,265,091	1,444,773

The accompanying notes form an integral part of these financial statements.

Reconciliation of liabilities arising from financing activities

2023

	1 January 2023 \$'000	Net proceeds/ (payment) of principal \$'000	Non-cash changes					Others \$'000	Presented as liabilities directly associated with assets classified as held for sale (Note 38) \$'000	31 December 2023 \$'000
			Addition during the year \$'000	Remeasure- ment of lease liabilities \$'000	Disposal of sub- sidiaries \$'000	Acquisition of sub- sidiaries \$'000	Foreign exchange movement \$'000			
Term loans	10,180,844	877,051	-	-	-	-	(98,257)	-	-	10,959,638
Lease liabilities	199,129	(35,139)	23,401	940	(8,640)	-	(228)	-	-	179,463
Advances from non-controlling shareholders	273,710	10,646	-	-	-	-	(3,698)	2,084	-	282,742

2022

	1 January 2022 \$'000	Net proceeds/ (payment) of principal \$'000	Non-cash changes					Others \$'000	Presented as liabilities directly associated with assets classified as held for sale (Note 38) \$'000	31 December 2022 \$'000
			Addition during the year \$'000	Remeasure- ment of lease liabilities \$'000	Disposal of sub- sidiaries \$'000	Acquisition of sub- sidiaries \$'000	Foreign exchange movement \$'000			
Term loans	11,455,220	(336,424)	-	-	(55,286)	43,909	(168,864)	-	(757,711)	10,180,844
Lease liabilities	561,719	(82,641)	43,084	20,864	(30,814)	-	1,631	-	(314,714)	199,129
Advances from non-controlling shareholders	163,815	111,023	-	-	-	-	(1,970)	842	-	273,710

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:

	2023 \$'000	2022 \$'000
Fixed assets and investment properties	-	3,829
Right-of-use assets	-	226
Intangible assets	-	10,799
Stocks	-	9,174
Debtors and other assets	29,380	109,918
Bank balances and cash	7,261	21,056
Creditors and other liabilities	(4,201)	(19,578)
Borrowings and lease liabilities	-	(43,909)
Current and deferred taxation	-	(8,820)
Total identifiable net assets at fair value	32,440	82,695
Non-controlling interests measured at fair value	-	(20,694)
Amount previously accounted for as associated companies or joint ventures	(40,888)	178
Goodwill on consolidation (Note 10)	15,205	-
Gain on acquisition of subsidiaries	-	(6,795)
Total purchase consideration	6,757	55,384
Less: Bank balances and cash acquired	(7,261)	(21,056)
Cash (inflow)/outflow on acquisition	(504)	34,328

During the year, acquisition relates to acquisition of remaining 50% interest in Keppel Credit Fund Management Pte. Ltd. (previously known as Pierfront Capital Fund Management Pte. Ltd.) and gain of control of the Group's 64% owned joint ventures, VN Glory Pte. Ltd., VN Fortune Pte. Ltd. and VN Growth Pte. Ltd. via a capital reduction after the exit of a joint venture partner. Subsequent to the capital reduction, the Group holds 91% interest in these entities. The fair value of the net identifiable assets is determined on a provisional basis.

In prior year, acquisition relates to acquisition of 51% of the total issued share capital of Glocomp Systems (M) Sdn Bhd over two tranches and acquisition of 100% equity interest in Juventas DC Pte. Ltd.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

B. Disposal of Subsidiaries

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	2023 \$'000	2022 \$'000
Fixed assets and investment properties	(268,241)	(98,621)
Right-of-use assets	(10,336)	(33,480)
Intangible assets	–	(1,275)
Stocks	(92)	(233,405)
Debtors and other assets	(39,939)	(59,263)
Associated companies and joint ventures	–	(127,215)
Amount due to associated companies and joint ventures	31,579	–
Bank balances and cash	(4,493)	(15,769)
Disposal group classified as held for sale*	(9,710,455)	–
Creditors and other liabilities	202,005	35,301
Borrowings and lease liabilities	8,640	86,100
Liabilities directly associated with disposal group classified as held for sale*	4,438,191	–
Current and deferred taxation	(37)	33,911
Non-controlling interests deconsolidated	5,513	4,009
Net assets disposed, less provision for transaction costs and other liabilities	(5,347,665)	(409,707)
Net gain on disposal	(3,320,201)	(22,498)
Amount accounted for as associated company	40,223	–
Realisation of cashflow hedge reserve	42,719	–
Realisation of foreign currency translation reserve	(105,072)	8,520
Sale proceeds	(8,689,996)	(423,685)
Less: Bank balances and cash disposed	972,519	15,769
Less: Proceeds receivable	3,669	4,722
Less: Deferred proceeds received	(4,722)	–
Less: Consideration in relation to disposal of discontinued operations*	8,609,171	–
Cash outflow/(inflow) on disposal	890,641	(403,194)

* Refer to Note 38 for the breakdown of disposal group classified as held for sale and liabilities directly associated with disposal group classified as held for sale disposed during the year.

During the year, disposal of subsidiaries relates to the Asset Co Transaction and the Proposed Combination (Note 38), Willowville Pte Ltd, Greenfield Development Pte. Ltd. as well as dilution of shareholding interest in Asgard Investment Holdings Pte. Ltd. to 40% and dilution of shareholding interest in Keppel Sakra Cogen Pte Ltd to 30%. During the year, the Group also received deferred proceeds from FY2022 sale of Shanghai Fengwo Apartment Management Co Ltd.

In the prior year, disposal of subsidiaries relates to Shanghai Fengwo Apartment Management Co Ltd, Shanghai Jinju Real Estate Development Co Ltd, Keppel Logistics Pte. Ltd. and Indo-Trans Keppel Logistics Vietnam Co Ltd.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2023 \$'000	2022 \$'000
Bank balances, deposits and cash	998,555	1,142,344
Amounts held under a segregated account in relation to the proceeds (Note 22) from sale of the Retained Consideration Shares (as defined in Note 38)	267,105	–
	1,265,660	1,142,344
Disposal group classified as held for sale – bank balances, deposits & cash (Note 38)	–	381,179
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost, claims and other liabilities	(569)	(78,750)
	1,265,091	1,444,773

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

With effect from 1 January 2024, the name of the Company has been changed from “Keppel Corporation Limited” to “Keppel Ltd.”.

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:

- management of private funds and listed real estate investment and business trusts, focusing in areas of infrastructure, real estate and connectivity.
- provision of energy and environmental solutions and services that are essential for sustainable development, including commercial power generation, renewables, environmental engineering and construction and infrastructure operation and maintenance;
- property development and investment, as well as master development, and provision of sustainable and innovative urban space solutions, including sustainable urban renewal and senior living; and
- development and operation of data centres, provision of telecommunications services, sale of telecommunications and information technology equipment, and provision of system integration solutions and services.

The financial statements of the Group for the financial year ended 31 December 2023 and the balance sheet and statement of changes in equity of the Company at 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 1 March 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and International Financial Reporting Standards (“IFRSs”). All references to SFRS(I)s and IFRSs are referred to collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of New and Revised Standards

The Group adopted the new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are effective for annual periods beginning on or after 1 January 2023. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- SFRS(I) 17 *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2023)
- Amendments to SFRS(I) 1-12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective for annual periods beginning on or after 1 January 2023)
- Amendments to SFRS(I) 1-12 *Income Taxes: International Tax Reform – Pillar Two Model Rules* (effective for annual periods beginning on or after 1 January 2023)

The adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

For the financial year ended 31 December 2023, the Group had applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS (I)1-12 issued in May 2023. The Group accounts for Pillar Two income taxes as current tax when it is incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 or 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 or 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 or 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 or loss account. For loss of control transactions where the retained interest in the former subsidiary is an associate or joint venture accounted for using the equity method, any previously unrecognised profit/loss arising from intra-group transactions are recognised only to the extent of the equity interest divested.

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 or 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 or 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	30 to 50 years
Buildings on leasehold land	Over period of lease (ranging from 10 to 50 years)
Plant, machinery & equipment	3 to 30 years
Networks and related application systems	5 to 25 years
Furniture, fittings & office equipment	2 to 15 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long term capital appreciation or for a currently indeterminate use. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers, except for significant investment properties which are revalued on a half-yearly basis. Changes in fair value are recognised in the profit or loss account. The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components are recognised in the profit or loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit or loss account.

2.6 Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

2.7 Associated Companies and Joint Ventures

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

A joint venture is an entity, not being a subsidiary, over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company or a joint venture, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit or loss account.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company or joint venture is included in the consolidated profit or loss account and consolidated statement of comprehensive income respectively. The Group's share of net assets of the associated company or joint venture is included in the consolidated balance sheet.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Associated Companies and Joint Ventures (continued)

When the Group's investment in an associated company or a joint venture is held by, or is held indirectly through, a subsidiary or 'organisation' that is a venture capital organisation, or a mutual fund, unit trust and similar entities, the Group may elect to measure that investment at fair value through profit or loss. This election is made separately for each associated company or joint venture, at initial recognition of the associated company or joint venture. The 'organisation' does not have to be a separate legal entity or special purpose vehicle. However, the 'organisation' does have to be a division or a branch that is clearly separated and managed independently from the entity's other business activities and undertake a venture capital business, or a mutual fund, unit trust and similar types of businesses that is managed with the objective of earning a return on its investments.

Any excess of the cost of acquisition over the Group's share of net identifiable assets, liabilities and contingent liabilities of the associated company or joint venture recognised at the date of acquisition measured at their fair values is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net identifiable assets, liabilities and contingent liabilities measured at their fair values over the cost of acquisition, after reassessment, is recognised immediately in the profit or 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 or loss account as a bargain purchase gain.

Spectrum Rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licenses or access codes. These intangible assets are measured initially at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Spectrum rights are amortised on a straight-line basis over the estimated economic useful life of 4 to 16 years.

Brand

The brand was acquired as part of a business combination. The brand value will be amortised over the useful life which is estimated to be 30 years.

Customer Contracts and Customer Relationships

Customer contracts and customer relationships are identified and recognised separately from goodwill. The cost of customer contracts and relationships is at their fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 2 to 17 years.

Other Intangible Assets

Other intangible assets include internet protocol (IP) address, initially recognised at cost and subsequently carried at cost less accumulated amortisation. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 3 to 15 years.

Other intangible assets also include management rights which is initially recognised at cost upon acquisition and subsequently carried at cost less accumulated impairment losses, if any. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

2.9 Service Concession Arrangement

The Group has an existing service concession arrangement with a governing agency (the grantor) to design, build, own and operate a desalination plant in Singapore. Under the service concession arrangement, the Group will operate the plant for 25 years. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. Such service concession arrangement falls within the scope of SFRS(I) INT 12 *Service Concession Arrangements*.

The Group constructs the plant (construction services) used to provide public services and operates and maintains the plant (operation services) for the concession period as specified in the contract. The Group recognises and measures revenue in accordance with SFRS(I) 15 for the services it performs.

The Group recognises a financial asset arising from the provision of the construction services when it has a contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised amount using the effective interest method.

2.10 Financial Assets

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVPL”).

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Purchases and sale of financial assets are recognised on the trade date when the Group commits to purchase or sell the assets.

At initial recognition, the Group measures a financial asset at its fair value including, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit or loss account.

Where the transaction price is not representative of the fair value of the financial asset, the Group assesses the fair value of the financial asset. For transactions when the fair value is based on quoted price in an active market (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference if any, between the fair value at initial recognition and the transaction price is recognised directly in profit or loss. Otherwise the difference, if any, between the fair value at initial recognition and the transaction price is deferred and recognised on a systematic basis over time in profit or loss.

i. Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade, intercompany and other receivables (excluding prepayments), notes 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.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the profit or loss account when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the profit or loss account using the effective interest rate method.

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in the profit or loss account in the period in which it arises. For notes receivables carried at FVPL, such movement in fair values and interest income is recognised in the profit or loss account in the period which it arises and presented on net basis as fair value gain or loss. For foreign currency denominated debt instruments measured at FVPL, the Group presents the exchange gain or loss arising from such instruments separately from the movements in fair values, and as part of total exchange gains or losses.

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets’ cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income (“OCI”) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the profit or loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit or loss account. Interest income from these financial assets is recognised in the profit or loss account using the effective interest rate method.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss account. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the profit or loss account.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Financial Assets (continued)

ii. Equity investments

The Group measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in the profit or loss account in the period in which the changes arise. For equity investments where the Group has elected to recognise changes in fair value in OCI, movements in fair values are presented as “fair value changes” in OCI. Dividends from equity investments are recognised in the profit or loss account.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in the profit or loss account if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sale proceeds would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Investments include equity investments classified as FVPL and FVOCI and debt investments classified as FVPL. 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.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.11 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit or 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 or loss account. Amounts taken to other comprehensive income are reclassified to the profit or loss account when the hedged transaction affects the profit or loss account.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit or 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 or loss account.

For net investment hedges, the Group designates certain foreign currency borrowings as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges.

When foreign currency borrowings are designated as net investments hedges of foreign operations, the effective portion of currency translation differences is recognised in other comprehensive income and presented in the translation reserve within equity. Any ineffective portion of the currency translation differences is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss on disposal of the foreign operation.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

2.12 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.

2.13 Contract Assets and Contract Liabilities

For contracts where the customer is invoiced on a milestone payment schedule or over the period of the contract, a contract asset is recognised if the value of the contract work transferred by the Group exceeds 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.

2.14 Impairment of Assets

Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 sets out how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company or joint venture is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) expected to benefit from the synergies of the combination. An impairment loss is recognised in the profit or loss account when the carrying amount of the CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets

Tangible and intangible assets are tested for impairment whenever there is any indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit or 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 or loss account.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.15 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 Note 2.21).

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.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair values plus transaction costs in the balance sheet. Financial guarantees are subsequently amortised to the profit or loss account over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss account.

2.16 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 onerous contracts is recognised when a contract is onerous. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision for onerous contract represents the present value of the management's best estimate of the future outflow of economic benefits that the Group is presently obliged to make under its obligations.

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.

2.17 Leases

When a Group company is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented as a separate line on the balance sheets. Right-of-use assets which meets the definition of an investment property is presented within "Investment Properties" and accounted for in accordance with Note 2.5.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option, if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liabilities are presented as a separate line on the balance sheets.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises these lease payments in profit or loss in the periods that triggered such lease payments. Details of the variable lease payments are disclosed in Note 9.

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.

Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet and included in debtors and long-term receivables. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

2.18 Assets (or disposal groups) classified as Held for Sale and Discontinued Operations

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. The assets are not depreciated or amortised while they are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset (or disposal groups) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.18 Assets (or disposal groups) classified as Held for Sale and Discontinued Operations (continued)

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

2.19 Revenue

Revenue from continuing operations consists of:

- Revenue recognised on property construction and long-term engineering contracts;
- Sale of goods;
- Rendering of services; and
- Rental income from investment properties.

Revenue from discontinued operations consists of revenue recognised on rigbuilding, shipbuilding and repairs.

Revenue recognition

The Group enters into rigbuilding, shipbuilding and repairs (as classified within discontinued operations in Note 38(i)), property construction and long term construction contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to-date.

The contract work, except for overseas property construction contracts, has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the contract work. For overseas property construction contracts, the Group does not have enforceable rights to payment arising from the contractual terms. Revenue from overseas property construction contracts is recognised at a point in time when the rights to payment become enforceable.

The measure of progress for rigbuilding contracts, and shipbuilding and repair contracts, is determined based on the estimation of the physical proportion of the contract work completed for the contracts with reference to engineers' estimates. The measure of progress for property construction and long term engineering contracts is determined based on the proportion of contract costs incurred to-date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue from the rendering of services including sale of electricity, utilities and gas, logistic services, operations and maintenance under service concession arrangements, asset management, and telecommunication services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed or in accordance with terms of the service agreements.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

2.20 Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.21 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 or loss account over the period of borrowing using the effective interest rate method.

For Singapore trading properties which the Group recognises revenue over time, borrowing costs on the portion of the property not ready for transfer of control to the purchasers are capitalised until the time when control is capable of being transferred to the purchasers.

2.22 Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Plans Scheme

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of restricted shares and performance shares is recognised as an expense in the profit or loss account with a corresponding increase in the 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 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 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 or loss account, with a corresponding adjustment to the share plan reserve over the remaining vesting period.

No expense is recognised for share plan awards that do not ultimately vest, except for 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.

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 sheet 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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.23 Income Taxes (continued)

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 or 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 or loss account. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries, associated companies and joint ventures that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. Profit or loss of foreign subsidiaries, associated companies and joint ventures are translated into Singapore Dollars using the average exchange rates for the financial year. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign subsidiaries, associated companies and joint ventures. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in Foreign Exchange Translation Account until disposal.

Disposal or partial disposal of a foreign operation

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associated company that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associated companies or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.25 Share Capital and Perpetual Securities

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

Treasury shares

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.

Perpetual securities

Perpetual securities which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity. Distributions arising from such instruments are recognised in equity as there is no contractual obligation to pay distributions on these instruments. Incremental external costs directly attributable to the issuance of such instruments are accounted for as a deduction from equity.

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

2.26 Segment Reporting

The Group has four main segments, namely Infrastructure, Real Estate, Connectivity and Corporate Activities. Management monitors the results of each of the main segments for the purpose of making decisions on resource allocation and performance assessment.

2.27 Critical Accounting Judgments and Estimates

a. Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, there is no instance of application of judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

i. Control over Keppel REIT

The Group has approximately 37% (2022: approximately 47%) gross ownership interest of units in Keppel REIT as at 31 December 2023. 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.

b. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

i. Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units ("CGU"s). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. Management performed impairment tests on fixed assets (Note 7), investments in subsidiaries (Note 11), investments in associated companies and joint ventures (Note 12), and intangibles (Note 10) as at 31 December 2023.

Management has also performed an impairment assessment of the goodwill arising from acquisition of M1 Limited. Details of the impairment testing is disclosed in Note 10.

ii. Revenue recognition and contract cost

The Group recognises contract revenue over time for long term construction contracts by reference to the proportion of contract costs incurred to-date to the estimated total contract costs. The stage of completion is measured in accordance with the accounting policy stated in Note 2.19. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately. Revenue from construction contracts is disclosed in Note 26.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.27 Critical Accounting Judgments and Estimates (continued)

b. Key sources of estimation uncertainty (continued)

ii. *Revenue recognition and contract cost* (continued)

Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the proportion of the contract work completed for the contracts; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims. In making the assumption, the Group evaluates by relying on past experience, the work of engineers as well as quotations and references from other projects. These estimations are also made with due consideration of the circumstances and relevant events that were known to management at the date of these financial statements.

The above assessment had been made with the following key assumptions:

- i. estimation of the expected completion dates of each project, including expectations of any potential delays;
- ii. additional costs that will be required to complete the projects; and
- iii. impact of potential cost escalations.

As at 31 December 2023, management has assessed that for some projects, total contract costs for each project would exceed the total contract sum, resulting in the recognition of expected loss as an expense immediately. Costs yet to be incurred for these projects as at 31 December 2023 and 2022 have been included in provision for onerous contracts as detailed in Note 24.

iii. *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.

iv. *Revaluation of investment properties*

The Group carries its investment properties at fair value with changes in fair value being recognised in the profit or loss account, determined annually by independent professional valuers on the highest and best use basis except for significant investment properties which are revalued on a half-yearly basis.

For the purpose of the financial statements for the year ended 31 December 2023, valuations were obtained from the valuers for the Group's investment properties, and the resultant fair value changes were recognised in the profit or loss account.

In determining the fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, price of comparable plots and properties, estimated construction costs to complete, net initial yield and discount rate.

In relying on the valuation reports, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions. The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Notes 8 and 36.

v. *Valuation of properties held for sale*

For properties held for sale, the allowance for foreseeable losses is estimated taking into account the net realisable values and estimated total construction costs. The net realisable values are based on recent selling prices for the development project or comparable projects or independent valuation and the prevailing market conditions less costs to be incurred in selling the property. The estimated total construction costs include contracted amounts plus estimated costs to be incurred taking into consideration relevant data and trend. The allowance is progressively reversed for those residential units sold above their carrying amounts.

vi. Fair value measurement of unquoted investments

In determining the fair value of unquoted investment funds, the Group relies on the net asset values as reported in the latest available capital account statements provided by third-party fund managers.

The fund managers measure the fair value of underlying investments of the funds based on:

- i. Last quoted bid price for all quoted investments; and
- ii. Valuation techniques for unquoted investments where there is no active market.

Valuation techniques used by the third-party fund managers include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, comparable company approach, discounted cash flow analyses, option pricing models, and latest round of fund raising.

For other unquoted investments, the Group uses various valuation techniques including the income and market approaches to determine the fair value. The availability of observable inputs can vary from investment to investment. For certain investments classified under Level 3 of the fair value hierarchy, the valuation could be based on models or inputs that are less observable or unobservable in the market and the determination of the fair values require significant judgement. Those estimated values do not necessarily represent the amounts that may be ultimately realised due to the occurrence of future events which could not be reasonably determined as at the balance sheet date.

