

Media Release

Keppel's net profit more than quadruples to historical high of S\$4.1 billion in FY23

- **Strong results from continuing operations with all 3 segments contributing positively in FY23**
- **2H23 net profit from continuing operations rose 36% yoy to S\$551 million¹**
- **Robust recurring income growth:** Recurring income surged 54% yoy to S\$773 million in FY23, making up 88% of FY23 net profit from continuing operations.
- **Attractive final dividend:**
 - Proposed final cash dividend of 19.0 cts/share brings total cash dividend to 34.0 cts/share for FY23.
 - Total FY23 distribution to reach about S\$2.70 per Keppel share, comprising cash and in-specie distributions of then Sembcorp Marine shares² and Keppel REIT units.

Singapore, 1 February 2024 – Keppel Ltd. (Keppel) reported its highest net profit in history of S\$4.1 billion for the full year ended 31 December 2023. Bolstered by a S\$3.3 billion disposal gain from the divestment of the offshore and marine (O&M) business, FY23's net profit more than quadrupled the net profit of S\$927 million in FY22. Return on Equity (ROE) was 37.9% in FY23, compared to 8.1% in FY22.

Net profit from continuing operations was S\$996 million in FY23, about 19% higher than S\$839 million in FY22, excluding the discontinued O&M operations in both years and loss from the distribution in specie of Keppel REIT units. All three horizontal segments – Infrastructure, Real Estate and Connectivity – were profitable in FY23, with Infrastructure's net profit rising sharply by 135% year on year (yoy) to S\$699 million bolstered by the integrated power business. Despite challenging conditions in markets like China, the Real Estate segment continued to perform creditably and contributed a significant S\$426 million³ to FY23's net profit.

¹ Excludes discontinued O&M operations and loss from the distribution in-specie of Keppel REIT units.

² Based on the closing price of Sembcorp Marine shares as at 1 March 2023 of 11.5 cents per share (the first trading day following completion of the combination transaction), the cash equivalent amount of the dividend declared by the Company was S\$3,845 million, equivalent to approximately S\$2.19 per Keppel share, based on the Company's issued and paid-up share capital as at the record date (for such dividend in specie) of 1,751,959,918 Keppel shares (excluding treasury shares).

³ Excludes loss from the distribution in-specie of Keppel REIT units.

In November 2023, the Company distributed Keppel REIT units in specie to Keppel shareholders, which resulted in an accounting loss of S\$111 million. Including this distribution loss, net profit from continuing operations was S\$885 million in FY23, or 6% higher yoy. About 88% of FY23's net profit from continuing operations comprised recurring income, which rose 54% yoy to S\$773 million from S\$503 million in FY22.

For 2H23, Keppel's net profit from continuing operations grew 36% to S\$551 million, from S\$405 million in 2H22, excluding the distribution loss from Keppel REIT units. Including the distribution loss, net profit for 2H23 was S\$440 million, an increase of 9% yoy.

The Company's revenue from continuing operations in FY23 was S\$6,967 million, an increase of 5% or S\$347 million from S\$6,620 million in FY22, underpinned by higher contributions from the Infrastructure and Connectivity segments.

Against the challenging landscape, Keppel has delivered superior value to its shareholders, achieving Total Shareholder Returns (TSR) of 49.3% for 2022 and 61.1% for 2023, far exceeding the Straits Times Index's TSR in both years⁴.

Mr Loh Chin Hua, CEO of Keppel, said, "We have harnessed Keppel's industrial roots to transform into a global asset manager and operator, with complementary segments in Infrastructure, Real Estate and Connectivity, all of which are contributing positively to Keppel's earnings. Our strong investment track record, built up over 20 years, as well as our operating capabilities and domain knowledge, provide an unparalleled value proposition to the investors in our private funds, REITs and Trust. Investors also find our active value adding approach to creating superior returns appealing.

"Keppel's shareholders have also benefited - and will continue to benefit - from our transformation. I am confident that Keppel is well positioned to ride the next S-curve of quality sustainable growth. Our resilience, underpinned by a strong focus on providing investment solutions and meeting basic needs for clean power, green environment and connectivity, helps us navigate an increasingly complex world."