These unobservable inputs that require significant judgement have been disclosed in Note 36.

vii. Fair value measurement of notes receivables

Arising from the completion of the Asset Co Transaction on 27 February 2023, the Group subscribed to notes ("vendor notes") amounting to approximately \$4,251,144,000 issued by Rigco Holding Pte Ltd ("Rigco"). Details of the Asset Co Transaction are disclosed in Note 38.

The transaction price of the Asset Co Transaction agreed with Rigco was based on the carrying values of the underlying assets as of 27 February 2023. Given the unique business and risk profile of Rigco, the transaction price was assessed to be not representing the fair value of the vendor notes. As the fair value of vendor notes is neither evidenced by a quoted price in an active market (i.e. Level 1 input) nor based on a valuation technique that uses only data from observable markets and as such, in accordance with SFRS(I) 9, paragraph B5.1.2A(b), the difference between the fair value at initial recognition and the transaction price was deferred. The deferred loss will be recognised as a loss on a systematic basis over time.

Management engaged an independent professional advisor to assist in the determination of the fair value of the vendor notes issued by Rigco, which is based on the Discounted Cash Flow ("DCF") calculations using the estimated cash flows available for repayment of the vendor notes, derived based on a probability weighted range of scenarios per Rigco's business plan and financial projections. In addition to the independent professional firm responsible for estimating the fair value based on the DCF calculations and calculating the discount rates, management has also relied on inputs provided by an independent industry expert engaged separately by Rigco that were used in the financial projections, taking into consideration the market outlook, assumptions and industry parameters.

As at 31 December 2023, the carrying value of the vendor notes, measured at fair value, amounted to \$4,286,354,000 which included an unamortised deferred loss amounting to \$1,107,501,000 (Note 16).

The determination of the fair value of the vendor notes require significant judgement as the inputs to the DCF calculations are not market observable. Such inputs used in the valuation include estimated future asset sale values, dayrates, cost assumptions, utilisation rates, discount rates, duration of charters and estimated timing of future asset sales. These inputs are subject to risk and uncertainty. The valuation of the vendor notes based on the DCF calculations was most sensitive to discount rates and the estimated future asset sale values. With all other variables held constant, the following demonstrates the sensitivity to a reasonably possible change in discount rates and the estimated future asset sale values on the fair value of vendor notes:

- Discount rates of 5.62% to 10.04% as computed by the independent professional advisor were used in the valuation as at 31 December 2023. A 1% increase in discount rate would lead to approximately \$129,217,000 decrease in fair value.
- Estimated future oil rig sale values of \$174 million to \$602 million as provided by an independent industry expert engaged by Rigco were used in the valuation as at 31 December 2023. A 10% decrease in estimated future asset sale values would lead to approximately \$260,932,000 decrease in fair value.

Further details on these unobservable key inputs that require significant judgement are disclosed in Note 36(e).

Notes to the Financial Statements

For the financial year ended 31 December 2023

3. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2023	2022	2023	2022
Balance at 1 January	1,820,557,767	1,820,557,767	(68,597,849)	(943,259)
Treasury shares transferred pursuant to share plans	-	-	10,334,248	8,209,410
Treasury shares purchased	-	-	-	(75,864,000)
Balance at 31 December	1,820,557,767	1,820,557,767	(58,263,601)	(68,597,849)

	Amount (\$'000)			
	Issued Share Capital		Treasury Shares	
	2023	2022	2023	2022
	Balance at 1 January	1,305,668	1,305,668	(456,015)
Treasury shares transferred pursuant to share plans	-	-	68,699	48,602
Treasury shares purchased	-	-	-	(499,993)
Balance at 31 December	1,305,668	1,305,668	(387,316)	(456,015)

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 transferred 10,334,248 (2022: 8,209,410) treasury shares to employees upon vesting of Shares released under the Keppel Share Plans. There were no treasury shares purchased (2022: 75,864,000) during the year. The total amount paid for the purchase of shares was \$499,993,000 in prior year. Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the year ended 31 December 2023.

Keppel Share Plans

The Keppel Performance Share Plan ("Keppel PSP") and Keppel Restricted Share Plan ("Keppel RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The Keppel Performance Share Plan 2020 ("Keppel PSP 2020") and Keppel Restricted Share Plan 2020 ("Keppel RSP 2020") were approved by the Company's shareholders at the Annual General Meeting held on 2 June 2020, replacing the Keppel PSP and Keppel RSP respectively with effect from 2 June 2020. The Keppel PSP and Keppel RSP were terminated on the same day.

The share plans are administered by the Remuneration Committee whose members are:

Till Bernhard Vestring (Chairman)
 Danny Teoh
 Jean-François Manzoni
 Penny Goh
 Shirish Moreshwar Apte (appointed on 1 January 2024)

Executive Directors who are eligible for the Keppel 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.

During the financial year, the following were vested:

- Nil (2022: 1,566,518) Shares under the Keppel Restricted Share Plan – Deferred Shares ("Keppel RSP-Deferred Shares");
- 8,220,265 (2022: 3,802,557) Shares under the Keppel Restricted Share Plan 2020 – Deferred Shares ("Keppel RSP 2020-Deferred Shares");
- 1,966,359 (2022: 495,600) Shares under the Keppel Performance Share Plan ("Keppel PSP");
- 147,624 (2022: nil) Shares under the Keppel PSP – M1 Transformation Incentive Plan ("Keppel PSP-M1 TIP"); and
- Nil (2022: 2,344,735) Shares under the Keppel PSP – Transformation Incentive Plan ("Keppel PSP-TIP").

Details of the Keppel RSP 2020-Deferred Shares, Keppel PSP, Keppel PSP 2020, Keppel PSP – M1 Transformation Incentive Plan (“Keppel PSP-M1 TIP”) and the Keppel PSP 2020 – Transformation Incentive Plan (“Keppel PSP 2020-TIP”) are as follows:

	Keppel RSP 2020-Deferred Shares	Keppel PSP & Keppel PSP 2020
Plan Description	Award of fully-paid ordinary shares of the Company	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	–	<p>PSP awards from Year 2019 to 2021</p> <ol style="list-style-type: none"> Absolute Total Shareholder’s Return Return on Capital Employed Net Profit <p>PSP awards from Year 2022 onwards</p> <ol style="list-style-type: none"> Reduction in Carbon Emission Net Profit Return on Equity Absolute Total Shareholder’s Return
Final Award	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	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
	Keppel PSP-M1 TIP	Keppel PSP 2020-TIP
Plan Description	Two separate awards of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year and six-year performance period respectively	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a five-year performance period
Performance Conditions	<ol style="list-style-type: none"> Net Profit Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group Net Promoter Score Individual Performance Achievement 	<ol style="list-style-type: none"> Absolute Total Shareholder’s Return Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group Individual Performance Achievement Asset Monetisation and Cross-BU Revenue targets
Final Award	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, the two separate awards will vest at the end of the three-year and six-year performance period subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the five-year performance period subject to fulfilment of service requirements. Performance conditions may be subject to re-testing at the end of the five-year performance period

Notes to the Financial Statements

For the financial year ended 31 December 2023

3. SHARE CAPITAL (continued)

Movements in the number of shares under the Keppel RSP-Deferred Shares, Keppel RSP 2020-Deferred Shares, Keppel PSP, Keppel PSP-TIP, Keppel PSP-M1 TIP, Keppel PSP 2020 and the Keppel PSP 2020-TIP are as follows:

	2023					
	Keppel RSP 2020-Deferred Shares	Keppel PSP	Keppel PSP-TIP	Keppel PSP-M1 TIP	Keppel PSP 2020	Keppel PSP 2020-TIP
Contingent awards/Awards (Keppel RSP 2020-Deferred Shares)						
Balance at 1 January	–	2,841,880	–	379,900	3,115,000	11,220,000
Granted	10,647,140	–	–	–	1,845,000	–
Adjustments upon released	(4,510,021)	1,096,496	–	146,388	1,229,745	4,146,018
Released	(6,137,119)	(1,966,359)	–	(147,624)	–	–
Cancelled	–	–	–	–	(255,128)	(2,259,267)
Balance at 31 December	–	1,972,017	–	378,664	5,934,617	13,106,751

	2022					
	Keppel RSP 2020-Deferred Shares	Keppel PSP	Keppel PSP-TIP	Keppel PSP-M1 TIP	Keppel PSP 2020	Keppel PSP 2020-TIP
Contingent awards/Awards (Keppel RSP-Deferred Shares & Keppel RSP 2020-Deferred Shares)						
Balance at 1 January	–	4,171,880	6,166,706	423,500	1,490,000	11,140,000
Granted	6,317,893	–	–	–	1,775,000	840,000
Adjustments upon released	(8,862)	(684,400)	(3,796,628)	–	–	–
Released	(6,309,031)	(495,600)	(2,344,735)	–	–	–
Cancelled	–	(150,000)	(25,343)	(43,600)	(150,000)	(760,000)
Balance at 31 December	–	2,841,880	–	379,900	3,115,000	11,220,000

At the end of the financial year, the number of contingent award of Shares granted but not released was:

- 1,972,017 (2022: 2,841,880) under the Keppel PSP;
- 378,664 (2022: 379,900) under the Keppel PSP-M1 TIP, out of which nil (2022: 115,100) is to be vested in three years and 378,664 (2022: 264,800) is to be vested in six years;
- 5,934,617 (2022: 3,115,000) under the Keppel PSP 2020; and
- 13,106,751 (2022: 11,220,000) under the Keppel PSP 2020-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 2,958,026 under the Keppel PSP, zero to a maximum of 567,996 under the Keppel PSP-M1 TIP, zero to a maximum of 8,901,926 under the Keppel PSP 2020, and zero to a maximum of 19,660,127 under the Keppel PSP 2020-TIP.

	2023		2022	
	Keppel RSP-Deferred Shares	Keppel RSP 2020-Deferred Shares	Keppel RSP-Deferred Shares	Keppel RSP 2020-Deferred Shares
Awards released but not vested:				
Balance at 1 January	–	5,254,348	1,576,649	3,231,494
Released	–	6,137,119	–	6,309,031
Vested	–	(8,220,265)	(1,566,518)	(3,802,557)
Cancelled	–	(329,253)	(10,131)	(483,620)
Other adjustments	–	4,508,077	–	–
Balance at 31 December	–	7,350,026	–	5,254,348

As at 31 December 2023 and 2022, there were no awards released but not vested under the Keppel RSP-Deferred Shares and 7,350,026 (2022: 5,254,348) under the Keppel RSP 2020-Deferred Shares.

The fair values of the contingent award of Shares under the Keppel RSP-Deferred Shares, Keppel RSP 2020-Deferred Shares, Keppel PSP, Keppel PSP-TIP, Keppel PSP-M1 TIP, Keppel PSP 2020 and the Keppel PSP 2020-TIP 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 8 February 2023, 15 February 2023 and 1 March 2023, the Company granted total awards of 6,137,119 Shares under the Keppel RSP 2020-Deferred Shares and the estimated fair value of the Shares granted were \$6.69, \$6.73 and \$5.13 respectively. On 28 April 2023, the Company granted contingent awards of 1,845,000 Shares under the Keppel PSP 2020 and the estimated fair value of the Shares granted was \$5.10.

In the prior year, on 15 February 2022, the Company granted awards of 6,317,893 Shares under the Keppel RSP 2020-Deferred Shares and the estimated fair value of the Shares granted were \$5.84. On 29 April 2022, the Company granted contingent awards of 1,775,000 Shares under the Keppel PSP 2020 and the estimated fair value of the Shares granted was \$6.07. On 29 April 2022, the Company granted contingent awards of 840,000 Shares under the Keppel PSP 2020-TIP and the estimated fair value of the Shares granted was \$3.53.

Following the dividend *in specie* of the Seatrium Limited (formerly, Sembcorp Marine Ltd) shares (“Consideration Shares”) to the Company’s shareholders, adjustments have been made on 27 March 2023 to certain unvested shares under the Keppel Share Plans. The increase in unvested shares due to the adjustments were:

- 1,222,008 unvested shares under the Keppel PSP;
- 163,357 unvested shares under the Keppel PSP-M1 TIP;
- 1,229,745 unvested shares under the Keppel PSP 2020;
- 4,146,018 unvested shares under the Keppel PSP 2020-TIP; and
- 4,510,021 unvested shares under the Keppel RSP 2020-Deferred Shares.

The significant inputs into the model are as follows:

	2023		
	Keppel RSP 2020-Deferred Shares	Keppel RSP 2020-Deferred Shares	Keppel PSP 2020
Date of grant	08.02.2023 15.02.2023	01.03.2023	28.04.2023
Prevailing share price at date of grant	\$7.08	\$5.48	\$6.17
Expected volatility of the Company	22.09%	21.41%	23.84%
Expected term	0.17 – 2.08 years 0.00 – 2.00 years	0.08 – 2.00 years	2.83 years
Risk free rate	3.0% - 3.7% 3.2% - 3.4%	3.7% - 4.0%	2.93%
Expected dividend yield	*	*	*

	2022		
	Keppel RSP 2020-Deferred Shares	Keppel PSP 2020	Keppel PSP 2020-TIP
Date of grant	15.02.2022	29.04.2022	29.04.2022
Prevailing share price at date of grant	\$6.05	\$6.87	\$6.87
Expected volatility of the Company	26.92%	26.05%	26.05%
Expected term	0.00 – 2.00 years	2.83 years	3.83 years
Risk free rate	0.90% – 1.26%	2.17%	2.27%
Expected dividend yield	*	*	*

* Expected dividend yield is based on management’s forecast.

The expected volatilities are based on the historical volatilities of the Company’s share price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

Notes to the Financial Statements

For the financial year ended 31 December 2023

4. RESERVES

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Capital reserves				
Share option and share plans reserve	203,980	205,342	203,979	205,342
Fair value reserve	(208,448)	(60,911)	18,013	19,430
Hedging reserve	57,728	239,457	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Statutory reserves	155,593	146,987	–	–
Others	(52,774)	(25,966)	(34,295)	(7,736)
	196,079	544,909	187,697	217,036
Revenue reserves	9,971,301	10,632,860	6,157,804	9,361,110
Foreign exchange translation account	(778,291)	(849,163)	–	–
	9,389,089	10,328,606	6,345,501	9,578,146

Exchange differences arises 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 gain for 2023 arose from the discontinued operations, largely from the strengthening of foreign currencies, such as United States dollar against Singapore dollar, offset by translation losses from weakening of foreign currencies, such as Renminbi against Singapore dollar. In 2022, the translation losses arose largely from weakening of Renminbi against Singapore Dollar.

Movements in the Group's and the Company's reserves are set out in the respective Statements of Changes in Equity. Movements in hedging reserve by risk categories are as follows:

	Foreign exchange risk \$'000	Interest rate risk \$'000	Price risk \$'000	Total \$'000
GROUP				
2023				
As at 1 January	66,518	256,505	(83,566)	239,457
Fair value changes arising during the year, net of tax	(8,755)	(69,736)	(4,215)	(82,706)
Realised and transferred to profit or loss account				
– Materials, subcontract and other costs	4,474	–	60,946	65,420
– Other operating loss – net	(74,022)	–	–	(74,022)
– Interest expenses	–	(49,880)	–	(49,880)
– Other gains and losses	–	(558)	–	(558)
Share of associated companies and joint ventures' fair value changes	(646)	(39,337)	–	(39,983)
As at 31 December	(12,431)	96,994	(26,835)	57,728
2022				
As at 1 January	2,396	(33,943)	(148,851)	(180,398)
Fair value changes arising during the year, net of tax	(16,329)	224,247	(52,147)	155,771
Realised and transferred to profit or loss account				
– Materials, subcontract and other costs	(1,895)	–	117,432	115,537
– Other operating income – net	80,464	–	–	80,464
– Interest expenses	–	(3,253)	–	(3,253)
– Other gains and losses	–	2,830	–	2,830
Share of associated companies and joint ventures' fair value changes	1,882	66,624	–	68,506
As at 31 December	66,518	256,505	(83,566)	239,457

The changes in fair value of the hedging instruments approximate the changes in fair value of the hedged items, which resulted in minimal hedge ineffectiveness recognised in profit or loss.

5. PERPETUAL SECURITIES

On 16 September 2021, the Company issued subordinated perpetual securities with an aggregate principal amount of \$400,000,000 and an initial distribution rate of 2.9% per annum. The distribution will be payable semi-annually in arrear unless deferred at the discretion of the Company and will be cumulative in accordance with the terms and conditions of the perpetual securities. The perpetual securities have no fixed redemption date and are redeemable in whole at the Company's option on 16 September 2024 or any subsequent semi-annual distribution payment dates thereafter, at their principal amount, together with any accrued, unpaid or deferred distributions.

Subject to the relevant terms and conditions of the perpetual securities, the Company can elect to defer distributions on these perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred, unless it has:

- i. paid or declared discretionary dividends, distributions or other discretionary payment in respect of its ordinary shares; or
- ii. redeemed, cancelled, bought back or otherwise acquired ordinary shares (except in connection with any share scheme shares/options), during the six months ending on the day before the relevant distribution payment date.

If on any distribution payment date, payment of all distribution payments is not made in full, the Company shall not (i) pay or declare any dividends, distributions or other discretionary payment on its ordinary shares or (ii) redeem, reduce, cancel, buy-back or acquire ordinary shares (except in connection with any share scheme shares/options) until the Company has satisfied in full all outstanding arrears of distribution on these perpetual securities or is permitted to do so by an extraordinary resolution by the holders of the perpetual securities.

As the perpetual securities have no fixed redemption date and the payment of distributions is at the discretion of the Company, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

As at 31 December 2023, the perpetual securities of \$401,521,000 (2022: \$401,521,000) recognised within equity include the accrued distributions for the perpetual securities and distributions paid to perpetual securities holders for the year.

6. 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	
	2023	2022	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Konnectivity Pte. Ltd.	20%	20%	286,448	280,725	12,382	10,041
Other subsidiaries with immaterial NCI			21,150	52,835	14,446	(15,453)
Total			307,598	333,560	26,828	(5,412)

Notes to the Financial Statements

For the financial year ended 31 December 2023

6. NON-CONTROLLING INTERESTS (continued)

Summarised financial information before inter-group elimination

	Konnnectivity Pte. Ltd.	
	2023 \$'000	2022 \$'000
Non-current assets	1,954,623	1,935,283
Current assets	487,973	459,086
Non-current liabilities	231,436	143,409
Current liabilities	429,712	489,427
Net assets	1,781,448	1,761,533
Less: NCI	(349,207)	(357,907)
	1,432,241	1,403,626
Revenue	1,254,714	1,182,413
Profit for the year	70,761	65,313
Total comprehensive income	65,182	56,091
Net cash generated from operations	135,271	155,663
Net cash used in investing activities	(152,958)	(148,946)
Net cash from/(used in) financing activities	9,732	(178,765)
Total comprehensive income allocated to NCI	12,667	12,629
Dividends paid to NCI	7,141	38,640

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:

	2023 \$'000	2022 \$'000
Amounts paid on changes in ownership interest in subsidiaries	(14,316)	(28,600)
Amounts paid on acquisition of additional interest made in prior year	–	3,996
Non-controlling interest acquired	14,316	13,138
Total amount recognised in equity reserves	–	(11,466)

7. FIXED ASSETS

	Freehold Land & Buildings \$'000	Buildings on Leasehold Land \$'000	Networks & Related Application Systems \$'000	Plant, Machinery, Equipment & Others ¹ \$'000	Capital Work-in- Progress \$'000	Total \$'000
GROUP						
2023						
Cost						
At 1 January	45,236	539,472	154,025	1,031,694	169,744	1,940,171
Additions	307	35,527	66,001	127,169	126,109	355,113
Disposals	–	(59)	(300)	(12,895)	(7,574)	(20,828)
Write-off	–	(278)	–	(19,094)	(721)	(20,093)
Subsidiaries disposed	–	(151,203)	–	(106,366)	(211,426)	(468,995)
Reclassification						
– Investment properties	–	(2,861)	–	–	–	(2,861)
– Other fixed assets categories	347	–	–	7,636	(7,983)	–
Exchange differences	(722)	(8,126)	–	(5,243)	(1,153)	(15,244)
At 31 December	45,168	412,472	219,726	1,022,901	66,996	1,767,263
Accumulated depreciation and impairment losses						
At 1 January	32,183	246,784	50,291	613,237	20,879	963,374
Depreciation charge						
– from continuing operations	860	27,496	18,161	89,135	–	135,652
Disposals	–	(59)	(68)	(10,496)	–	(10,623)
Write-off	–	(278)	–	(13,060)	–	(13,338)
Subsidiaries disposed	–	(98,199)	–	(102,555)	–	(200,754)
Reclassification						
– Investment properties	–	(527)	–	–	–	(527)
Exchange differences	(599)	(3,726)	–	(3,754)	(591)	(8,670)
At 31 December	32,444	171,491	68,384	572,507	20,288	865,114
Net Book Value	12,724	240,981	151,342	450,394	46,708	902,149

Included in freehold land & buildings are freehold land amounting to \$2,689,000 (2022: \$2,655,000). Certain fixed assets with carrying amount of \$4,476,000 (2022: \$4,751,000) are mortgaged to banks to secure banking facilities (Note 25). There was no interest capitalised during the financial years 2023 and 2022.

Notes to the Financial Statements

For the financial year ended 31 December 2023

7. FIXED ASSETS (continued)

	Freehold Land & Buildings \$'000	Buildings on Leasehold Land \$'000	Vessels & Floating Docks \$'000	Networks & Related Application Systems \$'000	Plant, Machinery, Equipment & Others ¹ \$'000	Capital Work-in-Progress \$'000	Total \$'000
GROUP							
2022							
Cost							
At 1 January	83,916	1,883,539	455,186	80,825	2,231,360	160,344	4,895,170
Additions	321	1,237	6	73,200	104,601	100,048	279,413
Disposals	(267)	(159)	(13)	–	(43,443)	(5,396)	(49,278)
Write-off	–	–	–	–	(890)	(52)	(942)
Subsidiaries acquired	3,409	–	–	–	420	–	3,829
Subsidiaries disposed	–	(249,852)	–	–	(43,053)	(791)	(293,696)
Reclassification							
– ROU asset	–	(303)	–	–	–	–	(303)
– Contract assets	–	–	–	–	–	753,612	753,612
– Other fixed assets categories	38	5,450	(877)	–	24,184	(28,795)	–
– Disposal group and assets classified as held for sale (Note 38)	(40,124)	(1,078,608)	(448,773)	–	(1,232,094)	(810,811)	(3,610,410)
Exchange differences	(2,057)	(21,832)	(5,529)	–	(9,391)	1,585	(37,224)
At 31 December	45,236	539,472	–	154,025	1,031,694	169,744	1,940,171
Accumulated depreciation and impairment losses							
At 1 January	57,039	956,228	171,115	37,083	1,586,668	42,663	2,850,796
Depreciation charge							
– from continuing operations	919	17,516	–	13,208	84,560	–	116,203
– from discontinued operations	446	7,496	4,992	–	12,560	–	25,494
Disposals	(256)	(155)	(13)	–	(39,884)	–	(40,308)
Subsidiaries disposed	–	(157,231)	–	–	(37,844)	–	(195,075)
Reclassification							
– ROU asset	–	(155)	–	–	–	–	(155)
– Other fixed assets categories	–	(96)	–	–	96	–	–
– Disposal group and assets classified as held for sale (Note 38)	(24,308)	(568,868)	(172,040)	–	(985,456)	(19,555)	(1,770,227)
Exchange differences	(1,657)	(7,951)	(4,054)	–	(7,463)	(2,229)	(23,354)
At 31 December	32,183	246,784	–	50,291	613,237	20,879	963,374
Net Book Value	13,053	292,688	–	103,734	418,457	148,865	976,797

¹ Others comprise furniture, fittings and office equipment and cranes.

	Freehold Land & Buildings \$'000	Plant, Machinery, Equipment & Others ² \$'000	Total \$'000
COMPANY			
2023			
Cost			
At 1 January	1,233	23,144	24,377
Additions	–	316	316
Disposals	–	(517)	(517)
Write-off	–	(1,058)	(1,058)
At 31 December	<u>1,233</u>	<u>21,885</u>	<u>23,118</u>
Accumulated depreciation and impairment losses			
At 1 January	1,233	17,503	18,736
Depreciation charge	–	2,419	2,419
Disposals	–	(515)	(515)
Write-off	–	(375)	(375)
At 31 December	<u>1,233</u>	<u>19,032</u>	<u>20,265</u>
Net Book Value	<u>–</u>	<u>2,853</u>	<u>2,853</u>
2022			
Cost			
At 1 January	1,233	23,661	24,894
Additions	–	146	146
Disposals	–	(663)	(663)
At 31 December	<u>1,233</u>	<u>23,144</u>	<u>24,377</u>
Accumulated depreciation and impairment losses			
At 1 January	1,233	15,199	16,432
Depreciation charge	–	2,582	2,582
Disposals	–	(278)	(278)
At 31 December	<u>1,233</u>	<u>17,503</u>	<u>18,736</u>
Net Book Value	<u>–</u>	<u>5,641</u>	<u>5,641</u>

² Others comprise furniture, fittings and office equipment.

Notes to the Financial Statements

For the financial year ended 31 December 2023

8. INVESTMENT PROPERTIES

	GROUP	
	2023 \$'000	2022 \$'000
At 1 January	4,283,093	4,256,428
Development expenditure	327,402	216,799
Fair value gain (Note 28)	149,532	131,711
Disposal	(17,000)	(41,204)
Reclassification		
– Fixed assets (Note 7)	2,334	–
– Stocks (Note 18)	548	–
Exchange differences	(80,845)	(280,641)
At 31 December	4,665,064	4,283,093

The Group revalues its investment property portfolio on an annual basis except for significant investment properties which are revalued on a half-yearly basis. The fair value of investment properties is determined by external, independent professional valuers which have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

The Group's investment properties (including integral plant and machinery) are stated at management's assessments based on the following valuations (open market value basis) by independent professional valuers as at 31 December 2023:

- Cushman & Wakefield VHS Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- PA International Property Consultants (KL) Sdn Bhd. for a property in Malaysia;
- Cushman & Wakefield Limited and Colliers Appraisal & Advisory Services Co., Ltd for properties in China;
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia;
- Cushman & Wakefield Vietnam Ltd. and VAS Valuation Co., Ltd (in association with CBRE (Vietnam) Co., Ltd) for properties in Vietnam;
- Cushman & Wakefield India Private Limited for a property in India; and
- Cushman & Wakefield V.O.F. for a property in the Netherlands.

Based on valuations performed by the independent professional valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised within development expenditure during the financial year amounted to \$58,697,000 (2022: \$41,249,000).

The Group has mortgaged certain investment properties of carrying value amounting to \$1,968,052,000 as at 31 December 2023 (2022: \$1,913,364,000) to banks for loan facilities (Note 25).

During the year, the Group reclassified \$548,000 (2022: \$nil) from properties held for sale to investment properties upon change of use of the asset from property trading to holding for rental yield.

During the year, the Group reclassified \$2,334,000 (2022: \$nil) from fixed assets to investment properties for the change in use of the asset from owner occupied to holding for capital gain and/or rental yield.

9. RIGHT-OF-USE ASSETS (LEASES)

Leases

The Group as lessee

Leasehold land & buildings

The Group leases several lands, offices and retail stores for use in its operations.

Plant, machinery, equipment & others

The Group leases equipment and vehicles for office and operation use, mainly in the Infrastructure segment.

Base station sites

The Group leases base station sites to facilitate transmission of telecommunication services.

There are no externally imposed covenants on these lease arrangements.

Right-of-use assets

	Leasehold Land & Buildings \$'000	Plant, Machinery, Equipment & Others ¹ \$'000	Base Station Sites \$'000	Total \$'000
GROUP				
2023				
Net Book Value				
At 1 January	213,628	3,157	24,267	241,052
Additions	18,700	2,614	1,375	22,689
Depreciation				
– from continuing operations	(30,823)	(1,585)	(5,047)	(37,455)
Subsidiaries disposed	(10,336)	–	–	(10,336)
Write-off	(323)	–	–	(323)
Remeasurement	940	–	–	940
Exchange differences	(2,542)	(39)	(256)	(2,837)
At 31 December	189,244	4,147	20,339	213,730
2022				
Net Book Value				
At 1 January	501,956	5,230	22,030	529,216
Additions	24,045	952	6,885	31,882
Subsidiaries acquired	226	–	–	226
Depreciation				
– from continuing operations	(35,806)	(2,057)	(4,234)	(42,097)
– from discontinued operations	(9,594)	(95)	–	(9,689)
Subsidiaries disposed	(32,753)	(727)	–	(33,480)
Write-off	(524)	–	–	(524)
Remeasurement	17,375	–	–	17,375
Reclassification				
– Fixed assets (Note 7)	148	–	–	148
– Disposal group and assets classified as held for sale (Note 38)	(253,063)	(57)	–	(253,120)
– Other right-of-use assets categories	408	6	(414)	–
Exchange differences	1,210	(95)	–	1,115
At 31 December	213,628	3,157	24,267	241,052

¹ Others comprise furniture, fittings, office equipment and motor vehicles.

As at 31 December 2022, the right-of-use asset relating to the leasehold land presented under investment properties (Note 8) was stated at fair value and had a carrying amount of \$58,000. In 2023, such lease agreements have expired and no right-of-use asset related to leasehold property is presented under investment properties.

Total cash outflow for all the leases was \$41,644,000 (2022: \$106,546,000), comprising repayment of principal of \$35,139,000 (2022: \$82,641,000) and interest payment of \$6,505,000 (2022: \$23,905,000).

Notes to the Financial Statements

For the financial year ended 31 December 2023

9. RIGHT-OF-USE ASSETS (LEASES) (continued)

	Leasehold Land & Buildings \$'000	Plant, Machinery, Equipment & Others ² \$'000	Total \$'000
COMPANY			
2023			
Net Book Value			
At 1 January	11,580	79	11,659
Depreciation	(3,672)	(71)	(3,743)
Additions	–	7	7
At 31 December	7,908	15	7,923
2022			
Net Book Value			
At 1 January	15,102	129	15,231
Depreciation	(3,669)	(72)	(3,741)
Additions	147	22	169
At 31 December	11,580	79	11,659

² Others comprise office equipment.

Total cash outflow for all the leases was \$4,206,000 (2022: \$4,225,000), comprising repayment of principal of \$3,949,000 (2022: \$3,875,000) and \$257,000 interest payment (2022: \$350,000).

	GROUP	
	2023 \$'000	2022 \$'000
<u>Lease expense not capitalised in lease liabilities</u>		
Short-term leases	12,070	12,559
Low-value leases	308	212
Variable lease payments which do not depend on an index or rate	415	404

As at 31 December 2023, future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities include variable lease payments, \$25,452,000 (2022: \$24,890,000) for extension options and \$55,341,000 (2022: \$55,243,000) for committed leases which have yet to commence.

The following table details the liquidity analysis for lease liabilities of the Group and the Company based on contractual undiscounted cash flows.

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Within one year	38,060	38,111	4,032	4,205
Within one to two years	46,304	33,085	3,957	4,031
Within two to five years	68,743	55,781	989	4,945
After five years	124,192	154,365	–	–
Total	277,299	281,342	8,978	13,181

The Group as lessor

The Group leases out properties, pipe service corridor racks and wayleaves facilities to non-related parties under non-cancellable operating leases. At the end of the reporting period, the Group's undiscounted future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	GROUP	
	2023 \$'000	2022 \$'000
Within one year	67,932	70,734
In the second year	49,167	62,569
In the third year	36,236	42,880
In the fourth year	16,855	24,002
In the fifth year	13,243	15,852
After the fifth year	34,717	47,388
Total	218,150	263,425

The Group entered into leasing arrangement with customers for certain equipment as a manufacturer lessor and built-to-suit data centre for a customer. The lease is classified as finance lease as the customers have an option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised.

The asset relating to the finance lease is derecognised and the net investment in the lease is recognised under lease receivables (Note 17).

In 2022, the Group had 6 jack-up oil rigs within the disposal group held for sale which has entered into bareboat charter contracts for a period of three to five years with total undiscounted lease receivable of \$268,460,000 (Note 38).

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	GROUP	
	2023 \$'000	2022 \$'000
Within one year	12,966	11,418
In the second year	13,053	11,602
In the third year	73,750	11,697
In the fourth year	3,949	76,797
In the fifth year	3,947	1,937
After the fifth year	30,674	15,106
Total	138,339	128,557

Notes to the Financial Statements

For the financial year ended 31 December 2023

10. INTANGIBLES

	Goodwill \$'000	Development Expenditure \$'000	Brand \$'000	Spectrum Rights \$'000	Customer Contracts and Relationships \$'000	Others \$'000	Total \$'000
GROUP							
2023							
At 1 January	1,042,488	5,008	242,097	142,742	110,497	21,882	1,564,714
Additions	-	316	-	-	-	-	316
Acquisition of subsidiaries	15,205	-	-	-	-	-	15,205
Amortisation							
- from continuing operations	-	(203)	(9,252)	(15,686)	(22,792)	(400)	(48,333)
Exchange differences	-	(21)	-	-	(555)	(2)	(578)
Others	2,978	-	-	-	-	-	2,978
At 31 December	1,060,671	5,100	232,845	127,056	87,150	21,480	1,534,302
Cost	1,060,671	13,092	277,563	183,787	209,871	22,575	1,767,559
Accumulated amortisation	-	(7,992)	(44,718)	(56,731)	(122,721)	(1,095)	(233,257)
	1,060,671	5,100	232,845	127,056	87,150	21,480	1,534,302
2022							
At 1 January	1,047,558	13,685	251,349	132,176	122,253	22,251	1,589,272
Additions	-	424	-	26,252	-	-	26,676
Acquisition of subsidiaries	-	-	-	-	10,767	32	10,799
Disposal of a subsidiary	-	(1,275)	-	-	-	-	(1,275)
Disposals	-	(52)	-	-	-	-	(52)
Amortisation							
- from continuing operations	-	(777)	(9,252)	(15,686)	(22,143)	(400)	(48,258)
- from discontinued operations	-	(216)	-	-	-	-	(216)
Reclassification							
- Disposal group and assets classified as held for sale	(5,070)	(6,685)	-	-	-	-	(11,755)
Exchange differences	-	(96)	-	-	(380)	(1)	(477)
At 31 December	1,042,488	5,008	242,097	142,742	110,497	21,882	1,564,714
Cost	1,042,488	12,723	277,563	183,787	210,517	22,577	1,749,655
Accumulated amortisation	-	(7,715)	(35,466)	(41,045)	(100,020)	(695)	(184,941)
	1,042,488	5,008	242,097	142,742	110,497	21,882	1,564,714

Impairment testing of goodwill

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGU"s). Out of the total goodwill of \$1,060,671,000, goodwill allocated from the acquisition of M1 Limited amounted to \$988,288,000.

The recoverable amount of M1 as a CGU was determined based on its value-in-use using a discounted cash flow model based on cash flow projections by management covering a 5-year period, and cash flows beyond the 5-year period were extrapolated using a terminal growth rate of 2.00% (2022: 1.48%), premised on the estimated long term growth rate for the country where the CGU operates. Cash flows were discounted using a discount rate of 7.2% (2022: 7.9%) per annum.

The recoverable amount was estimated to be higher than the carrying value of the M1 Limited CGU. Accordingly, no impairment of goodwill was recognised in 2023 and 2022. The calculation of value-in-use for the CGU is sensitive to the terminal growth rate and the discount rate applied. Any possible reasonable change in the terminal growth rate used in the calculation of the value-in-use amount would not cause any impairment to goodwill. If the terminal rate were to decrease from 2.0% to 1.5%, the recoverable amount would decrease and would not result in impairment for the financial year ended 31 December 2023. If the discount rate were to increase by 1.6% and holding all other variables constant, the recoverable amount would decrease and equate the carrying amount, and any further increase in discount rate would result in impairment for the financial year ended 31 December 2023.

11. SUBSIDIARIES

	COMPANY	
	2023 \$'000	2022 \$'000
Quoted shares, at cost		
Market value: \$7,814,000 (2022: \$6,111,000)	493	493
Unquoted shares, at cost	7,630,493	7,633,512
	7,630,986	7,634,005
Provision for impairment	(447,128)	(445,612)
	7,183,858	7,188,393

Movements in the provision for impairment of subsidiaries are as follows:

	COMPANY	
	2023 \$'000	2022 \$'000
At 1 January	445,612	449,056
Charge to profit or loss	1,516	-
Disposal	-	(3,000)
Write-back	-	(444)
At 31 December	447,128	445,612

In 2018, Keppel FELS Limited and Keppel Shipyard Limited, both indirect wholly owned subsidiaries of the Company, issued fixed rate senior perpetual securities (the "perpetual securities") with an aggregate principal amount of \$2,000,000,000 to Kepinvest Holdings Pte Ltd, a direct wholly owned subsidiary of the Company.

During the financial year ended 31 December 2022,

- the perpetual securities amounting to \$2,364,876,000 have been novated from Kepinvest Holdings Pte Ltd to the Company and were classified as an investment in subsidiaries by the Company; and
- unquoted shares in Keppel Offshore & Marine Ltd ("KOM") amounting to \$801,720,000 and perpetual securities relating to the KOM group as described above, amounting to a total of \$3,166,596,000, have been reclassified to "Disposal group and assets classified as held for sale" on the balance sheet of the Company.

The above transactions were for the purposes of undertaking an internal restructuring of KOM (the "KOM Pre-Combination Restructuring") to effect the Proposed Combination as mentioned in Note 38.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 41.

12. ASSOCIATED COMPANIES AND JOINT VENTURES

	GROUP	
	2023 \$'000	2022 \$'000
Quoted shares, at cost		
Market value: \$2,087,338,000 (2022: \$2,302,422,000)	1,940,562	2,304,848
Unquoted shares, at cost	3,533,820	3,454,664
	5,474,382	5,759,512
Provision for impairment	(94,159)	(112,004)
	5,380,223	5,647,508
Share of reserves post acquisition	389,618	476,094
Carrying amount	5,769,841	6,123,602
Unquoted shares, at fair value through profit or loss	398,272	246,677
Notes issued by and long-term receivable from an associated company (notional)	260,541	245,000
Advances to associated companies and joint ventures	173,199	176,583
	6,601,853	6,791,862

Notes issued by and long-term receivables from an associated company amounted to \$260,541,000 (2022: 245,000,000). The notes issued are unsecured and will mature in 2040. Interest is charged at 17.5% (2022: 17.5%) per annum. The long-term receivables are non-interest bearing and not repayable on demand. Including share of net liabilities and other adjustments, the carrying amount of the associated company amounted to approximately \$41,375,000 (2022: \$67,637,000).

Notes to the Financial Statements

For the financial year ended 31 December 2023

12. ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

Advances to associated companies and joint ventures are unsecured and are not repayable within the next 12 months. Interest is charged at 3.0% to 11.0% (2022: 3.0% to 11.0%) per annum on interest-bearing advances.

Movements in the provision for impairment of associated companies and joint ventures are as follows:

	GROUP	
	2023 \$'000	2022 \$'000
At 1 January	112,004	144,005
Impairment loss	–	1,000
Disposal and liquidation	(17,845)	(26,900)
Reclassification to		
– Disposal group and assets classified as held for sale	–	(6,101)
At 31 December	94,159	112,004

Impairment loss made mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of an associated company.

The carrying amount of the Group's material associated companies and joint ventures, all of which are equity accounted for, are as follows:

		2023 \$'000	2022 \$'000
Keppel REIT	a	1,633,309	2,085,919
Keppel DC REIT	b	480,349	496,454
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	c	660,983	618,968
Other associated companies and joint ventures		3,827,212	3,590,521
		6,601,853	6,791,862

The summarised financial information of the material associated companies, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

a. Keppel REIT

	2023 \$'000	2022 \$'000
Current assets	169,101	795,861
Non-current assets	8,090,227	8,085,514
Total assets	8,259,328	8,881,375
Current liabilities	337,930	714,266
Non-current liabilities	2,170,333	2,301,805
Total liabilities	2,508,263	3,016,071
Net assets	5,751,065	5,865,304
Less: Non-controlling interests	(746,444)	(746,388)
	5,004,621	5,118,916
Proportion of the Group's ownership	37%	47%
Group's share of net assets	1,861,219	2,390,022
Other adjustments	(227,910)	(304,103)
Carrying amount of equity interest	1,633,309	2,085,919
Revenue	233,071	219,286
Profit after tax	196,479	448,403
Other comprehensive (loss)/income	(101,792)	18,690
Total comprehensive income	94,687	467,093
Fair value of ownership interest (if listed)**	1,308,426	1,590,158
Dividends received	102,204	101,123

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

As at 31 December 2023 and 31 December 2022, the fair value of Keppel REIT was below the carrying amount of the Group's effective ownership interest. Management is of the view that no impairment is required as it is held for long term and its recoverable amount approximates the carrying amount.

b. Keppel DC REIT

	2023 \$'000	2022 \$'000
Current assets	209,432	262,606
Non-current assets	3,797,119	3,845,057
Total assets	4,006,551	4,107,663
Current liabilities	148,614	244,640
Non-current liabilities	1,503,976	1,406,105
Total liabilities	1,652,590	1,650,745
Net assets	2,353,961	2,456,918
Less: Non-controlling interests	(42,981)	(42,800)
	2,310,980	2,414,118
Proportion of the Group's ownership	20%	20%
Group's share of net assets	467,742	485,721
Other adjustments	12,607	10,733
Carrying amount of equity interest	480,349	496,454
Revenue	281,207	277,322
Profit after tax	122,204	234,174
Other comprehensive (loss)/income	(51,445)	29,804
Total comprehensive income	70,759	263,978
Fair value of ownership interest (if listed)**	679,304	612,172
Dividends received	27,298	22,380

** Based on the quoted market price as at 31 December (Level 1 in the fair value hierarchy).

Notes to the Financial Statements

For the financial year ended 31 December 2023

12. ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

c. Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited

	2023 \$'000	2022 \$'000
Current assets	1,388,680	1,243,193
Non-current assets	451,898	503,634
Total assets	1,840,578	1,746,827
Current liabilities	487,512	460,153
Non-current liabilities	10,216	17,747
Total liabilities	497,728	477,900
Net assets	1,342,850	1,268,927
Proportion of the Group's ownership	50%	50%
Group's share of net assets	671,425	634,464
Other adjustments	(10,442)	(15,496)
Carrying amount of equity interest	660,983	618,968
Revenue	538,663	32,077
Profit after tax	113,004	6,482
Other comprehensive income	-	-
Total comprehensive income	113,004	6,482
Dividends received	-	-

d. Other associated companies and joint ventures

Aggregate information about the Group's investments in other associated companies and joint ventures are as follows:

	2023 \$'000	2022 \$'000
Share of results – continuing operations	165,965	282,877
Share of results – discontinued operations	-	4,420
Share of other comprehensive loss	(24,777)	(150,579)
Share of total comprehensive income	141,188	136,718

Information relating to significant associated companies and joint ventures, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is set out in Note 41.