Steady progress in fund management

In FY23, Keppel achieved S\$283 million in asset management fees⁵, up 6% yoy. Over this period, Keppel's private funds and listed real estate and business trusts raised about S\$2.3 billion in equity, completed S\$2.5 billion in acquisitions and divested S\$0.5 billion of assets.

Keppel continued to make good progress on its fund initiatives, achieving closings of US\$575 million for the Keppel Core Infrastructure Fund and RMB 1.6 billion for the China-

⁴ Source: Bloomberg

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

focused Sustainable Urban Renewal programme. It also obtained full ownership of Keppel Credit Fund Management, formerly Pierfront Capital, with the acquisition of the remaining 50% stake.

As at end-December 2023, Keppel's Funds Under Management⁶ (FUM) grew to S\$55 billion from S\$50 billion a year ago. In November 2023, Keppel announced the proposed strategic acquisition of leading European asset manager, Aermont Capital to accelerate its growth at a global scale. When Phase 1 of the acquisition is completed in 1H24, Keppel's FUM⁶ is expected to grow to about S\$79 billion, or close to 80% of the Company's interim target of S\$100 billion by 2026.

In the years ahead, infrastructure is expected to be one of the fastest-growing asset classes, supported by the global energy transition and decarbonisation trends, as well as rising demand for digital connectivity.

Speaking on the opportunities, Mr Loh said, "We have seen M&A transactions involving major global asset managers, as they sought to expand in the infrastructure space. Keppel is in an enviable position, as we are already an established infrastructure asset manager and operator with an AUM⁷ of S\$20 billion in this space. We have deep domain knowledge and operating capabilities in three segments in the alternative real asset space, namely Real Estate, Infrastructure and Connectivity. This allows us to provide diversity of fund products and better value propositions for our LPs. With conditions in the capital markets improving, we have a quality deal flow pipeline of over S\$14 billion, the majority of which are in the infrastructure and connectivity segments."

Asset-light, capital efficient growth

In 2023, Keppel exceeded the upper bound of its three-year asset monetisation target of S\$3-S\$5 billion, announcing the monetisation of about S\$5.4 billion of assets since October 2020. About S\$4.1 billion in cash was released over this period for reinvestment and to reward shareholders, advancing the Company's asset-light strategy.

Despite the high interest rate environment, Keppel has managed its capital astutely, leading to its interest costs rising at a relatively moderate pace over the past few years. In the three years from end-2020 to end-2023, the Company's cost of funds increased by a moderate 150 bps, compared to the three-year swap rate, which rose significantly by about 240 bps over the same period. As at end 2023, about 66% of the Company's borrowings were on fixed rates, with interest cost of 3.75% and weighted tenor of about three years, while Adjusted Net Debt to EBITDA⁸ was 4.6x.

⁶ Gross asset value of investments and uninvested capital commitments on a leveraged basis to project fully-invested FUM.

⁷ Includes carrying values of identified assets on the balance sheet, as well as gross asset values of certain identified underlying assets held in joint ventures, that can be potentially converted into fee-bearing FUM.

⁸ Adjusted net debt is defined as net debt less carrying value of non-income producing undeveloped land and properties held for sale (completed and under development), while EBITDA refers to profit before depreciation, amortisation, net interest expense and tax.

Keppel continues to monitor and manage its risk exposure prudently in the volatile environment. Amidst growing demand for offshore drilling assets as well as improving utilisation and day rates, Asset Co has performed well and had a cash balance of about S\$950 million as at end-2023. In China, the Real Estate Division has monetised over S\$3 billion of assets since 2017, including S\$94 million in 2023, and recognised a cumulative profit of more than S\$1 billion. Over the same period, more than S\$5 billion of cash was repatriated from China, some of which was reallocated to pursue opportunities in different asset classes and countries, leveraging the Company's asset-light model.

Rewarding shareholders

On the back of Keppel's strong performance and reflecting confidence in the Company's growth trajectory, the Board has proposed a final cash dividend of 19.0 cents per share for FY23. Including the interim dividend of 15.0 cents per share paid to shareholders in August 2023, the total cash dividend for FY23 is 34.0 cents per share, which is higher than the 33.0 cents per share in FY22. The FY23 total cash dividend translates into a yield of 4.7% based on Keppel's closing share price of S\$7.16 as at market close on 31 January 2024.

Including the distributions in specie of then Sembcorp Marine shares and Keppel REIT units, Keppel shareholders would be receiving total dividends amounting to about S\$2.70² per Keppel share for FY23. The proposed final dividend, when approved at the annual general meeting to be held on 19 April 2024, will be paid to shareholders on 8 May 2024.

Financial Highlights

	FY23 (S\$ m)	FY22 (S\$ m)	Change (%)
Revenue	6,967	6,620	5
Operating Profit	1,076	565	90
Net Profit	4,067	927	339
– Profit from Continuing Operations	885	839	6
– Profit from Discontinued Operations	3,182	88	>500
Earnings per Share	227.6 cents	52.1 cents	337

- ROE was 37.9% in FY23 compared to 8.1% in FY22
- Net gearing was 0.90x as at end-2023 compared to 0.78x as at end-2022
- Adjusted Net Debt to EBITDA⁸ was 4.6x as at end-2023 compared to 5.1x as at end-2022
- Free cash outflow was S\$384 million in FY23 compared to S\$408 million in FY22
- A final cash dividend of 19.0 cents per share is being proposed for FY23

– END –

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About Keppel Ltd.

Keppel Ltd. (SGX:BN4) is a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity. Headquartered in Singapore, Keppel operates in more than 20 countries worldwide, providing critical infrastructure and services for renewables, clean energy, decarbonisation, sustainable urban renewal and digital connectivity. Keppel creates value for investors and stakeholders through its quality investment platforms and diverse asset portfolios, including private funds and listed real estate and business trusts.

KEPPEL LTD.
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS & DIVIDEND
ANNOUNCEMENT**

FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

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KEPPEL LTD. & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED PROFIT OR LOSS ACCOUNT

For the six months and full year ended 31 December 2023

On 27 February 2023 and 28 February 2023, the Asset Co Transaction and the Proposed Combination were completed respectively (please refer to Note 14 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 second half and full year ended 31 December 2022, were reported as discontinued operations. Refer to Note 14 for further details.

		Second Half			Full Year			
	Note	31.12.2023 \$'000	31.12.2022# \$'000	+/- %	31.12.2023 \$'000	31.12.2022# \$'000	+/- %	
Continuing operations								
Revenue	7	3,250,503	3,263,988	-0.4	6,966,128	6,619,718	+5.2	
Materials, subcontract and other costs		(2,320,643)	(2,530,284)	-8.3	(4,998,415)	(5,174,408)	-3.4 (i)	
Staff costs		(342,538)	(321,748)	+6.5	(704,133)	(667,878)	+5.4 (ii)	
Depreciation and amortisation		(120,964)	(104,718)	+15.5	(221,440)	(206,558)	+7.2	
Expected credit loss on financial assets	8	(16,496)	(31,952)	-48.4	(24,119)	(34,010)	-29.1	
Loss from dividend-in-specie	8	(110,816)	—	n.m.f.	(110,816)	—	n.m.f.	
Other operating income/(expense) - net	8	165,142	(64,893)	n.m.f.	168,707	28,343	+495.2	
Operating profit		504,188	210,393	+139.6	1,075,912	565,207	+90.4	
Investment income		47,025	24,335	+93.2	78,391	48,541	+61.5 (iii)	
Interest income		39,468	44,634	-11.6	64,886	91,348	-29.0 (iv)	
Interest expenses		(180,171)	(68,074)	+164.7	(328,053)	(146,187)	+124.4 (v)	
Share of results of associated companies and joint ventures	2	200,567	332,831	-39.7	322,418	535,979	-39.8 (vi)	
Profit before tax		611,077	544,119	+12.3	1,213,554	1,094,888	+10.8	
Taxation		(150,102)	(135,132)	+11.1	(289,706)	(245,149)	+18.2 (vii)	
Profit from continuing operations for the period / year		460,975	408,987	+12.7	923,848	849,739	+8.7	
Discontinued operations								
Profit/(loss) from discontinued operations, net of tax	14	(329)	20,535	n.m.f.	3,181,232	83,066	>+500	
Profit for the period / year		460,646	429,522	+7.2	4,105,080	932,805	+340.1	
Attributable to:								
Shareholders of the Company:								
- from continuing operations		440,274	404,817	+8.8	885,219	838,959	+5.5	
- from discontinued operations		(329)	24,295	n.m.f.	3,181,433	87,658	>+500	
		439,945	429,112	+2.5	4,066,652	926,617	+338.9	
Perpetual securities holders		5,848	5,848	—	11,600	11,600	—	
Non-controlling interests		14,853	(5,438)	n.m.f.	26,828	(5,412)	n.m.f.	
		460,646	429,522	+7.2	4,105,080	932,805	+340.1	
Earnings per ordinary share (viii)								
- basic		24.6 cts	24.2 cts	+1.7	227.6 cts	52.1 cts	+336.9	
- diluted		24.4 cts	24.0 cts	+1.7	225.6 cts	51.6 cts	+337.2	
Earnings per ordinary share - Continuing operations:								
- basic		24.6 cts	22.9 cts	+7.4	49.5 cts	47.2 cts	+4.9	
- diluted		24.4 cts	22.6 cts	+8.0	49.1 cts	46.7 cts	+5.1	