13. INVESTMENTS

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Investments at fair value through other comprehensive income ("OCI"):				
– Quoted equity units in a public infrastructure trust managed by a related company	512,180	490,886	–	–
– Quoted equity shares in other industries	3,466	3,820	–	–
– Unquoted equity shares in real estate industry	68,319	78,561	18,013	19,430
– Unquoted equity shares and funds in other industries	116,512	109,381	–	–
– Unquoted real estate funds managed by a related company	84,791	90,746	–	–
Total investments at fair value through OCI	785,268	773,394	18,013	19,430
Investments at fair value through profit or loss:				
– Quoted equity shares	20,053	34,618	–	–
– Unquoted equity shares and funds	762,796	622,449	–	–
– Unquoted bonds and debentures	50,769	52,258	–	–
Total investments at fair value through profit or loss	833,618	709,325	–	–
Total investments	1,618,886	1,482,719	18,013	19,430

Unquoted investments at fair value through profit or loss included compulsorily convertible debentures amounting to \$44,592,000 (2022: \$46,821,000). In the prior year, the Group has converted 5,035,464 of the compulsorily convertible debentures held into equity shares at a conversion rate of 1:1 amounting to approximately \$23 million (equivalent to Rs 1,280 million Indian Rupee). The remaining compulsorily convertible debentures bear interest at 10.0% per annum which is maturing in 2040.

14. DEFERRED TAXATION

	GROUP	
	2023 \$'000	2022 \$'000
Deferred tax liabilities	411,815	368,031
Deferred tax assets	(78,520)	(87,624)
Net deferred tax liabilities	333,295	280,407

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities arising from same tax jurisdiction. 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 \$10,200,000 (2022: \$13,434,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries 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 unrecognised deferred tax liabilities of \$14,261,000 (2022: \$11,938,000) for taxes that would be payable on the undistributed earnings of certain associated companies and joint ventures as these earnings would not be distributed in the foreseeable future.

The Group has unutilised tax losses and capital allowances of \$838,327,000 (2022: \$766,605,000) 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 \$478,963,000 (2022: \$422,151,000) can be carried forward for a period of one to nine years (2022: one to nine years) subsequent to the year of the loss, while the remaining tax losses have no expiry date.

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. DEFERRED TAXATION (continued)

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	Net subsidiaries acquired/ disposed \$'000	Reclassification to liabilities directly associated with assets classified as held for sale \$'000	Exchange Differences \$'000	At 31 December \$'000
GROUP							
2023							
Deferred Tax Liabilities							
Accelerated tax depreciation	144,183	4,291	–	–	–	(5,977)	142,497
Investment properties valuation	183,977	25,214	–	–	–	(4,974)	204,217
Offshore income & others	38,472	13,450	3,200	–	–	4,343	59,465
Total	366,632	42,955	3,200	–	–	(6,608)	406,179
Deferred Tax Assets							
Other provisions	(25,579)	6,613	–	–	–	588	(18,378)
Unutilised tax benefits	(62,726)	4,239	–	–	–	1,100	(57,387)
Lease liabilities	2,080	1,682	–	–	–	(881)	2,881
Total	(86,225)	12,534	–	–	–	807	(72,884)
Net Deferred Tax Liabilities	280,407	55,489	3,200	–	–	(5,801)	333,295
2022							
Deferred Tax Liabilities							
Accelerated tax depreciation	202,506	(1,065)	–	803	(56,962)	(1,099)	144,183
Investment properties valuation	170,157	32,162	–	–	–	(18,342)	183,977
Offshore income & others	87,242	(6,782)	–	(32,801)	(6,156)	(3,031)	38,472
Total	459,905	24,315	–	(31,998)	(63,118)	(22,472)	366,632
Deferred Tax Assets							
Other provisions	(117,525)	(9,462)	–	546	100,412	450	(25,579)
Unutilised tax benefits	(110,590)	10,314	–	–	32,941	4,609	(62,726)
Lease liabilities	(17,578)	765	–	3,557	16,574	(1,238)	2,080
Total	(245,693)	1,617	–	4,103	149,927	3,821	(86,225)
Net Deferred Tax Liabilities	214,212	25,932	–	(27,895)	86,809	(18,651)	280,407

15. CONTRACT ASSETS/LIABILITIES

	GROUP		
	31 December		1 January
	2023 \$'000	2022 \$'000	2022 \$'000
Non-current	18,674	86,411	99,109
Current	405,715	255,900	3,169,694
Contract assets	424,389	342,311	3,268,803
Contract liabilities	165,494	209,770	1,002,024

Contract assets relate to the construction of facilities and fabrication of equipment, and the right to consideration for handset and equipment delivered and accepted by customers but not yet billed at the reporting date. In the financial year ended 31 December 2022, 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 \$572,179,000 has been reclassified to disposal group and assets classified as held for sale.

Contract liabilities included proceeds received from sale of properties of \$59,382,000 (2022: \$153,487,000). Remaining contract liabilities of \$106,112,000 (2022: \$56,283,000) are recorded when receipts from customers exceed the value of work transferred where the customer is invoiced on a milestone payment schedule.

Revenue recognised during the financial year ended 31 December 2023 in relation to the contract liabilities balance at 1 January 2023 was \$180,316,000 (2022: \$882,597,000).

The aggregate amount of the transaction price allocated to the remaining performance obligations is \$1,395,625,000 (2022: \$1,001,841,000) and the Group expects to recognise this revenue over the next 1 to 3 years (2022: 1 to 3 years).

Movements in the allowance for expected credit loss for contract assets are as follows:

	GROUP	
	31 December	
	2023 \$'000	2022 \$'000
At 1 January	–	432,541
Reclassification		
– Disposal group and assets classified as held for sale	–	(432,541)
At 31 December	–	–

16. NOTES RECEIVABLES

Arising from the completion of the Asset Co Transaction on 27 February 2023 (Note 38), the Group subscribed to notes (“vendor notes”) issued by Rigco Holding Pte Ltd (“Rigco”) which bear interest of 4.0% per annum and the interest is payable annually in arrears for a tenure of 12 years, with an option held by Rigco to extend the maturity date by an additional 3 years. The vendor notes amounting to \$4,251,144,000 included USD denominated notes of US\$1,878,388,000 with the remaining notes being SGD denominated. Rigco could elect to pay interest due entirely in cash, entirely in additional vendor notes or a combination of cash and additional vendor notes. The vendor notes may be redeemed at the outstanding principal amount together with unpaid accrued interest and a redemption premium equal to 5.0% of the outstanding principal amount of vendor notes being redeemed.

Vendor notes issued by Rigco are debt instruments that do not meet the criteria for classification as amortised cost or fair value through other comprehensive income and are classified as financial assets carried at fair value through profit or loss. As described in Note 2.27(b)(vii), the transaction price was assessed to be not representing the fair value of the vendor notes.

Initial recognition

The vendor notes are required to be measured at fair value on initial recognition as described in Note 2.27(b)(vii), the transaction price was assessed to be not representing the fair value of the vendor notes. Management had engaged an independent professional advisor to assist in the determination of the fair value of the vendor notes issued by Rigco, which is based on the Discounted Cash Flow (“DCF”) calculations using the estimated cash flows available for repayment of the vendor notes derived based on a probability weighted range of scenarios per Rigco’s business plan and financial projections received in May 2023. In addition to the independent professional firm responsible for estimating the fair value based on the DCF calculations and calculating the discount rates, management has engaged an independent industry expert to provide the estimated future asset sale values used in the financial projections, taking into consideration the market outlook, assumptions and industry parameters. Based on the above, the fair value of the vendor notes amounted to \$3,003,599,000 at initial recognition. As this fair value was derived using unobservable inputs that are subject to significant estimates and judgement, the difference of \$1,247,545,000 between the fair value at initial recognition and the transaction price was accounted as a deferred loss as required under SFRS(I) 9, paragraph B5.1.2A(b). The deferred loss is amortised using a straight-line method over the expected tenor of 7 years based on the projected repayment of the vendor notes in Rigco’s business plan, or recognised in the profit or loss when there are observable market inputs, or when there is a redemption of vendor notes. If the valuation of the vendor notes continue to be based on data that is not observable in the market and there is no redemption of vendor notes until the end of 7 years, the amortisation of deferred loss would amount to approximately \$178,220,000 per annum. Interest income would be recognised using an effective interest rate method on the latest fair value.

Notes to the Financial Statements

For the financial year ended 31 December 2023

16. NOTES RECEIVABLES (continued)

Subsequent measurement

As of 31 December 2023, the carrying amount of the vendor notes, measured at fair value, was \$4,286,354,000 which included an unamortised deferred loss amounting to \$1,107,501,000.

Movements in the notes receivables for the full year ended 31 December 2023 are as follows:

	Fair value \$'000	Deferred loss \$'000	Carrying value \$'000
At 27 February 2023	3,003,599	1,247,545	4,251,144
Fair value changes, including Interest income ¹	150,659	–	150,659
Amortisation to profit or loss ¹ (from 27 February to 31 December 2023)	–	(149,694)	(149,694)
Exchange differences ²	24,595	9,650	34,245
At 31 December 2023	3,178,853	1,107,501	4,286,354

¹ The fair value changes, including interest income and amortisation of the deferred loss are recognised in the profit or loss and presented as “fair value (gain)/loss – Notes receivables” in Note 28.

² The foreign exchange gain arising from the USD denominated vendor notes and the USD denominated unamortised deferred loss are recognised in the profit or loss and presented as “foreign exchange (gain)/loss” in Note 28.

17. LONG TERM ASSETS

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Call option	203,898	192,522	–	–
Finance lease receivables	101,982	93,339	–	–
Other receivables	146,218	212,675	58,744	70,252
	452,098	498,536	58,744	70,252

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties LLP (formerly known as Ocean Properties Private Limited) to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of \$1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2023, 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 838-year leasehold and 87-year leasehold (2022: based on the remaining 839-year leasehold and 88-year leasehold). Based on these valuations, the fair value gain of \$11,376,000 (2022: \$21,002,000) was taken to profit or loss account (Note 28). The details of the valuation techniques and inputs used for the call option are disclosed in Note 36.

Included in other receivables is a secured loan receivable due from KrisEnergy Asia Limited (“KAL”), a company under receivership. The Company had provided a guarantee, which was in relation to a bilateral agreement between the Company and a bank, on a revolving credit facility (RCF) granted to KAL. KAL defaulted on the repayment of the RCF on 30 June 2021, upon which the Company had made payment to the bank and recorded a loan receivable (net of impairment provision) from KAL. As at 31 December 2023, the loan receivable under the RCF amounted to \$107,132,000 (31 December 2022: \$109,601,000). In addition, the Company had extended a short term interest free bridging facility to KAL (in receivership) for the purpose of its cash flow requirements and receivership expenses which amounted to \$5,080,000 as at 31 December 2023 (31 December 2022: \$5,197,000). The non-current portion of the loan receivable and advances amounted to \$58,411,000 (31 December 2022: \$69,657,000) while the current portion amounted to \$53,801,000 (31 December 2022: \$45,141,000) which is included under Debtors (Note 20).

The Group had a comprehensive first ranking security package over the assets of the KrisEnergy Limited group (“KrisEnergy”) through the RCF. With KrisEnergy Limited in liquidation, the Group has implemented detailed recovery plans which were developed in consultation with its financial advisor, Kroll (formerly known as Borrelli Walsh “Kroll”), and legal advisor to preserve KrisEnergy’s assets and to maximise recoveries for the Group. The Group had appointed Kroll in 2021 as receiver over the assets of a number of members of the KrisEnergy group under the security package.

In assessing expected credit loss, management reviewed the cash flow projections prepared by Kroll, based on the estimated amount of cash available from producing assets to be held over the remaining lives of the concession period of 6.5 to 10 years (2022: 7.5 to 11 years) and expected proceeds from assets to be sold, taking into account the rights to these cash flows from the secured assets on a receivership basis. The cash flow estimates from producing assets were based on forecasted production volumes and oil prices, determined by taking reference from external information sources, ranging from US\$75 to US\$85 per barrel for 2024 to 2032 (December 2022: US\$80 to US\$97 per barrel for 2023 to 2032). The estimated recoverable amounts for assets to be sold are based on the binding bids received from external parties. The timing of the cash flows, estimated production volumes, oil prices and discount rates used in assessing recoverable amounts are subject to risk and uncertainty.

Based on the assessment, no additional expected credit loss provision was required for the year ended 31 December 2023 and 2022. The assessment took into account the rights to the cash flows from the secured assets on a receivership basis.

Management reviewed the cash flow projections prepared by Kroll and determined that the cash flow projections were most sensitive to the production profile of the largest producing asset for the financial year ended 31 December 2023. The headroom in the recoverable amount over the carrying amount would be eliminated, holding other variables constant, if the production profile of the largest producing asset were to decrease by 5% across the forecasted period of 2024 to 2032, and any further decline in the production profile would result in an additional expected credit loss provision for the financial year ended 31 December 2023.

For the financial year ended 31 December 2022, Management reviewed the cash flow projections prepared by Kroll and determined that the cash flow projections were most sensitive to oil prices. The headroom in the recoverable amount over the carrying amount would be eliminated, holding other variables constant, if oil prices were to decrease by 9.1% across the forecasted period of 2023 to 2032, and any further decline in oil prices would result in an additional expected credit loss provision for the financial year ended 31 December 2022.

Included in other receivables is claims receivable which represents claims from customer for long term contracts. During the year, the Group recognised \$5,140,000 (2022: \$9,089,000) of allowance for expected credit loss on claims receivable arising from the discounting effects due to changes in the expected timing of receipt.

In the prior year, included in other receivables was an unsecured, interest-free advance to an investee of \$19,804,000, which and has been reclassified to debtors (Note 20) during the year as it is due in 2024.

The carrying amount of the long term assets approximates their fair value.

18. STOCKS

	GROUP	
	2023	2022
	\$'000	\$'000
Consumable materials and supplies (net of provision)	21,854	24,521
Finished products for sale (net of provision)	35,515	40,954
Properties held for sale	2,052,572	2,235,475
	2,109,941	2,300,950

The provision for stocks to write down its carrying value to its net realisable value at the end of the financial year was \$12,719,000 (2022: \$12,080,000).

Notes to the Financial Statements

For the financial year ended 31 December 2023

18. STOCKS (continued)

a. Properties held for sale

	GROUP	
	2023 \$'000	2022 \$'000
Properties under development		
Land cost	558,887	1,035,952
Development cost incurred to date	181,565	370,187
Related overhead expenditure	195,181	201,881
	935,633	1,608,020
Completed properties held for sale	1,136,148	646,795
	2,071,781	2,254,815
Provision for properties held for sale	(19,209)	(19,340)
	2,052,572	2,235,475

Movements in the provision for properties held for sale are as follows:

	GROUP	
	2023 \$'000	2022 \$'000
At 1 January	19,340	20,916
Charge to profit or loss account	6,137	76
Company disposed	(4,790)	–
Exchange differences	(328)	(1,823)
Amount written off	(1,150)	171
At 31 December	19,209	19,340

See Note 2.27(b)(v) for further disclosures on estimating the net realisable values of the Group's properties held for sale.

As at 31 December 2023, properties amounting to \$273,480,000 (2022: \$248,990,000) in value and included in the above balances were mortgaged to the banks as securities for borrowings as referred to in Note 25.

Interest capitalised during the financial year amounted to \$11,410,000 (2022: \$10,646,000) at rates of 4.26% to 4.71% (2022: 0.95% to 4.71%) per annum for Singapore properties and 4.00% to 7.00% (2022: 2.00% to 7.00%) per annum for overseas properties.

19. AMOUNTS DUE FROM/TO

	COMPANY	
	2023 \$'000	2022 \$'000
Subsidiaries		
Amounts due from		
– trade	7,402	143,837
– advances	9,323,584	7,543,926
	9,330,986	7,687,763
Allowance for expected credit loss	(830,324)	(141,143)
	8,500,662	7,546,620
Amounts due to		
– trade	3,339	3,555
– non-trade	2,613	–
– advances	204,971	269,508
	210,923	273,063

	COMPANY	
	2023 \$'000	2022 \$'000
Movements in the allowance for expected credit loss are as follows:		
At 1 January	141,143	145,251
Charge to profit or loss account	695,978	279
Write-off	(6,600)	(4,387)
Exchange differences	(197)	–
At 31 December	830,324	141,143

As at 31 December 2023, the Company recognised allowances for expected credit loss based on the lifetime expected credit loss as certain amounts due from subsidiaries have been determined to be credit impaired due to a significant increase in credit risk in the subsidiaries.

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 6.91% (2022: up to 5.84%) per annum on interest-bearing advances.

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Associated Companies and Joint Ventures				
Amounts due from				
– trade	143,703	38,835	–	–
– non-trade	64	202	64	202
– advances	139,049	239,254	–	–
	282,816	278,291	64	202
Allowance for expected credit loss	(25,883)	(16,223)	–	–
	256,933	262,068	64	202
Amounts due to				
– trade	34,254	33,692	872	900
– advances	67,010	36,171	25	–
	101,264	69,863	897	900
Movements in the allowance for expected credit loss are as follows:				
At 1 January	16,223	31,800	–	–
Charge to profit or loss account	9,660	1,506	–	–
Reclassified to disposal group and assets classified as held for sale	–	(17,083)	–	–
At 31 December	25,883	16,223	–	–

Advances to and from associated companies and joint ventures are unsecured and are repayable on demand. Interest is charged at rates ranging from 7.00% to 12.00% (2022: 3.00% to 8.00%) per annum on interest-bearing advances. As at 1 January 2022, the Group's amount due from associated companies and joint ventures relating to trade amounted to \$169,612,000.

Notes to the Financial Statements

For the financial year ended 31 December 2023

20. DEBTORS

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade debtors	819,848	661,671	15	20
Allowance for expected credit loss	(30,794)	(29,163)	–	–
	789,054	632,508	15	20
Sundry debtors	254,618	74,553	14,597	654
Prepayments	67,941	78,428	70	12
Tax recoverable	2,762	1,237	–	–
Value Added Tax receivable	90,839	75,519	549	179
Interest receivable	1,187	1,712	1,098	–
Deposits paid	100,199	44,559	387	385
Recoverable accounts	84,978	81,683	55,808	49,990
Accrued receivables	344,211	357,787	–	7,671
Advances to investee	42,819	–	–	–
Advances to subcontractors	44,678	604	–	–
Advances to non-controlling shareholders of subsidiaries	6,033	6,583	–	–
	1,040,265	722,665	72,509	58,891
Allowance for expected credit loss	(135,356)	(115,875)	–	–
	904,909	606,790	72,509	58,891
Total	1,693,963	1,239,298	72,524	58,911
Movements in the allowance for expected credit loss are as follows:				
At 1 January	145,038	364,396	–	–
Charge to profit or loss account	13,470	26,986	–	–
Amount written off	(11,775)	(10,998)	–	–
Subsidiaries acquired	–	1,265	–	–
Subsidiaries disposed	(3)	(1,801)	–	–
Exchange differences	(1,812)	810	–	–
Reclassified from provision for long-term receivables	21,232	–	–	–
Reclassified to disposal group and assets classified as held for sale	–	(235,620)	–	–
Total	166,150	145,038	–	–

As at 1 January 2022, the Group's net trade debtors amounted to \$985,397,000.

Advance to an investee is unsecured, interest-free advance and maturing in 2024.

On 29 November 2023, the Group entered into an agreement to acquire an initial 50% stake in a real estate asset manager in 2024 (Phase 1) with full acquisition in 2028 (Phase 2). The maximum consideration payable to the Seller for the Phase 1 and Phase 2 is approximately \$517 million (equivalent to €357 million) and \$834 million (equivalent to €575 million) respectively, which can be funded through a combination of cash and treasury shares. A deposit amount of \$45 million was paid and is recorded as "Deposits paid" within "Debtors" in the consolidated balance sheet as of 31 December 2023. Accordingly, remaining amounts of approximately \$1,306,086,000 expected to be paid on completion of Phase 1 and Phase 2 is disclosed in Note 33 as a capital commitment.

21. SHORT TERM INVESTMENTS

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Investments at fair value through other comprehensive income:				
Quoted equity shares	83,261	48,097	–	–
Investments at fair value through profit or loss:				
Quoted equity shares	164,220	685	161,896	–
Unquoted equity shares	5,628	–	5,628	–
	169,848	685	167,524	–
Total short term investments	253,109	48,782	167,524	–

Investments at fair value through other comprehensive income are mainly in the oil and gas industry listed in Singapore.