n.m.f. - No Meaningful Figure

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- (i) Materials, subcontract and other costs decreased for the current year despite higher revenue from the Infrastructure and Connectivity segments. The decrease in materials, subcontract and other costs was mainly due to higher gross margins from the Infrastructure segment arising from higher contracted spread.
- (ii) Staff costs increased for the current year mainly due to increase from Infrastructure and Real Estate to support growth in existing businesses and new initiatives.
- (iii) Investment income for the current year was higher mainly due to stub and special distributions received by the Infrastructure segment from a business trust.
- (iv) Lower interest income for the current year was largely attributable to the Infrastructure segment.
- (v) Higher interest expense year-on-year was mainly due to higher weighted average interest rates and higher gross borrowings.
- (vi) Lower share of results from associated companies and joint ventures for the current year mainly from the Infrastructure segment following a dilution of interest in an associated company in 2H 2022, and from the Real Estate segment largely due to lower fair value gains on investment properties recognised.
- (vii) Taxation expenses for the current year were higher mainly due to higher taxable profits in the Infrastructure segment.
- (viii) Earnings per ordinary share

	2023	2022	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares:			
- Profit for the year from continuing operations	49.5 cts	47.2 cts	+4.9
- Profit for the year from discontinued operations	178.1 cts	4.9 cts	>+500
Profit for the year	227.6 cts	52.1 cts	+336.9
- Weighted average number of shares (excluding treasury shares) ('000)	1,786,608	1,777,509	+0.5
(ii) On a fully diluted basis			
- Profit for the year from continuing operations	49.1 cts	46.7 cts	+5.1
- Profit for the year from discontinued operations	176.5 cts	4.9 cts	>+500
Profit for the year	225.6 cts	51.6 cts	+337.2
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,802,932	1,795,294	+0.4

n.m.f. - No Meaningful Figure

KEPPEL LTD. & ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months and full year ended 31 December 2023