Arising from the completion of the Proposed Combination on 28 February 2023 (as described in Note 38), the Group received 3,411,858,604 Seatrium Limited (“Seatrium” and formerly, Sembcorp Marine Ltd) shares, amounting to approximately \$392 million, as Retained Consideration Shares. The cash proceeds arising from the sale of these Retained Consideration Shares are placed in the segregated account, together with the remaining Retained Consideration Shares, for a duration not exceeding 48 months from 28 February 2023 for the purpose of satisfying identified contingent liabilities which Seatrium may have against the Company in connection with the Proposed Combination as described in Note 38. For the year ended 31 December 2023, an amount of approximately \$264,298,000 was received from the sale of 2,039,859,000 Retained Consideration Shares (Note 38) by an institutional financial services provider appointed by the Company to manage the Retained Consideration Shares, pursuant to a programme that has predefined sale parameters.

As at 31 December 2023, the related cash and remaining Retained Consideration Shares amounted to approximately \$267,105,000 and \$161,896,000 and are recorded within “Bank balances, deposits & cash” and “Short term investments” respectively.

22. BANK BALANCES, DEPOSITS & CASH

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Bank balances and cash	431,070	657,790	5,499	1,232
Fixed deposits with banks	814,991	369,653	267,102	–
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost, claims and other liabilities	569	6,290	–	–
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	19,030	108,611	–	–
	1,265,660	1,142,344	272,601	1,232

Fixed deposits with banks by the Group mature on varying periods, substantially between 11 days to 2 years (2022: 1 day to 6 months). These comprise Singapore Dollars fixed deposits of \$341,874,000 (2022: \$81,303,000) at interest rates substantially ranging from 2.40% to 3.95% (2022: 2.61% to 3.93%) per annum, and foreign currency fixed deposits of \$473,117,000 (2022: \$288,350,000) at interest rates substantially ranging from 0.80% to 7.45% (2022: 0.32% to 9.20%) per annum.

Fixed deposits with a bank by the Company comprise Singapore Dollars fixed deposits and mature on varying periods between 2 months to 12 months (2022: nil). These fixed deposits are at interest rate of 2.78% (2022: nil) per annum.

Cash and cash equivalents of \$252,848,000 (2022: \$328,052,000) 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.

Included within fixed deposits with banks and bank balances and cash are related cash held under a segregated account (Note 38) in relation to the proceeds from sale of the Retained Consideration Shares amounting to \$267,102,000 and \$3,000 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2023

23. CREDITORS AND OTHER NON-CURRENT LIABILITIES

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade creditors	404,072	372,380	7,130	1,005
Customers' advances and deposits	74,039	104,535	–	–
Sundry creditors	245,356	322,887	70,104	4,273
Accrued expenses	1,679,670	1,787,731	65,124	60,654
Advances from non-controlling shareholders	13,804	17,735	–	–
Retention monies	126,442	122,092	–	–
Interest payables	43,047	41,460	26,223	23,153
	2,586,430	2,768,820	168,581	89,085
Other non-current liabilities:				
Accrued expenses and other payables	207,185	301,563	29,562	29,228
Advances from non-controlling shareholders	268,938	255,975	–	–
	476,123	557,538	29,562	29,228

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 4.29% to 7.14% (2022: 1.65% to 5.24%) per annum on interest-bearing advances.

The carrying amount of the non-current liabilities approximates their fair value.

24. PROVISIONS

	GROUP					
	2023			2022		
	Warranties \$'000	Onerous Contracts \$'000	Total \$'000	Warranties \$'000	Onerous Contracts \$'000	Total \$'000
At 1 January	4,178	54,267	58,445	28,932	37,831	66,763
(Write-back)/Charge to profit or loss account	(81)	(1,500)	(1,581)	(5,986)	63,457	57,471
Amount utilised	(12)	(6,535)	(6,547)	(6,871)	(27,887)	(34,758)
Exchange differences	127	353	480	(931)	(303)	(1,234)
Reclassified to disposal group and liabilities classified as held for sale	–	–	–	(10,966)	(18,831)	(29,797)
At 31 December	4,212	46,585	50,797	4,178	54,267	58,445

25. TERM LOANS

		2023		2022	
		Due within one year \$'000	Due after one year \$'000	Due within one year \$'000	Due after one year \$'000
GROUP					
Keppel Medium Term Notes	a	150,000	1,845,968	200,000	1,817,864
Keppel Management Ltd. Medium Term Notes	b	129,966	279,783	299,979	409,619
Keppel Commercial Papers	c	–	–	35,996	–
Bank loans					
– secured	d	85,515	686,256	127,393	554,291
– unsecured	e	2,056,199	5,725,951	2,914,290	3,821,412
		2,421,680	8,537,958	3,577,658	6,603,186
COMPANY					
Keppel Medium Term Notes	a	150,000	1,845,968	200,000	1,817,864
Keppel Commercial Papers	c	–	–	35,996	–
Unsecured bank loans	e	1,397,129	4,659,416	2,553,305	2,226,120
		1,547,129	6,505,384	2,789,301	4,043,984

a. At the end of the financial year, notes issued under the US\$5,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to \$1,995,968,000 (2022: \$2,017,864,000). The notes denominated in Singapore Dollars, US Dollars and Japanese Yen, are unsecured and comprised both variable and fixed rate notes due from 2024 to 2042 (2022: from 2023 to 2042) with interest rates ranging from 0.88% to 4.52% (2022: 0.88% 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 Management Ltd. (formerly known as Keppel Land Limited) and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to \$279,783,000 (2022: \$579,672,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due in 2026 (2022: 2023 to 2026), with interest rates of 2.00% (2022: ranging of 2.00% to 2.84%) per annum.

At the end of the financial year, notes issued under the US\$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Management Ltd. (formerly known as Keppel Land Limited) amounted to \$129,966,000 (2022: \$129,926,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due in 2024 (2022: 2024) with interest rates of 3.90% (2022: 3.90%) per annum.

c. For the financial year ended 31 December 2022, commercial papers issued under the US\$1,000,000,000 Multi-Currency Euro Commercial Paper Programme by the Company amounted to \$35,996,000. The commercial papers, which are denominated in Singapore Dollars, are unsecured and comprised fixed rate commercial papers due in 2023 with interest rate of 0.90% per annum. These commercial papers have been repaid during the financial year ending 31 December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

25. TERM LOANS (continued)

d. The secured bank loans consist of:

- A term loan of \$110,000,000 drawn down by a subsidiary. The term loan is repayable in 2026 and is secured on certain assets of the subsidiary and bear interest at rate of 3.54% to 4.71% per annum.
- A term loan of \$84,791,000 drawn down by a subsidiary. The term loan is repayable in 2024 and is secured on certain assets of the subsidiary and bear interest at rate of 4.58% to 4.68% per annum.
- A term loan of \$550,301,000 drawn down by a subsidiary. The term loan is repayable in 2034 and is secured on certain assets of the subsidiary and bear interest at rates of 3.86% to 3.96% per annum.
- Other secured bank loans totaling \$26,679,000 (2022: \$60,231,000) comprised \$25,919,000 (2022: \$38,572,000) of loans denominated in Singapore Dollars and \$760,000 (2022: \$21,659,000) of foreign currency loans. They are repayable within one to four (2022: one to six) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans ranges from 3.86% to 5.56% (2022: 3.80% to 16.00%) per annum.

e. The unsecured bank loans of the Group totaling \$7,782,150,000 (2022: \$6,735,702,000) comprised \$2,945,870,000 (2022: \$2,973,178,000) of loans denominated in Singapore Dollars and \$4,836,280,000 (2022: \$3,762,524,000) of foreign currency loans. They are repayable within one to five (2022: one to six) years. Interest on loans denominated in Singapore Dollars ranges from 1.77% to 5.34% (2022: 0.71% to 5.05%) per annum. Interest on foreign currency loans ranges from 0.69% to 10.62% (2022: 0.50% to 7.85%) per annum.

The unsecured bank loans of the Company totaling \$6,056,545,000 (2022: \$4,779,425,000) comprised \$1,645,000,000 (2022: \$1,360,000,000) of loans denominated in Singapore Dollars and \$4,411,545,000 (2022: \$3,419,425,000) of foreign currency loans. They are repayable within one to five years (2022: one to five years). Interest on loans denominated in Singapore Dollars ranges from 3.76% to 4.82% (2022: 0.71% to 5.03%) per annum. Interest on foreign currency loans ranges from 0.69% to 6.91% (2022: 0.50% to 5.84%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of \$2,242,773,000 (2022: \$2,165,003,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are \$10,699,937,000 (2022: \$9,805,129,000) and \$7,820,223,000 (2022: \$6,498,043,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using discount rates based upon the borrowing rates which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Years after year-end:				
After one but within two years	2,403,516	1,859,527	2,386,096	842,710
After two but within five years	4,757,920	3,671,418	3,269,288	2,551,274
After five years	1,376,522	1,072,241	850,000	650,000
	8,537,958	6,603,186	6,505,384	4,043,984

26. REVENUE

	GROUP	
	2023 \$'000	2022 \$'000
Revenue from contracts with customers		
Revenue from construction contracts	381,575	410,181
Sale of property	523,025	809,744
Sale of goods	475,898	456,207
Sale of electricity, utilities and gases	4,177,977	3,637,267
Revenue from telecommunication services	770,286	738,233
Revenue from other services rendered	536,577	494,579
	6,865,338	6,546,211
Other sources of revenue		
Rental income from investment properties	100,790	73,507
	6,966,128	6,619,718

27. STAFF COSTS

	GROUP	
	2023 \$'000	2022 \$'000
Wages and salaries	553,315	515,838
Employer's contribution to Central Provident Fund	59,855	57,892
Share plans granted to Director and employees	36,827	43,403
Other staff benefits	54,136	50,745
	704,133	667,878

28. OPERATING PROFIT

Operating profit from continuing operations is arrived at after charging/(crediting) the following:

	GROUP	
	2023 \$'000	2022 \$'000
Included in materials and subcontract costs:		
Cost of stocks & contract assets	745,928	948,116
Direct operating expenses		
– investment properties that generated rental income	60,770	32,669
Included in staff costs:		
Key management's emoluments (including executive directors' remuneration)		
– short-term employee benefits	14,667	15,182
– post-employment benefits	86	89
– share plans granted	12,775	11,826
Included in expected credit loss on debtors & receivables, contract assets and financial guarantee:		
Expected credit loss on debtors and receivables (Note 17, 19 & 20)	23,838	32,999
Bad debts written-off	281	1,011

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. OPERATING PROFIT (continued)

	GROUP	
	2023 \$'000	2022 \$'000
Included in other operating income – net:		
Impairment of a joint venture (Note 12)	–	1,000
Impairment/write-off of right-of-use assets and fixed assets	1,023	1,171
Provision for stocks	6,777	6,939
Fair value gain on investment properties (Note 8)	(149,532)	(131,711)
Fair value gain on		
– investments, associated companies and joint ventures	(69,028)	(57,801)
– notes receivables, comprising of:	(965)	–
a. Fair value changes including interest income	(150,659)	–
b. Amortisation of deferred loss	149,694	–
– forward foreign exchange contracts	21	–
– call option (Note 17)	(11,376)	(21,002)
(Gain)/loss on differences in foreign exchange	21,147	(704)
(Gain)/loss on sale of fixed assets and investment properties	(15,756)	639
Gain on disposal of subsidiaries	(28,338)	(22,498)
Gain on disposal of associated companies and joint ventures	(69,774)	(358)
(Gain)/loss on sale of interests in associated companies and joint ventures	(36,636)	40,168
(Gain)/loss from change in interest in associated companies	1,427	(10,933)
Gain on acquisition of subsidiaries	–	(6,795)
Loss from dividend <i>in specie</i>	110,816	–
Fees and other remuneration to Directors of the Company	2,659	2,487
Auditors' remuneration		
– auditors of the Company	3,634	3,037
– other auditors of subsidiaries	2,233	2,105
Non-audit fees paid to		
– auditors of the Company	153	603
– other auditors of subsidiaries	160	193

29. INVESTMENT INCOME, INTEREST INCOME AND INTEREST EXPENSES

	GROUP	
	2023 \$'000	2022 \$'000
Investment income from:		
Shares – quoted	73,533	38,320
Shares/funds – unquoted	4,858	10,221
	78,391	48,541
Interest income from:		
Bonds, debentures, deposits and others	28,992	22,221
Associated companies and joint ventures	21,794	54,646
Service concession arrangement	14,100	14,481
	64,886	91,348
Interest expenses on notes, loans and overdrafts	(318,300)	(137,098)
Interest expenses on lease liabilities	(9,663)	(10,262)
Fair value gain/(loss) on interest rate caps and swaps	(90)	1,173
	(328,053)	(146,187)

30. TAXATION

a. Income tax expense

	GROUP	
	2023 \$'000	2022 \$'000
Tax expense comprised:		
Current tax – continuing operations	237,385	156,382
Adjustment for prior year's tax	(14,647)	(13,105)
Others	11,653	19,988
	234,391	163,265
Deferred tax (Note 14):		
Current deferred tax – continuing operations	55,597	21,040
Land appreciation tax:		
Current year	(282)	60,844
Taxation – continuing operations	289,706	245,149
Taxation – discontinued operations (Note 38(i)(a))	(12,799)	33,212
	276,907	278,361

The income tax expense on the results of the Group differs 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	
	2023 \$'000	2022 \$'000
Profit before tax – continuing operations	1,213,554	1,094,888
Profit before tax – discontinued operations	3,168,433	116,278
Share of profit/(loss) of associated companies and joint ventures, net of tax – continuing operations	(322,418)	(535,979)
Share of profit/(loss) of associated companies and joint ventures, net of tax – discontinued operations	–	(4,420)
Profit before tax and share of profit of associated companies and joint ventures	4,059,569	670,767
Tax calculated at tax rate of 17% (2022: 17%)	690,127	114,030
Income not subject to tax	(509,294)	(105,735)
Expenses not deductible for tax purposes	66,336	180,037
Unrecognised tax benefits	21,439	82,901
Effect of different tax rates in other countries	23,157	(1,817)
Adjustment for prior year's tax	(14,647)	(36,687)
Land appreciation tax	(282)	60,844
Tax effect of land appreciation tax	71	(15,212)
	276,907	278,361
Income tax expense – continuing operations	289,706	245,149
Income tax expense – discontinued operations (Note 38(i)(a))	(12,799)	33,212
	276,907	278,361

Notes to the Financial Statements

For the financial year ended 31 December 2023

30. TAXATION (continued)**a. Income tax expense** (continued)**Pillar Two income taxes**

The Base Erosion and Profit Shifting (BEPS) Pillar Two model rules is applicable to the Group as the Group's consolidated revenues is of EUR 750 million or more. As at the balance sheet date, the Pillar Two legislation has been enacted or substantively enacted, but not yet in effect, in certain jurisdictions the Group operates. Some of these legislations will be effective for the Group's financial year beginning on or after 1 January 2024. The Group is in the process of assessing the potential exposure arising from Pillar Two legislation.

The assessment that is being carried out is based on the latest available tax filings and country-by-country reporting for 2022, and the latest financial information for 2023. In certain jurisdictions, information required for the assessment is still being gathered and, therefore, the assessment is not complete.

Based on the assessment carried out so far, the Group has identified potential exposure to Pillar Two income taxes on profits earned in The Netherlands where the expected Pillar Two effective tax rate is likely to be lower than 15%. The potential exposure is expected to come from the constituent entities (mainly operating subsidiaries) in these jurisdictions. However, exposure may also exist in other jurisdictions where the assessment is in progress.

Due to the uncertainties surrounding when and how each jurisdiction will enact the legislations, quantitative information to indicate potential exposure to Pillar Two income taxes is currently not known or reasonably estimable. The Group continues to progress on the assessment and expects to complete the assessment in due course.

b. Movement in current income tax liabilities

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January	258,990	505,479	43,513	39,651
Exchange differences	(3,546)	(28,708)	–	–
Tax expense	237,385	171,589	5,684	7,356
Adjustment for prior year's tax	(14,647)	(15,412)	1,300	(6,512)
Land appreciation tax	(282)	60,844	–	–
Net income taxes paid	(113,372)	(444,462)	2,258	2,974
Subsidiaries acquired	–	2,204	–	–
Subsidiaries disposed	37	600	–	–
Reclassification				
– tax recoverable and others	12,975	19,020	7	44
– liabilities directly associated with assets classified as held for sale	(66)	(12,164)	–	–
At 31 December	377,474	258,990	52,762	43,513

31. EARNINGS PER ORDINARY SHARE

	GROUP			
	2023 \$'000		2022 \$'000	
	Basic	Diluted	Basic	Diluted
Profit for the year from continuing operations	885,219	885,219	838,959	838,959
Profit for the year from discontinued operations	3,181,433	3,181,433	87,658	87,658
Net profit attributable to shareholders of the company	4,066,652	4,066,652	926,617	926,617
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	1,786,608	1,786,608	1,777,509	1,777,509
Adjustment for dilutive potential ordinary shares	–	16,324	–	17,785
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	1,786,608	1,802,932	1,777,509	1,795,294
Earnings per ordinary share – continuing operations	49.5 cts	49.1 cts	47.2 cts	46.7 cts
Earnings per ordinary share – discontinued operations	178.1 cts	176.5 cts	4.9 cts	4.9 cts
Earnings per ordinary share	227.6 cts	225.6 cts	52.1 cts	51.6 cts

32. DIVIDENDS

A final cash dividend of 19.0 cents per share tax exempt one-tier (2022: final cash dividend of 18.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2023 has been proposed for approval by shareholders at the next annual general meeting to be convened.

Together with the interim cash dividend of 15.0 cents per share tax exempt one-tier (2022: interim cash dividend of 15.0 cents per share tax exempt one-tier), special dividend *in specie* of 19.1 Seatrium Limited (formerly, Sembcorp Marine Ltd) shares for every 1 share in the Company equivalent to 219.0 cents per share (Note 38) and special dividend *in specie* of 1 Keppel REIT units for every 5 share in the Company equivalent to 16.7 cents per share, total distributions paid and proposed in respect of the financial year ended 31 December 2023 will be 269.7 cents per share (2022: 33.0 cents per share).

During the financial year, the following distributions were made:

	\$'000
Cash dividends paid	
A final cash dividend of 18.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	317,190
An interim cash dividend of 15.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	264,330
	581,520
Dividends <i>in specie</i> paid	
A dividend <i>in specie</i> of 19.1 Seatrium Limited (formerly, Sembcorp Marine Ltd) shares for every 1 share in the Company, equivalent to 219.0 cents per share, in respect of the current financial year	3,845,162
A special dividend <i>in specie</i> of 1 Keppel REIT units for every 5 share in the Company, equivalent to 16.7 cents per share, in respect of the current financial year	294,294
	4,139,456
	4,720,976

In the prior year, total distributions of \$643,233,000 were made.

Notes to the Financial Statements

For the financial year ended 31 December 2023

33. COMMITMENTS

a. Capital commitments

	GROUP		
	2023	2022	
	\$'000	Continuing Operations \$'000	Discontinued Operations \$'000
Capital expenditure/commitments not provided for in the financial statements:			
In respect of contracts placed:			
– for purchase and construction of investment properties	204,465	379,342	–
– for purchase of fixed assets	65,376	936,048	3,197
– for purchase/subscription of shares	206,601	275,861	–
– for commitments to associated companies and joint ventures	1,016,256	1,055,105	–
– for commitments to private funds	20,709	65,598	2,259
– for acquisition of a real estate asset manager (Note 20)	1,306,086	–	–
Amounts approved by Directors in addition to contracts placed:			
– for purchase and construction of investment properties	509,770	674,065	–
– for purchase of fixed assets	272,423	242,905	46,181
– for purchase/subscription of shares mainly in property development companies	97,302	140,609	–
	3,698,988	3,769,533	51,637
Less: Non-controlling shareholders' share	(43,969)	(39,205)	–
	3,655,019	3,730,328	51,637

There was no significant future capital expenditure/commitment for the Company.

b. Lessee's lease commitments

Under the SFRS(I) 16 *Leases*, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised on balance sheet. The right-of-use assets and lease liabilities are disclosed in Note 9.

34. CONTINGENT LIABILITIES AND GUARANTEES

	GROUP			COMPANY	
	2023	2022		2023	2022
	\$'000	Continuing Operations \$'000	Discontinued Operations \$'000	\$'000	\$'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	320,795	156,787	–	369,761	462,579
Bank guarantees	365,642	382,630	61,364	–	–
Share of lease rental guarantees granted by associated companies and joint ventures	90,882	101,072	–	–	–
Performance guarantees issued for contracts awarded to customers and third parties	–	–	784,712	–	–
Guarantees in favour of a non-related company in respect of performance by a subsidiary, and related guarantees in respect of a bank loan granted to a related party and payment of contract sum to a third party (Note 34(i))	517,342	424,640	–	–	–
	1,294,661	1,065,129	846,076	369,761	462,579

- i. The Group has entered into a separate indemnification contract with a related party at the point the guarantees were entered. The Group will be fully indemnified for losses which may incur in relation to the guarantees amounted to \$517,342,000 (2022: \$424,640,000).
- ii. Included in the above guarantees in 2022 is a bilateral agreement between the Group and financial institutions which guaranteed a revolving credit facility granted to Floatel International Limited, an associated company, amounting to \$82,551,000. The guarantee is secured on the assets of Floatel International Limited. In 2023, the revolving credit facility has been repaid and the guarantee has been terminated.

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.

35. 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	
	2023 \$'000	2022 \$'000
Sales of goods, services and/or fixed assets to		
– associated companies	248,962	196,399
– joint ventures	46,803	8,108
– other related parties	147,194	135,797
	442,959	340,304
Purchase of goods and/or services from		
– associated companies	236,861	255,653
– joint ventures	93,471	57,705
– other related parties	195,119	209,060
	525,451	522,418
Treasury transactions with		
– associated companies	15,151	3,207
– joint ventures	7,171	7,822
	22,322	11,029

36. FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to various financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Keppel Central Finance Committee has oversight of financial risk management which is carried out by the Keppel Treasury department in accordance with established Keppel policies and guidelines that are updated from time to time to take into account changes in the operating environment. The Keppel Central Finance committee is chaired by the Chief Financial Officer of the Company and includes senior finance management personnel and support function specialists.

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk

i. Derivative financial instruments

	GROUP			Notional amount directly impacted by IBOR reform \$'000
	Contract notional amount \$'000	Fair Value		
		Asset \$'000	Liability \$'000	
2023				
Cashflow hedges				
– Forward foreign currency contracts	1,099,229	3,947	28,444	n.a.
– Cross currency swaps	1,835,714	5,999	143,859	–
– Interest rate swaps	4,601,496	97,860	17,787	–
– HSFO forward contracts	37,542	1,609	1,623	n.a.
– Dated Brent forward contracts	322,105	7,883	12,701	n.a.
– ICE Brent Crude forward contracts	72,502	1,555	1,429	n.a.
– Electricity futures contracts	983	442	–	n.a.
Total		119,295	205,843	
2022				
Cashflow hedges				
– Forward foreign currency contracts ¹	2,589,650	14,384	27,480	n.a.
– Cross currency swaps	1,466,863	17,300	121,836	–
– Interest rate swaps	3,378,334	186,983	–	170,950
– HSFO forward contracts	165,978	23,897	40,480	n.a.
– Dated Brent forward contracts	344,615	20,436	6,973	n.a.
– JKM forward contracts	124,232	–	55,840	n.a.
– ICE Brent Crude forward contracts	63,530	13,214	159	n.a.
– Electricity futures contracts	28,815	1,998	17,090	n.a.
Total ¹		278,212	269,858	

¹ Included discontinued operations' forward foreign currency contracts asset \$5,161,000 and liabilities \$13,654,000.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date and are expected to occur at various dates within 37 months (2022: 28 months). 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 counterparties and are expected to occur at various dates within 12 months (2022: 17 months) and within 36 months (2022: 27 months). The fair value of JKM forward contracts is determined using forward Japan/Korea Marker prices provided by the Group's key counterparties and are expected to occur at various dates within 12 months as of 31 December 2022. The fair value of ICE Brent Crude forward contracts is determined using Intercontinental Exchange Brent Crude prices provided by the Group's key counterparties and are expected to occur at various dates within 11 months (2022: 24 months). The fair value of electricity future contracts is based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange and are expected to occur within 3 months (2022: 15 months). The fair value of financial derivatives instruments, including cross currency swap agreements and interest rate swap agreements is based on valuations provided by the Group's respective bank counterparties which the financial derivatives instruments are entered against, have maturity dates from April 2024 to December 2028 (2022: October 2023 to March 2028) and March 2024 to January 2043 (2022: January 2023 to January 2043).

ii. Currency risk

The Group has receivables and payables denominated in foreign currencies via US Dollars, Renminbi, Euro 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 cross currency swap agreements to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. The Group monitors its current and projected foreign currency cash flows and aims to reduce the exposure of the net position in each foreign currency by borrowing in the respective foreign currency where practicable.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts. See Note 36(a)(i) for further details pertaining to the notional amounts and fair value of the forward foreign exchange contracts. These fair value 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 \$1,096,954,000 (2022: \$1,639,730,000). The net negative fair value of forward foreign exchange contracts is \$24,472,000 (2022: net negative fair value of \$8,983,000) comprising assets of \$3,946,000 (2022: \$9,533,000) and liabilities of \$28,418,000 (2022: \$18,515,000). These fair value amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Group has outstanding cross currency swap agreements with weighted average forex rate of USD:SGD 1.370 and EUR:SGD 1.478, and other currencies. See Note 36(a)(i) for further details pertaining to the notional amounts and fair value of the cross currency swap agreements. These fair value amounts are recognised as derivative assets and derivative liabilities.

Other than the above forward foreign exchange contracts and cross currency swap agreements, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2023				2022			
	USD \$'000	RMB \$'000	EUR \$'000	Others \$'000	USD \$'000	RMB \$'000	EUR \$'000	Others \$'000
GROUP								
Financial Assets								
Notes receivables	2,410,051	-	-	-	-	-	-	-
Debtors	231,072	5,449	45,341	8,899	224,114	48,866	-	2,620
Investments	817,044	-	107,041	68,437	801,896	-	97,197	68,522
Bank balances, deposits & cash	30,511	16,100	45	13,255	158,726	32,227	531	8,744
	3,488,678	21,549	152,427	90,591	1,184,736	81,093	97,728	79,886
Financial Liabilities								
Creditors	133,169	26,034	147	7,772	189,401	107,477	816	8,736
Term loans	3,212,374	4,692	104,024	43,956	2,742,038	-	9,171	34,290
Lease liabilities	-	134	-	-	-	227	-	-
	3,345,543	30,860	104,171	51,728	2,931,439	107,704	9,987	43,026
COMPANY								
Financial Assets								
Amounts due from subsidiaries	3,163,187	4,694	104,271	46,779	2,729,037	-	9,173	38,311
Debtors	113,109	85	-	-	114,798	15	-	-
Bank balances, deposits & cash	2,882	277	-	-	15	174	-	4
	3,279,178	5,056	104,271	46,779	2,843,850	189	9,173	38,315
Financial Liabilities								
Amounts due to subsidiaries	216	-	-	-	736	-	-	-
Creditors	4,117	275	-	-	14,752	114	-	-
Term loans	3,212,374	4,692	104,024	43,663	2,742,038	-	9,171	34,290
Lease liabilities	-	134	-	-	-	227	-	-
	3,216,707	5,101	104,024	43,663	2,757,526	341	9,171	34,290

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk (continued)

ii. Currency risk (continued)

Sensitivity analysis for currency risk

If the relevant foreign currency changes against SGD by 5% (2022: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
GROUP				
USD against SGD				
– Strengthened	1,066	(94,781)	6,130	7,419
– Weakened	(1,066)	94,781	(6,130)	(7,419)
RMB against SGD				
– Strengthened	(467)	(1,331)	–	–
– Weakened	467	1,331	–	–
EUR against SGD				
– Strengthened	(2,956)	(473)	5,383	4,859
– Weakened	2,956	473	(5,383)	(4,859)
COMPANY				
USD against SGD				
– Strengthened	3,140	4,317	–	–
– Weakened	(3,140)	(4,317)	–	–
RMB against SGD				
– Strengthened	(3)	(8)	–	–
– Weakened	3	8	–	–
EUR against SGD				
– Strengthened	10,474	917	–	–
– Weakened	(10,474)	(917)	–	–

iii. Interest rate risk

The Group is exposed to interest rate risk which arises primarily from its debt obligations. 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 has entered into interest rate swap agreements to hedge the interest rate risk arising from its Singapore dollar and US dollar variable rate term loans (Note 25). As at the end of the financial year, the Group has interest rate swap agreements. See Note 36(a)(i) for further details pertaining to the notional amounts and fair value of the interest rate swap agreements for the Group. These fair value amounts are recognised as derivative assets and derivative liabilities.

The Group receives variable rates equal to Singapore Overnight Rate Average (“SORA”) and United States Dollar Secured Overnight Financing Rate (“USD SOFR”) (2022: Singapore Swap Offer Rate (“SOR”), SORA, USD SOFR and United States Dollar London Inter-bank Offer Rate (“USD LIBOR”)) and pays fixed rates of between 0.12% and 3.49% (2022: 0.06% and 3.62%) on the notional amounts. These interest rate swap agreements are held for hedging interest rate risk arising from variable rate borrowings, with interest rates ranging from SORA and USD SOFR. This amounts to 38% (2022: 32%) of the Group’s total amount of borrowings excluding notional amounts of \$433,940,000 (2022: \$nil) relating to highly probable future borrowings.

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2022: 0.5%) with all other variables held constant, the Group’s profit before tax would have been lower/higher by \$19,622,000 (2022: \$19,548,000) as a result of higher/lower interest expense on variable rate loans.

iv. Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, HSFO, Dated Brent, JKM and ICE Brent Crude. As at the end of the financial year, the Group has outstanding HSFO, Dated Brent, JKM and ICE Brent Crude forward contracts. See Note 36(a)(i) for further details pertaining to the notional amounts and fair value of the HSFO, Dated Brent, JKM and ICE Brent Crude forward contracts for the Group. These fair value amounts are recognised as derivative assets and derivative liabilities.

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts. See Note 36(a)(i) for further details pertaining to the notional amounts and fair value of the electricity futures contracts. These fair value amounts are recognised as derivative assets and derivative liabilities.

The Group is exposed to equity securities price risk arising from equity investments classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income. The performance of these investments is monitored regularly, together with an assessment of their relevance to the Group's strategic plans.

Sensitivity analysis for price risk

If prices for Dated Brent, JKM, ICE Brent Crude and electricity futures contracts increase/decrease by 5% (2022: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by \$15,724,000 (2022: \$17,934,000), \$nil (2022: \$3,420,000), \$3,625,000 (2022: \$3,829,000) and \$27,000 (2022: lower/higher by \$2,164,000) respectively as a result of fair value changes on cash flow hedges.

If prices for HSFO increase/decrease by 5% (2022: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by \$1,878,000 (2022: higher/lower by \$7,324,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2022: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by \$9,214,000 (2022: \$1,765,000) 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 \$29,861,000 (2022: \$27,296,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

v. Cash flow and fair value interest rate risk

IBOR reform

The Group had variable rate borrowings and derivatives that were linked to SOR and USD LIBOR. The Group has completed the process of amending the financial instruments with contractual terms indexed to SOR and USD LIBOR. All affected financial instruments that the Group and Company held as at 31 December 2023 have effectively transitioned to the new benchmark rates during the year and have no material impact on the financial statements.

b. 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 that are consistent with market practice. 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 joint ventures and bank balances, deposits and cash.

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. FINANCIAL RISK MANAGEMENT (continued)

b. Credit Risk (continued)

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 2023 and 2022 that have not been assessed on a contract-by-contract basis are set out in the provision matrix as follows:

	Contract assets	Trade receivables				Total \$'000
		Current \$'000	1 to 3 months \$'000	3 to 6 months \$'000	> 6 months \$'000	
2023						
Infrastructure						
Expected loss rate	–	0.7%	17.2%	70.4%	78.9%	
Gross carrying amount	–	361,065	8,978	795	1,338	372,176
Loss allowance	–	2,684	1,548	560	1,056	5,848
Connectivity						
Expected loss rate	1.7%	0.4%	2.2%	15.4%	10.5%	
Gross carrying amount	76,000	184,673	75,739	53,464	24,171	414,047
Loss allowance	1,303	659	1,679	8,220	2,550	14,411
2022						
Infrastructure						
Expected loss rate	–	0.5%	6.7%	64.1%	17.2%	
Gross carrying amount	–	342,861	27,102	669	8,845	379,477
Loss allowance	–	1,883	1,828	429	1,521	5,661
Connectivity						
Expected loss rate	2.2%	0.5%	2.4%	9.1%	19.9%	
Gross carrying amount	109,055	173,869	52,192	20,019	56,742	411,877
Loss allowance	2,402	834	1,239	1,815	11,294	17,584

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 macroeconomic 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

Real Estate

For investment properties, the Group manages credit risks arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposits, and/or banker's guarantees. The Group also has a policy of regular review of debt collection and rental contracts are entered into with customers with an appropriate credit history.

In measuring the ECL, trade debtors and contract assets are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors and contract assets are written off when there is no reasonable expectation of recovery.

Debtors and amounts due from associated companies and joint ventures that are neither past due nor impaired are substantially companies with good collection track record with the Group or have strong financial capacity.

As at 31 December 2023 and 31 December 2022, there was no significant concentration of credit risks.

Fund Management & Investment

As part of the Group's horizontally integrated model with three platforms comprising the Fund Management Platform, Investment Platform and Operating Platform (forming one integrated business focusing in the areas of Infrastructure, Real Estate and Connectivity), the Fund Management & Investment Platforms focus on raising capital and forging strong relationships with investors by bringing to them the best of Keppel's solutions, investments and operating teams, as well as in driving capital deployment decisions in the areas of infrastructure, real estate and connectivity.

The Group minimises credit risk by dealing with companies with good payment track record and by placing cash balances with financial institutions.

In respect of credit exposure to the associated companies and joint ventures, the Group minimises credit risk through regular monitoring of the associated companies and joint ventures' financial standing.

As at 31 December 2023 and 2022, there are no significant financial assets that are past due and/or impaired.

c. Liquidity Risk

The Group actively manages its debt term-out profile, operating cash flows and availability of funding resources to ensure that all its financial obligations and funding needs are met. Funding resources include short-term money market facilities, committed revolving credit facilities as well as commercial paper and debt capital market programmes. Due to the dynamic nature of its underlying businesses, the Group maintains adequate cash reserves and sufficient undrawn credit facilities to ensure it is able to support its current operations as well as investing activities.

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. FINANCIAL RISK MANAGEMENT (continued)

c. Liquidity Risk (continued)

Information relating to the maturity profile of loans is given in Note 25. 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				
2023				
Gross-settled forward foreign exchange contracts				
– Receipts	955,386	96,765	23,538	–
– Payments	(978,813)	(97,234)	(23,346)	–
Gross-settled cross currency swaps				
– Receipts	67,606	43,824	70,966	–
– Payments	(50,566)	(37,786)	(66,350)	–
Net-settled interest rate swaps				
– Receipts	74,765	33,841	13,521	–
– Payments	(1,577)	(9,769)	(25,948)	(9,888)
Net-settled HSFO forward contracts				
– Receipts	1,609	–	–	–
– Payments	(1,623)	–	–	–
Net-settled Dated Brent forward contracts				
– Receipts	7,081	800	2	–
– Payments	(9,620)	(3,072)	(9)	–
Net-settled ICE Brent Crude forward				
– Receipts	1,555	–	–	–
– Payments	(1,429)	–	–	–
Net-settled electricity futures contracts				
– Receipts	442	–	–	–
– Payments	–	–	–	–
Borrowings	(2,850,078)	(2,599,012)	(5,403,732)	(1,695,152)
Financial guarantees	(675,206)	–	–	–
2022				
Gross-settled forward foreign exchange contracts				
– Receipts	2,239,200	340,320	1,989	–
– Payments	(2,245,274)	(348,948)	(1,979)	–
Gross-settled cross currency swaps				
– Receipts	40,823	42,137	54,162	1,511
– Payments	(34,464)	(31,116)	(44,748)	(1,260)
Net-settled interest rate swaps				
– Receipts	96,204	65,152	55,964	–
– Payments	(1,808)	(1,879)	(4,493)	(3,208)
Net-settled HSFO forward contracts				
– Receipts	23,578	319	–	–
– Payments	(40,480)	–	–	–
Net-settled Dated Brent forward contracts				
– Receipts	19,414	1,022	–	–
– Payments	(3,196)	(3,573)	(204)	–
Net-settled JKM forward contracts				
– Receipts	–	–	–	–
– Payments	(51,074)	(4,766)	–	–
Net-settled ICE Brent Crude forward				
– Receipts	10,707	2,507	–	–
– Payments	(159)	–	–	–
Net-settled electricity futures contracts				
– Receipts	1,855	143	–	–
– Payments	(17,090)	–	–	–
Borrowings	(4,227,532)	(2,084,210)	(4,014,400)	(1,496,071)
Financial guarantees	(747,134)	–	–	–

	Within one year \$'000	Within one to two years \$'000	Within two to five years \$'000	After five years \$'000
COMPANY				
2023				
Gross-settled forward foreign exchange contracts				
– Receipts	953,073	96,765	23,538	–
– Payments	(976,501)	(97,234)	(23,346)	–
Gross-settled cross currency swaps				
– Receipts	67,606	43,824	70,966	–
– Payments	(50,566)	(37,786)	(66,350)	–
Net-settled interest rate swaps				
– Receipts	60,734	28,805	9,910	–
– Payments	(1,491)	(7,612)	(19,683)	(83)
Borrowings	(1,883,419)	(2,606,756)	(3,701,702)	(1,026,950)
Financial guarantees	(369,761)	–	–	–
2022				
Gross-settled forward foreign exchange contracts				
– Receipts	1,284,472	340,320	1,989	–
– Payments	(1,291,652)	(348,948)	(1,979)	–
Gross-settled cross currency swaps				
– Receipts	40,823	42,137	54,162	1,511
– Payments	(34,464)	(31,116)	(44,748)	(1,260)
Net-settled interest rate swaps				
– Receipts	75,884	52,798	43,665	–
– Payments	(1,344)	(1,728)	(2,962)	–
Borrowings	(2,973,264)	(987,162)	(2,778,095)	(843,721)
Financial guarantees	(462,579)	–	–	–

In addition to the above, creditors (Note 23) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

d. 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 2023. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to total equity not exceeding ratios ranging from 2.00 to 3.00 times.

Management monitors capital risk based on the Group's net gearing. Net gearing is calculated as net debt divided by total equity. Net debt is calculated as total term loans (Note 25) and total lease liabilities (Note 9) less bank balances, deposits & cash (Note 22).

	GROUP	
	2023 \$'000	2022 \$'000
Net debt	9,873,441	9,237,629
Total equity	11,016,560	11,913,340
Net gearing ratio	0.90x	0.78x

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. FINANCIAL RISK MANAGEMENT (continued)

e. 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				
2023				
Financial assets				
Derivative financial instruments				
– from continuing operations	–	119,295	–	119,295
Notes receivables	–	–	4,286,354	4,286,354
Call option	–	–	203,898	203,898
Investments				
– Investments at fair value through other comprehensive income				
– from continuing operations	513,959	1,687	269,622	785,268
– Investments at fair value through profit or loss				
– from continuing operations	20,053	–	813,565	833,618
Short term investments				
– Investments at fair value through other comprehensive income				
– from continuing operations	83,261	–	–	83,261
– Investments at fair value through profit or loss				
– from continuing operations	164,220	–	5,628	169,848
	781,493	120,982	5,579,067	6,481,542
Financial liabilities				
Derivative financial instruments				
– from continuing operations	–	205,843	–	205,843
Non-financial assets				
Investment Properties				
– Commercial, completed	–	–	1,343,719	1,343,719
– Commercial, under construction	–	–	3,321,345	3,321,345
Associates and joint venture at fair value through profit or loss	–	–	398,251	398,251
	–	–	5,063,315	5,063,315

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
GROUP				
2022				
Financial assets				
Derivative financial instruments				
– from continuing operations	–	273,051	–	273,051
– from discontinued operations	–	5,143	–	5,143
Call option	–	–	192,522	192,522
Investments				
– Investments at fair value through other comprehensive income				
– from continuing operations	493,297	1,409	278,688	773,394
– from discontinued operations	–	–	26,603	26,603
– Investments at fair value through profit or loss				
– from continuing operations	34,618	–	674,707	709,325
– from discontinued operations	–	16,745	55,350	72,095
Short term investments				
– Investments at fair value through other comprehensive income				
– from continuing operations	48,097	–	–	48,097
– from discontinued operations	3,118	–	–	3,118
– Investments at fair value through profit or loss				
– from continuing operations	685	–	–	685
	<u>579,815</u>	<u>296,348</u>	<u>1,227,870</u>	<u>2,104,033</u>
Financial liabilities				
Derivative financial instruments				
– from continuing operations	–	256,204	–	256,204
– from discontinued operations	–	13,639	–	13,639
	<u>–</u>	<u>269,843</u>	<u>–</u>	<u>269,843</u>
Non-financial assets				
Investment Properties				
– Commercial and hospitality, completed	–	–	1,349,265	1,349,265
– Commercial, under construction	–	–	2,933,828	2,933,828
Associates and joint venture at fair value through profit or loss	–	–	246,677	246,677
	<u>–</u>	<u>–</u>	<u>4,529,770</u>	<u>4,529,770</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. FINANCIAL RISK MANAGEMENT (continued)

e. Fair Value of Financial Instruments and Investment Properties (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
COMPANY				
2023				
Financial assets				
Derivative financial instruments	-	87,217	-	87,217
Investments				
- Investments at fair value through other comprehensive income	-	-	18,013	18,013
Short term investments				
- Investments at fair value through profit or loss	161,896	-	5,628	167,524
	161,896	87,217	23,641	272,754
Financial liabilities				
Derivative financial instruments	-	188,300	-	188,300
2022				
Financial assets				
Derivative financial instruments	-	173,642	-	173,642
Investments				
- Investments at fair value through other comprehensive income	-	-	19,430	19,430
	-	173,642	19,430	193,072
Financial liabilities				
Derivative financial instruments	-	140,354	-	140,354

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	GROUP		COMPANY	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January	1,145,917	1,024,769	19,430	24,100
Purchases	292,167	131,668	-	-
Sales	(6,793)	(11,374)	-	-
Notes receivables				
- Initial recognition	3,003,599	-	-	-
- Deferred loss	1,247,545	-	-	-
- Fair value gain recognised in profit or loss, including interest income	150,659	-	-	-
- Amortisation to profit or loss	(149,694)	-	-	-
- Exchange differences	34,245	-	-	-
Fair value (loss)/gain recognised in other comprehensive income				
- from continuing operations	(149,111)	(29,785)	(1,417)	(4,670)
- from discontinued operations	-	(488)	-	-
Fair value gain recognised in profit or loss				
- from continuing operations ¹	10,575	113,379	2,608	-
- from discontinued operations	-	28,043	-	-
Reclassification				
- Subsidiaries	5,554	-	3,020	-
- Disposal group and assets classified as held for sale	-	(82,649)	-	-
- Associates/Joint Ventures	-	(22,671)	-	-
Exchange differences	(5,596)	(4,975)	-	-
At 31 December	5,579,067	1,145,917	23,641	19,430

¹ As at 31 December 2023, the fair value gain recognised in profit or loss from continuing operations of \$10,575,000 (2022: \$113,379,000) comprises \$14,937,000 (2022: \$76,363,000) fair value gain attributable to an unquoted investment fund which primarily invests in high-performance batteries for electric vehicles and energy storage systems business.

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	GROUP	
	2023 \$'000	2022 \$'000
At 1 January	4,283,093	4,256,428
Development expenditure	327,402	216,799
Fair value gain	149,532	131,711
Disposal	(17,000)	(41,204)
Reclassification		
– Fixed assets (Note 7)	2,334	–
– Stocks (Note 18)	548	–
Exchange differences	(80,845)	(280,641)
At 31 December	4,665,064	4,283,093

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2023 \$'000	Valuation Techniques	Significant unobservable Inputs	Range of unobservable Inputs
Investments				
– from continuing operations	1,088,815	Net asset value, discounted cash flow, binomial option pricing method and revenue multiple	Net asset value* Discount rate Growth rate Discount for lack of control Discount for lack of marketability	Not applicable 15.25% to 28.00% 1.09% to 4.10% 15.00% – 23.30% 10.70%
Notes receivables (Vendor notes)	4,286,354	Discounted cash flow method	Discount rate Estimated future asset sale values of Rigco's rigs (\$'million)	5.62% to 10.04% \$174 to \$602
Call option	203,898	Discounted cash flow method and investment method	Transacted price of comparable properties (psf) Capitalisation rate Discount rate	\$2,781 to \$3,617 3.30% to 3.40% 6.75%
Associates and joint venture at fair value through profit or loss	398,251	Net asset value	Net asset value	Not applicable
Investment properties				
– Commercial, completed	1,343,719	Discounted cash flow method and/or direct comparison method; Income capitalisation method	Discount rate Capitalisation rate Net initial yield Offering price of comparable land plots (psm) Transacted price of comparable properties in different geographical/cities (psf)	7.25% to 14.50% 4.25% to 7.50% 5.80% \$4,862 to \$6,188 \$159 to \$3,274
– Commercial, under construction	3,321,345	Discounted cash flow method, direct comparison method and/or residual value method	Discount rate Capitalisation rate Offering price of comparable land plots (psm) Transacted price of comparable properties (psf) Gross development value (\$'million)	7.00% to 17.00% 4.00% to 8.50% \$10,829 to \$11,492 \$2,781 to \$3,617 \$199 to \$1,891

* 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 or assets measured using valuation techniques that take into account key inputs such as revenue multiples, long term growth rate and discount rate (see further details in Note 2.27(b)(vi)).

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. FINANCIAL RISK MANAGEMENT (continued)

e. Fair Value of Financial Instruments and Investment Properties (continued)

Description	Fair value as at 31 December 2022 \$'000	Valuation Techniques	Significant unobservable Inputs	Range of unobservable Inputs
Investments				
– from continuing operations	953,395	Net asset value, discounted cash flow and binomial option pricing	Net asset value* Discount rate Growth rate Discount for lack of control	Not applicable 15.71% to 20.00% 1.10% to 4.32% 15.00% - 23.30%
– from discontinued operations	81,953	Net asset value and discounted cash flow	Net asset value* Discount rate	Not applicable 9.00% - 19.00%
Call option	192,522	Discounted cash flow method and investment method	Transacted price of comparable properties (psf) Capitalisation rate Discount rate	\$1,586 - \$3,617 3.40% 6.25% to 6.50%
Associates and joint venture at fair value through profit or loss	246,677	Net asset value	Net asset value	Not applicable
Investment properties				
– Commercial, completed	1,349,265	Investment method, discounted cash flow method and/or direct comparison method; Income capitalisation method	Discount rate Capitalisation rate Net initial yield Transacted price of comparable land plots (psm) Transacted price of comparable properties in different geographical/cities (psf)	7.25% to 14.50% 4.25% to 10.00% 5.70% \$3,974 to \$5,610 \$239 to \$1,304
– Commercial, under construction	2,933,828	Direct comparison method, discounted cash flow method, and/or residual value method	Discount rate Capitalisation rate Transacted price of comparable land plots (psm) Transacted price of comparable properties (psf) Gross development value (\$'million)	7.00% to 17.00% 4.00% to 10.00% \$6,569 to \$9,163 \$2,376 to \$3,617 \$216 to \$1,949

* 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 or assets measured using valuation techniques that take into account key inputs such as revenue multiples, long term growth rate and discount rate (see further details in Note 2.27(b)(vi)).

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.

As at 31 December 2023, the total fair value on investments of \$1,088,815,000 (2022: \$1,035,348,000) comprises \$992,394,000 (2022: \$753,350,000) valued based on net asset value, of which \$423,707,000 (2022: \$409,500,000) is attributable to an unquoted investment fund which primarily invests in high-performance batteries for electric vehicles and energy storage systems business. A reasonably possible alternative assumption is when the net asset value of investments increase/decrease by 5%, which would lead to a \$49,620,000 (2022: \$37,668,000) increase/decrease in fair value.

The notes receivables under Level 3 of the fair value hierarchy are 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 notes receivables. A reasonably possible alternative assumption is when the discount rate increase/decrease by 1%, which would lead to \$129,217,000 decrease/ \$136,718,000 increase in fair value. Another reasonably possible alternative assumption is when the estimated future asset sale values of Rigco's rigs increase/decrease by 10%, which would lead to \$248,798,000 increase/ \$260,932,000 decrease in fair value.

As at 31 December 2023, management assessed that the \$120,000,000 10.0% perpetual securities issued by Rigco (Note 38), which is measured at fair value through other comprehensive income, may be unrecoverable based on Rigco's business plan and financial projections received in December 2023. Accordingly, the carrying amount of the perpetual securities was reduced to \$nil with the fair value changes recognised within other comprehensive income.

Valuation process of investment properties is described in Note 8.

37. SEGMENT ANALYSIS

On 3 May 2023, the Group announced the next phase of Vision 2030 plans, embarking on a major reorganisation to accelerate the transformation into a global alternative real asset manager and operator. The Group reorganised its operations into a simplified horizontally integrated model with four reportable segments, namely Infrastructure, Real Estate, Connectivity and Corporate Activities. The objective of the reorganisation was for the Group to streamline and be a one integrated company.

i. Infrastructure

The Infrastructure segment business provide energy and environmental solutions and services that are essential for sustainable development. Principal activities include commercial power generation, renewables, environmental engineering, construction, and infrastructure operation and maintenance. The operating segment has operations in China, Singapore, Switzerland, the United Kingdom, and other countries.

ii. Real Estate

The Real Estate segment business provide sustainable and innovative urban space solutions, focusing on sustainable urban renewal and senior living. Principal activities include property development and investment, as well as master development. The segment has operations in China, India, Indonesia, Singapore, Vietnam and other countries.

iii. Connectivity

Principal activities include the development and operation of data centres, provision of telecommunications services, sale of telecommunications and information technology equipment and provision of system integration solutions and services. The segment has operations in China, Singapore and other countries.

iv. Corporate Activities

The Corporate Activities segment consists mainly of treasury operations, research & development, investment holdings, provision of management and other support services.

Management monitors the results of each of the above segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable operating segments is presented in the following table, with the segment information for the prior year ended 31 December 2022 restated to reflect the change in the reportable segments.

Notes to the Financial Statements

For the financial year ended 31 December 2023

37. SEGMENT ANALYSIS (continued)

	Infrastructure \$'000	Real Estate \$'000	Connectivity \$'000	Corporate Activities \$'000	Elimination \$'000	Total \$'000
2023						
Revenue						
External sales	4,845,450	763,663	1,351,068	5,947	–	6,966,128
Inter-segment sales	129,137	7,262	14,883	53,392	(204,674)	–
Total	4,974,587	770,925	1,365,951	59,339	(204,674)	6,966,128
Segment Results						
Operating profit						
– Loss from dividend <i>in specie</i> of Keppel REIT units	–	(110,816)	–	–	–	(110,816)
– Other operating profit	721,838	441,029	103,253	(76,546)	(2,846)	1,186,728
Investment income	69,507	5,770	334	2,780	–	78,391
Interest income	52,680	31,276	14,120	664,698	(697,888)	64,886
Interest expenses	(52,714)	(146,612)	(28,066)	(801,395)	700,734	(328,053)
Share of results of associated companies and joint ventures	18,079	254,494	70,200	(20,355)	–	322,418
Profit before tax	809,390	475,141	159,841	(230,818)	–	1,213,554
Taxation	(122,904)	(130,717)	(23,104)	(12,981)	–	(289,706)
Profit from continuing operations for the year	686,486	344,424	136,737	(243,799)	–	923,848
Attributable to:						
Shareholders of Company	699,226	314,623	127,231	(255,861)	–	885,219
Perpetual securities holders	–	–	–	11,600	–	11,600
Non-controlling interests	(12,740)	29,801	9,506	462	–	27,029
	686,486	344,424	136,737	(243,799)	–	923,848
Profit from discontinued operations, net of tax and NCI						3,181,433
Profit for the year attributable to shareholders of the Company						4,066,652
External revenue from contracts with customers						
– At a point in time	23,173	336,473	469,328	–	–	828,974
– Over time	4,822,277	329,972	878,207	5,908	–	6,036,364
	4,845,450	666,445	1,347,535	5,908	–	6,865,338
Other sources of revenue	–	97,218	3,533	39	–	100,790
Total	4,845,450	763,663	1,351,068	5,947	–	6,966,128
Other Information						
Segment assets	4,951,077	13,480,053	4,165,341	12,546,696	(8,305,265)	26,837,902
Segment liabilities	3,100,431	7,125,042	2,890,377	11,010,757	(8,305,265)	15,821,342
Net assets	1,850,646	6,355,011	1,274,964	1,535,939	–	11,016,560
Investment in associated companies and joint ventures	1,172,102	4,322,587	878,576	228,588	–	6,601,853
Additions to non-current assets	242,238	619,851	238,290	1,609	–	1,101,988
Depreciation and amortisation	38,983	45,528	125,711	11,218	–	221,440
Impairment loss on non-financial assets	676	6,138	661	325	–	7,800
Allowance for expected credit loss and bad debt written-off	14,578	297	9,240	4	–	24,119

Geographical information

	Singapore \$'000	China/ Hong Kong \$'000	Other Far East & ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	6,210,349	503,756	194,895	57,128	–	6,966,128
Non-current assets	7,801,486	3,618,276	1,708,774	788,562	–	13,917,098

Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2023.

Information about a major customer

Revenue of \$1,988,863,000 is derived from a single external customer and is attributable to the Infrastructure segment for the year ended 31 December 2023.

	Infrastructure \$'000	Real Estate \$'000	Connectivity \$'000	Corporate Activities \$'000	Elimination \$'000	Total \$'000
2022						
Revenue						
External sales	4,290,435	996,386	1,332,419	478	–	6,619,718
Inter-segment sales	34,841	2,898	9,464	91,865	(139,068)	–
Total	4,325,276	999,284	1,341,883	92,343	(139,068)	6,619,718
Segment Results						
Operating profit	143,454	320,023	81,276	9,724	10,730	565,207
Investment income	34,817	9,937	273	3,514	–	48,541
Interest income	64,367	36,447	7,062	425,355	(441,883)	91,348
Interest expenses	(24,835)	(95,243)	(20,515)	(436,747)	431,153	(146,187)
Share of results of associated companies and joint ventures	126,915	345,590	71,023	(7,549)	–	535,979
Profit before tax	344,718	616,754	139,119	(5,703)	–	1,094,888
Taxation	(49,265)	(163,093)	(28,459)	(4,332)	–	(245,149)
Profit from continuing operations for the year	295,453	453,661	110,660	(10,035)	–	849,739
Attributable to:						
Shareholders of Company	297,985	463,994	98,497	(21,517)	–	838,959
Perpetual securities holders	–	–	–	11,600	–	11,600
Non-controlling interests	(2,532)	(10,333)	12,163	(118)	–	(820)
	295,453	453,661	110,660	(10,035)	–	849,739
Profit from discontinued operations, net of tax and NCI						87,658
Profit for the year attributable to shareholders of the Company						926,617
External revenue from contracts with customers						
– At a point in time	55,860	686,781	395,829	–	–	1,138,470
– Over time	4,234,575	239,567	933,124	475	–	5,407,741
	4,290,435	926,348	1,328,953	475	–	6,546,211
Other sources of revenue	–	70,038	3,466	3	–	73,507
Total	4,290,435	996,386	1,332,419	478	–	6,619,718
Other Information						
Segment assets*	4,168,133	13,648,104	4,068,395	16,145,874	(6,965,529)	31,064,977
Segment liabilities*	2,962,473	6,942,564	2,833,479	13,378,650	(6,965,529)	19,151,637
Net assets*	1,205,660	6,705,540	1,234,916	2,767,224	–	11,913,340
* Inclusive of disposal group classified as held for sale						
Investment in associated companies and joint ventures	1,051,679	4,687,211	798,469	254,503	–	6,791,862
Additions to non-current assets	696,713	383,119	317,087	61,483	–	1,458,402
Depreciation and amortisation	33,163	34,294	124,801	14,300	–	206,558
Impairment loss on non-financial assets	7,052	107	1,953	–	–	9,112
Allowance/(write-back) for expected credit loss and bad debt written-off	22,549	(776)	10,917	1,320	–	34,010

Geographical information

	Singapore \$'000	China/ Hong Kong \$'000	Other Far East & ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	5,465,913	916,228	172,458	65,119	–	6,619,718
Non-current assets	8,192,941	3,503,743	1,695,069	465,765	–	13,857,518

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2022.

Information about a major customer

Revenue of \$2,045,861,000 is derived from a single external customer and is attributable to the Infrastructure segment for the financial year ended 31 December 2022.

Notes to the Financial Statements

For the financial year ended 31 December 2023

38. DISCONTINUED OPERATIONS AND DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE

i. Discontinued operations and disposal group held for sale and liabilities directly associated with disposal group classified as held for sale

Keppel Offshore & Marine Ltd (“Keppel O&M”)

On 27 April 2022, the Company and Sembcorp Marine Ltd (“Sembcorp Marine” and now known as Seatrium Limited “Seatrium”) entered into definitive agreements for the proposed combination of Keppel Offshore & Marine Ltd (“Keppel O&M”) and Sembcorp Marine Ltd (the “Proposed Combination”).

Concurrent with the Proposed Combination, the Company has entered into a definitive agreement with Baluran Limited (“Baluran”) and Kyanite Investment Holdings Pte Ltd (“Kyanite”), for the sale of Keppel O&M’s legacy rigs and associated receivables to a new and separate entity, Rigco Holding Pte Ltd (the “Asset Co Transaction”).

On 27 October 2022, the structure and terms of the Proposed Combination and the Asset Co Transfer were amended such that, 1) the merger of Keppel O&M and Sembcorp Marine will be effected by way of the acquisition by Sembcorp Marine (and not through the establishment of a new holding company) of all the Keppel O&M Shares held by the Company (the “KOM Share Transfer”) in consideration for the issuance by Sembcorp Marine of such number of new ordinary shares in the capital of Sembcorp Marine (“SCM Shares”) representing 54% of the total number of SCM Shares (“Consideration Shares”) and 2) the completion of the Asset Co Transfer will proceed regardless of whether the Keppel O&M Share Transfer takes place. Of which, the Company will distribute 49% of the total number of SCM Shares to its shareholders and remaining 5% of SCM shares (the “Retained Consideration Shares”) transfer to a segregated account (“Proposed Distribution”). Post acquisition Sembcorp Marine will be the “Combined Entity” owning a combination of its current business and KOM.

Based on the carrying values of Keppel O&M’s legacy rigs and associated receivables, the Asset Co Transaction was completed on 27 February 2023 for a consideration of approximately \$4,372 million satisfied in the following manner:

- a. issuance of 499,000 new ordinary shares in the capital of Rigco Holding Pte Ltd at the issue price of \$1.00 per share;
- b. issuance of \$120 million 10.0% perpetual securities by Rigco Holding Pte Ltd; and
- c. issuance of vendor notes of 4% per annum for a maximum tenure of 12 years in the same aggregate principal amount by Rigco Holding Pte Ltd of approximately \$4,251 million.

No gain or loss was recognised in the profit or loss on the date of completion from the Asset Co Transaction as the agreed transaction price with Rigco was based on carrying values of the legacy rigs and associated receivables.

The Proposed Combination was completed on 28 February 2023 and the Company has received:

- I. 36,848,072,918 Consideration Shares amounting to approximately \$4,237 million. Of which, 33,436,214,314 Consideration Shares (representing 49% of the enlarged capital of Seatrium) amounting to approximately \$3,845 million has been distributed as dividend *in specie* to the Company’s shareholders and the remaining 3,411,858,604 Consideration Shares (representing 5% of the enlarged capital of Seatrium) amounting to approximately \$392 million, as Retained Consideration Shares placed into a segregated account for purposes of satisfying any of the identified contingent liabilities (as defined below); and
- II. a Cash Component of \$500,000,000 from Keppel O&M in settlement of interests and redemption amount for a partial redemption of intercompany perpetual securities.

Arising from the completion of the Asset Co Transaction and the Proposed Combination, the effects of the disposal on the Group were:

	GROUP
	At 28.02.2023
	\$'000
<i>Carrying amounts of assets and liabilities as at the date of disposal:</i>	
Fixed assets	2,564,293
Right-of-use assets	258,302
Intangible assets	11,562
Investments	100,068
Stocks	1,844,759
Contract assets	2,653,674
Debtors and other assets	1,045,393
Associated companies and joint ventures	204,159
Bank balances and cash	968,026
Amount due from associated companies and joint ventures	60,219
Total assets	9,710,455
Creditors and other liabilities	2,449,371
Contract liabilities	703,671
Borrowings	938,399
Lease liabilities	291,266
Taxation	9,060
Deferred tax liabilities	46,424
Total liabilities	4,438,191
Less: Non-controlling interests	(14,295)
Realisation of foreign currency translation reserve and cashflow hedge reserves upon disposal	59,339
Net assets disposed, including transaction costs and adjustments	5,317,308
Consideration	8,609,171
Gain on disposal of discontinued operations – net	3,291,863
<i>Cash flows arising from disposal:</i>	
Cash proceeds on disposal	–
Less: Cash and cash equivalents in subsidiary disposed of	(968,026)
Net cash outflow on disposal	(968,026)

The gain on disposal is subject to necessary adjustments including any reimbursement by the Company to Keppel O&M for certain expenditures incurred by Keppel O&M before the completion of the combination, relating to assets sold by Keppel O&M to Rigco Holding Pte Ltd to the extent that such expenditures are in excess of an agreed sum.

The Company has entered into an agreement pursuant to which Consideration Shares representing 5% of Seatrium Shares on a fully diluted basis immediately after Closing has been transferred to a segregated account for the purpose of satisfying identified contingent liabilities which Seatrium may have against the Company in connection with the Combination (capitalised terms unless otherwise defined herein shall bear the meanings given to them in the Company's circular to shareholders dated 23 November 2022 in relation to, among other things, the Combination). The Company has not received any claim in this regard. There is no certainty that a claim will be made in this regard. Accordingly, the Company does not consider any settlement amount to be material to the financial statements as at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2023

38. DISCONTINUED OPERATIONS AND DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE (continued)**i. Discontinued operations and disposal group held for sale and liabilities directly associated with disposal group classified as held for sale** (continued)

The financial performance and cash flow information presented are for the period from 1 January to 28 February 2023 and the full year ended 31 December 2022.

a. The results of the discontinued operations are as follows:

	Period 28.02.2023 \$'000	Full Year 2022 \$'000
Revenue	630,460	2,799,418
Expenses*	(753,890)	(2,683,140)
Profit/(Loss) before tax from discontinued operations	(123,430)	116,278
Taxation (Note 30(a))	12,799	(33,212)
Non-controlling interests	201	4,592
Profit/(Loss) from discontinued operations, net of tax and non-controlling interests	(110,430)	87,658
Gain on disposal of discontinued operations – net	3,291,863	–
Profit from discontinued operations	3,181,433	87,658

* In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, following the classification as disposal group classified as held for sale, the Group has ceased depreciation since 27 April 2022 for the relevant assets classified under disposal group held for sale up to 28 February 2023. Ceased depreciation amounted to \$17,618,000 for 2023 (2022: \$71,185,000). The 2022 results also include a partial writeback of \$292,838,000 (before reversal of deferred tax credit of \$38,919,000 recognised in taxation) impairment made in 2020 for certain legacy rig assets and a gain from divestment of Keppel Smit Towage Pte Limited and Maju Maritime Pte Ltd of \$74,495,000.

b. The cash flows attributable to the discontinued operations are as follows:

	Period 28.02.2023 \$'000	Full Year 2022 \$'000
Operating cash flow	(72,050)	115,472
Investing cash flow	(12,042)	92,204
Financing cash flow	(47,446)	260,362
Net cash inflows/(outflows)	(131,538)	468,038

ii. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale**a. Marina East Water Pte. Ltd. (“MEW”)**

On 30 June 2022, Keppel Infrastructure Holdings Limited (“Keppel Infrastructure”), a wholly-owned subsidiary of the Company, and Keppel Infrastructure Fund Management Pte Ltd (“KIFM”), as Trustee-Manager of Keppel Infrastructure Trust (“KIT”), have signed a non-binding term sheet with the intention to enter into definitive agreements with respect to the sale and purchase of the Group’s interest in MEW (“Proposed Transaction”). The Proposed Transaction is subject to customary closing conditions including approvals by shareholders and PUB, as well as the receipt of applicable regulatory approvals. Post the proposed transaction, MEW will be jointly-controlled by Keppel Infrastructure and KIT, with KIT receiving 100% of the economic interest.

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of MEW have been presented separately as “assets classified as held for sale” and “liabilities directly associated with assets classified as held for sale” in the condensed consolidated balance sheet as at 31 December 2023.

	GROUP 31.12.2023 \$'000
Assets classified as held for sale	
Long term assets	324,642
Debtors	16,419
Bank balances, deposits & cash	20,595
	361,656
Liabilities directly associated with assets classified as held for sale	
Creditors	2,374
Derivative liabilities	12,433
Current term loans	9,675
Non-current term loans	282,453
Taxation	66
	307,001

39. NEW ACCOUNTING STANDARDS

At the date of authorisation of these financial statements, the following new SFRS(I) and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the ‘settlement’ of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management’s intentions to determine classification and for some liabilities that can be converted into equity.

The management anticipates that the adoption of the above amendments 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.

- Amendments to SFRS(I) 16 *Leases: Lease liability in a Sale and Leaseback* (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines ‘lease payments’ and ‘revised lease payments’ in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The management is currently assessing the impact of the adoption of the above amendments in future periods and anticipates that the above amendments will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

40. SUBSEQUENT EVENTS

On 26 February 2024, Seatrium Limited (formerly known as SembCorp Marine Ltd) (“Seatrium”) announced (“Seatrium’s Announcement”) that Seatrium has agreed to a settlement payment of approximately \$182 million (equivalent to a total of R\$670,699,731.73) and the in-principle settlement agreements are subject to various approval or ratification processes by the Brazilian Authorities, including ratification by the Fifth Chamber for Coordination and Review of the MPF, which has no statutory period by which it must complete its process.

Pursuant to the Proposed Combination as disclosed in Note 38 of the financial statements, it was agreed that for a period of up to 24 months from the completion of the Proposed Combination, Seatrium would indemnify the Company for claims against Seatrium in respect of certain identified contingent liabilities. As stated in Seatrium’s Announcement, such contingent liabilities relate to Seatrium’s discussions with the Brazilian Authorities on the Operation Car Wash investigations.

The Company is monitoring the developments closely and its impact on the financial statements, and working with its external legal advisor to determine the appropriate actions to be taken.

41. SIGNIFICANT SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies and joint ventures whose results are equity accounted for is given in the following pages.

Significant Subsidiaries, Associated Companies and Joint Ventures

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2022 %	2023 \$'000	2022 \$'000		
INFRASTRUCTURE Subsidiaries							
Keppel Infrastructure Holdings Pte Ltd	100	100	100	445,892	445,892	Singapore	Investment holding
Keppel Energy Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel DHCS Pte Ltd	100	100	100	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Keppel Seghers Pte Ltd	100	100	100	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Holdings BV ³	100	100	100	#	#	Netherlands	Investment holding
Keppel Seghers Belgium NV ¹	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Keppel Seghers Hong Kong Ltd ¹	100	100	100	#	#	Hong Kong	Investment holding
Keppel Seghers UK Ltd ²	100	100	100	#	#	United Kingdom	Design and construction of waste-to-energy plants
Marina East Water Pte Ltd	100	100	100	#	#	Singapore	Design and construction of desalination plant
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Integrated Engineering Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel New Energy Pte. Ltd. (formerly known as Keppel Volt. Pte Ltd.)	100	100	100	#	#	Singapore	Provision of hydrogen and decarbonisation solutions
Keppel EnServices Investment Pte. Ltd.	100	100	100	#	#	Singapore	Investment holding
Cloud Alpha Pte Ltd	60	60	60	#	#	Singapore	Investment holding
Keppel Renewable Investments Pte Ltd	100	100	100	*	*	Singapore	Investment holding
Keppel Sakra Cogen Pte. Ltd. [^]	-	-	100	-	-	Singapore	Commercial power generator
Associated Companies and Joint Ventures							
Keppel Merlimau Cogen Pte Ltd ²	49	49	49	#	#	Singapore	Commercial power generation

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2022 %	2023 \$'000	2022 \$'000		
MET Holding AG ¹	10	10	20	#	#	Switzerland	Integrated energy company
Tianjin Eco-City Energy Investment & Construction Co Ltd ²	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
Harmony Holdco Pte Ltd ²	32	32	32	#	#	Singapore	Integrated environmental solutions provider
Cleantech Solar Asia Pte Ltd ²	50	45	45	#	#	Singapore	Procurement, installation, operating and maintenance of solar generation facilities
Cleantech Renewable Assets Pte Ltd ²	51	31	31	#	#	Singapore	Procurement, installation, operating and maintenance of solar generation facilities
Keppel MET Renewables AG ¹	50	50	50	#	#	Switzerland	Renewable energy generation
Keppel Sakra Cogen Pte. Ltd. [^]	30	44	-	#	-	Singapore	Commercial power generator
One Eco. Co. Ltd. ²	18	32	32	#	#	South Korea	Investment holding
REAL ESTATE Subsidiaries							
Keppel Management Ltd. (formerly known as Keppel Land Ltd.)	100	100	100	4,793,367	4,793,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Land Estate Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100	100	100	#	#	Singapore	Property development
Keppel Philippines Properties Inc ¹	87*	87*	87*	493	493	Philippines	Property development
Bellenden Investments Ltd ³	67	67	67	#	#	BVI	Investment holding
Broad Elite Investments Ltd ³	100	100	100	#	#	BVI	Investment holding
Cesario Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd ¹	100	100	100	#	#	China	Property development
Corredance Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Dattson Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Davinelle Ltd ³	67	67	67	#	#	BVI	Investment holding
Domenico Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Double Peak Holdings Ltd ³	100	100	100	#	#	BVI	Investment holding
Estella JV Co Ltd ¹	98	98	98	#	#	Vietnam	Property development and investment
Elaenia Pte Ltd	100	100	100	#	#	Singapore	Investment holding

Significant Subsidiaries, Associated Companies and Joint Ventures

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2022 %	2023 \$'000	2022 \$'000		
Evergro Properties Ltd	100	100	100	#	#	Singapore	Property investment and development
Floraville Estate Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	–	–	100	#	#	Singapore	Investment holding
Straits Properties Ltd	100	100	100	#	#	Singapore	Property development
Keppel Point Pte Ltd	100*	100*	100*	122,785	122,785	Singapore	Investment holding
Jencity Ltd ³	100	100	100	#	#	BVI	Investment holding
K-Commercial Pte Ltd	100	100	100	#	#	Singapore	Property development/ investment
Katong Retail Trust	100	100	100	#	#	Singapore	Investment trust
Keppel Heights (Wuxi) Property Development Co Ltd ¹	100	100	100	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd ¹	100	100	100	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd ¹	100	100	100	#	#	China	Property development
Keppel Hong Xiang Management Consultancy (Shanghai) Co Ltd ¹	100	100	100	#	#	China	Property services
Keppel Lakefront (Wuxi) Property Development Co Ltd ¹	100	100	100	#	#	China	Property development
Keppel Land (Saigon Centre) Ltd ¹	100	100	100	#	#	HK	Investment holding
Keppel Land (Singapore) Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	100	#	#	Singapore	Financial services
Keppel Puravankara Dev Pvt Ltd ²	51	51	51	#	#	India	Property development
Keppel Land International (Management) Pte Ltd	100	100	100	#	#	Singapore	Property services
Keppel Land Watco IV Co Ltd ¹	84	84	84	#	#	Vietnam	Property development
Keppel Land Watco V Co Ltd ¹	84	84	84	#	#	Vietnam	Property development
Keppel Seasons Residences Property Development (Wuxi) Co., Ltd ¹	100	100	100	#	#	China	Property development
Keppel Tianjin Eco-City Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Three Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Two Pte Ltd	100	100	100	#	#	Singapore	Investment holding

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2022 %	2023 \$'000	2022 \$'000		
Tosalco Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Krystal Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Joysville Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Main Full Ltd ¹	100	100	100	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Merryfield Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Oceansky Pte Ltd	100	100	100	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Oscario Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Parkville Development Pte Ltd	100	100	100	#	#	Singapore	Property development
Pasir Panjang Realty Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Peplamo Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Pembury Properties Ltd ³	100	100	100	#	#	BVI	Investment holding
Pisamir Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Pre-1 Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
PT Harapan Global Niaga ¹	100	100	100	#	#	Indonesia	Property development
PT Kepland Investama ¹	100	100	100	#	#	Indonesia	Property investment
PT Puri Land Development ¹	100	100	100	#	#	Indonesia	Property development
PT Sukses Manis Indonesia ¹	100	100	100	#	#	Indonesia	Property development
PT Sukses Manis Tangguh ¹	100	100	100	#	#	Indonesia	Property development
Primus II Investment Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Riviera Point LLC ¹	100	100	100	#	#	Vietnam	Property development
Saigon Centre Investment Ltd ³	100	100	100	#	#	BVI	Investment holding
Saigon Sports City Ltd ¹	100	100	100	#	#	Vietnam	Property development
Beijing Changsheng Consultant Co Ltd ¹	100	100	100	#	#	China	Property investment
Beijing Changsheng Property Management Co Ltd ¹	100	100	100	#	#	China	Property investment
Shanghai Floraville Land Co Ltd ¹	99	99	99	#	#	China	Property investment
Shanghai Hongda Property Development Co Ltd ¹	100	99	99	#	#	China	Property development
Shanghai Ji Lu Land Co Ltd ¹	100	99	99	#	#	China	Property investment

Significant Subsidiaries, Associated Companies and Joint Ventures

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2022 %	2023 \$'000	2022 \$'000		
Shanghai Ji Xiang Land Co Ltd ¹	100	100	100	#	#	China	Property development
Shanghai Merryfield Land Co Ltd ¹	99	99	99	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd ¹	99	99	99	#	#	China	Property development
Spring City Golf & Lake Resort Co Ltd ¹	80	72	72	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Straits Greenfield Limited ²	–	–	100	#	#	Myanmar	Hotel ownership and operations
Straits Property Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Group Eco-City Investments Pte Ltd	100*	100*	100*	126,744	126,744	Singapore	Investment holding
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90*	90*	90*	#	#	Singapore	Investment holding
Substantial Enterprises Ltd ³	100*	100*	100*	#	#	BVI	Investment holding
Tianjin Fulong Property Development Co Ltd ¹	100	100	100	#	#	China	Property development
Bangalore Tower Pvt Ltd ²	100	100	100	#	#	India	Property investment
PT Straits-CM Village ¹	39	39	39	#	#	Indonesia	Hotel ownership and operations
PT Ria Bintan ¹	46	46	46	#	#	Indonesia	Golf course ownership and operations
Aintree Assets Ltd ³	100	100	100	#	#	BVI	Investment holding
Associated Companies and Joint Ventures							
Chengdu Taixin Real Estate Development Co Ltd ²	–	–	35	#	#	China	Property development
City Square Office Co Ltd ²	40	40	40	#	#	Myanmar	Property development
Empire City LLC ²	40	40	40	#	#	Vietnam	Property development
EM Services Pte Ltd	25	25	25	#	#	Singapore	Property management
Kapstone Construction Private Limited ¹	49	49	49	#	#	India	Real estate construction and development
Keppel Land Watco I Co Ltd ¹	61	61	61	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd ¹	61	61	61	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd ¹	61	61	61	#	#	Vietnam	Property investment and development
Harbourfront Three Pte Ltd	39	39	39	#	#	Singapore	Property investment and development

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2023 %	2022 %	2023 \$'000		
Nam Long Investment Corporation ²	8	8	8	#	#	Vietnam	Trading of development properties
Nanjing Zhijun Property Development Co Ltd ²	25	25	25	#	#	China	Property development
Nha Be Real Estate JSC ¹	60	60	60	#	#	Vietnam	Property development
North Bund Pte Ltd ²	30	30	30	#	#	Singapore	Investment holding
Raffles Quay Asset Management Pte Ltd ²	33	33	33	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd ¹	40	40	40	#	#	Malaysia	Property investment
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd ¹	50	45	45	#	#	China	Property development
South Rach Chiec LLC ¹	42	42	42	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd ²	25	25	25	#	#	Singapore	Investment holding
Taicang Zhuchong Business Consulting Co Ltd ²	–	–	15	#	#	China	Investment holding
Vietcombank Tower 198 Ltd ²	30	30	30	#	#	Vietnam	Property investment
Vision (III) Pte Ltd ²	30	30	30	#	#	Singapore	Investment holding
Win Up Investment Ltd ²	30	30	30	#	#	China	Investment holding
Tianjin Fushi Property Development Co Ltd ¹	49	49	49	#	#	China	Property development
Gaenari (IV) Pte Ltd ²	52*	52*	52*	#	#	Singapore	Property management
New Binh Trung Real Estate Company Limited ^{1,n}	45	45	–	#	–	Vietnam	Property development
CONNECTIVITY							
Data Centres & Networks Division							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd	100	100	100	621,299	621,299	Singapore	Investment, management and holding company
Keppel Data Centres Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100	100	100	#	#	Singapore	Investment holding and management services
Keppel Communications Pte Ltd	100	100	100	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Midgard Holdings Pte Ltd ³	–	–	100	#	#	Singapore	Telecommunications network operation

Significant Subsidiaries, Associated Companies and Joint Ventures

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2022 %	2023 \$'000	2022 \$'000		
Keppel Almere Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Adfact Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Apsilon Ventures Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Associated Companies and Joint Ventures							
Computer Generated Solutions Inc ²	21	21	21	#	#	USA	IT consulting and outsourcing provider
SVOA Public Company Ltd ²	–	–	32	#	#	Thailand	Distribution of IT products and telecommunications services
Keppel Midgard Holdings Pte Ltd ³	40	40	–	#	#	Singapore	Telecommunications network operation
Memphis 1 Pte Ltd ²	60	60	60	#	#	Singapore	Data centre facilities and colocation services
M1 DIVISION Subsidiaries							
Keppel Konnect Pte Ltd	100	100	100	1	1	Singapore	Investment holding
Konnectivity Pte Ltd	80	80	80	#	#	Singapore	Investment holding
M1 Limited	100*	84*	84*	#	#	Singapore	Telecommunications services
M1 Net Ltd	100*	84*	84*	#	#	Singapore	Provision of fixed and other related telecommunication services
AsiaPac Technology Pte. Ltd.	100*	84*	84*	#	#	Singapore	ICT Solutions Provider
Glocomp Systems (M) Sdn. Bhd. ¹	70*	59*	43*	#	#	Malaysia	ICT Solutions Provider
GCIS Sdn. Bhd. ¹	70*	59*	43*	#	#	Malaysia	ICT Solutions Provider
Global Computing Solutions Sdn. Bhd. ¹	70*	59*	43*	#	#	Malaysia	ICT Solutions Provider
Associated Companies and Joint Ventures							
M1 Network Private Limited	50*	42*	42*	#	#	Singapore	Telecommunications services
Antina Pte Ltd ²	50*	50*	50*	#	#	Singapore	Mobile cellular and other wireless telecommunication network operation
FUND MANAGEMENT & INVESTMENT Subsidiaries							
Keppel Capital Holdings Pte Ltd	100	100	100	783,000	783,000	Singapore	Investment holding
Keppel Capital International Pte Ltd	100	100	100	#	#	Singapore	Provision of management services and investment holding
Keppel Capital Investment Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2022 %	2023 \$'000	2022 \$'000		
Keppel Fund Management Limited (formerly known as Alpha Investment Partners Ltd)	100	100	100	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100	100	100	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Capital Three Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Capital US Holding Inc ³	100	100	100	#	#	USA	Investment holding
Keppel REIT Management Ltd	100	100	100	#	#	Singapore	Investment advisory and property fund management
Keppel REIT Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel DC Investment Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Funds Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Infrastructure Fund Management Pte Ltd	100	100	100	#	#	Singapore	Trust Management
Keppel Capital Alternative Asset Pte. Ltd.	100	100	100	#	#	Singapore	Fund Management
Associated Companies and Joint Ventures							
Keppel DC REIT	20	20	20	#	#	Singapore	Real estate investment trust – Data centre facilities and colocation services
Keppel REIT	37*	37*	47*	#	#	Singapore	Real estate investment trust
Keppel Pacific Oak US REIT ²	7	7	7	#	#	Singapore	Real estate investment trust
Keppel Pacific Oak US REIT Management Pte. Ltd. ²	50	50	50	#	#	Singapore	Property management
KBS US Prime Property Management Pte. Ltd ²	30	30	30	#	#	Singapore	Property management
Keppel-Pierfront Private Credit Fund LP ²	26	26	26	#	#	Singapore	Investment holding
Keppel Asia Infrastructure Fund LP ²	19	19	19	#	#	Singapore	Investment holding
Watermark Retirement Communities, LLC ²	50	50	50	#	#	USA	Management company
WRC KSL Senior Holdings, LLC ²	50	50	50	#	#	USA	Investment holding
Alpha DC Fund Private Limited ²	65	65	65	#	#	Singapore	Investment holding and fund management
Keppel Data Centre Fund II LP ²	41	41	41	#	#	Singapore	Investment holding and fund management

Significant Subsidiaries, Associated Companies and Joint Ventures

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation/ Operation	Principal Activities
		31 December		31 December			
		2023 %	2022 %	2023 \$'000	2022 \$'000		
CORPORATE ACTIVITIES							
Subsidiaries							
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding and central finance administrator
Keppel Capital One Pte Ltd	100	100	100	#	#	Singapore	To arrange, syndicate and/or provide financing to customers of Keppel Group
Kepinvest Holdings Pte Ltd	100	100	100	10	10	Singapore	Investment holding
Kepinvest Singapore Pte Ltd	100	100	100	18,425	18,425	Singapore	Investment holding
Keppel Ventures (Property) Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Oil & Gas Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	594,922	594,922	Singapore	Investment holding
Associated Companies and Joint Ventures							
Floatel International Ltd ¹	50	50	50	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Total Significant Subsidiaries~				7,596,938	7,596,938		

Notes:

- i. All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:
 - ¹ Audited by PricewaterhouseCoopers firms outside Singapore;
 - ² Audited by other firms of auditors; and
 - ³ Not required to be audited by law in the country of incorporation or companies disposed, liquidated and struck off.
 In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies and joint ventures does not compromise the standard and effectiveness of the audit of the Company.
- ii. + The shareholdings of these companies are held jointly with other subsidiaries.
- iii. # The shareholdings of these companies are held by subsidiaries of Keppel Ltd.
- iv. * The cost of investment of the subsidiary is less than \$1,000
- v. ⁿ These companies were incorporated/acquired during the financial year.
- vi. [^] During the year ended 31 December 2023, the shareholding interest in subsidiary was diluted and the investment in subsidiary was reclassified as an associated company.
- vii. The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.
- viii. Abbreviations:

British Virgin Islands (BVI)	United Arab Emirates (UAE)
Hong Kong (HK)	United States of America (USA)
- viii. The Company has 184 significant subsidiaries, associated companies and joint ventures as at 31 December 2023. Subsidiaries, associated companies and joint ventures are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.
 - All entities within the disposal group held for sale that were disposed during 2023 as part of the completion of the Asset Co Transaction and Proposed Combination (Note 38) are not presented within the list.