	Second Half			Full Year		
	31.12.2023	31.12.2022	+/-	31.12.2023	31.12.2022	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period / year	460,646	429,522	+7.2	4,105,080	932,805	+340.1
<u>Items that may be reclassified subsequently to profit or loss account:</u>						
Cash flow hedges						
- Fair value changes arising during the period / year, net of tax	(79,244)	(216,685)	-63.4	(82,706)	155,771	n.m.f. (i)
- Realised and transferred to profit or loss account	(14,525)	65,705	n.m.f.	(59,040)	195,578	n.m.f. (ii)
Foreign exchange translation						
- Exchange differences arising during the period / year	(81,680)	(263,182)	-69.0	5,849	(410,257)	n.m.f. (iii)
- Realised and transferred to profit or loss account	20,608	(19,884)	n.m.f.	123,900	(15,954)	n.m.f.
Share of other comprehensive income of associated companies and joint ventures						
- Cash flow hedges	(35,436)	11,988	n.m.f.	(39,983)	68,506	n.m.f.
- Foreign exchange translation	(30,612)	(218,830)	-86.0	(57,506)	(280,320)	-79.5
	(220,889)	(640,888)	-65.5	(109,486)	(286,676)	-61.8
<u>Items that will not be reclassified subsequently to profit or loss account:</u>						
Financial assets, at FVOCI						
- Fair value changes arising during the period / year	(136,848)	(46,725)	+192.9	(146,931)	(9,121)	>+500 (iv)
Foreign exchange translation						
- Exchange differences arising during the period / year	(11,641)	(10,805)	+7.7	(15,607)	(17,080)	-8.6 (iii)
Share of other comprehensive income of associated companies and joint ventures						
- Financial assets, at FVOCI	(301)	(489)	-38.4	(1,431)	(662)	+116.2
	(148,790)	(58,019)	+156.5	(163,969)	(26,863)	>+500
Other comprehensive loss for the period / year, net of tax	(369,679)	(698,907)	-47.1	(273,455)	(313,539)	-12.8
Total comprehensive income/(loss) for the period / year	90,967	(269,385)	n.m.f.	3,831,625	619,266	>+500
Attributable to:						
Shareholders of the Company:						
- from continuing operations	82,476	(219,383)	n.m.f.	565,212	523,603	+7.9
- from discontinued operations	(329)	(40,029)	-99.2	3,244,417	107,852	>+500
	82,147	(259,412)	n.m.f.	3,809,629	631,455	>+500
Perpetual securities holders	5,848	5,848	—	11,600	11,600	—
Non-controlling interests	2,972	(15,821)	n.m.f.	10,396	(23,789)	n.m.f.
	90,967	(269,385)	n.m.f.	3,831,625	619,266	>+500

n.m.f. - No Meaningful Figure

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- (i) Fair value differences were mainly due to the hedging differential on interest rate swaps, forward exchange contracts and fuel oil forward contracts.
- (ii) These represented cash flow hedges, which were transferred to profit or loss account upon realisation.
- (iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gain in the current year 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.

The translation losses in the prior year arose largely from the weakening of foreign currencies, such as Renminbi against Singapore dollar.

- (iv) Fair value changes were attributable to movements in prices of financial assets measured at fair value with fair value changes recognised in other comprehensive income.

KEPPEL LTD. & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 31 December 2023

		Group		Company	
	Note	31.12.2023	31.12.2022	31.12.2023	31.12.2022
		\$'000	\$'000	\$'000	\$'000
Share capital	6	1,305,668	1,305,668	1,305,668	1,305,668
Treasury shares		(387,316)	(456,015)	(387,316)	(456,015)
Reserves		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		401,521	401,521	401,521	401,521
Non-controlling interests		307,598	333,560	—	—
Total equity		11,016,560	11,913,340	7,665,374	10,829,320
Represented by:					
Fixed assets		902,149	976,797	2,853	5,641
Investment properties		4,665,064	4,283,093	—	—
Right-of-use assets		213,730	241,052	7,923	11,659
Intangibles		1,534,302	1,564,714	—	—
Subsidiaries		—	—	7,183,858	7,188,393
Associated companies and joint ventures	2	6,601,853	6,791,862	—	—
Investments		1,618,886	1,482,719	18,013	19,430
Deferred tax assets		78,520	87,624	8,862	8,853
Derivative assets		100,524	203,200	82,083	163,978
Contract assets		18,674	86,411	—	—
Notes receivables	3	4,286,354	—	—	—
Long term assets		452,098	498,536	58,744	70,252
		20,472,154	16,216,008	7,362,336	7,468,206
Current assets					
Stocks		2,109,941	2,300,950	—	—
Contract assets		405,715	255,900	—	—
Amounts due from:					
- subsidiaries		—	—	8,500,662	7,546,620
- associated companies and joint ventures		256,933	262,068	64	202
Debtors		1,693,963	1,239,298	72,524	58,911
Derivative assets		18,771	69,851	5,134	9,664
Short term investments	4	253,109	48,782	167,524	—
Bank balances, deposits & cash		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	14	361,656	9,529,776	—	3,166,596
		6,365,748	14,848,969	9,018,509	10,783,225
Current liabilities					
Creditors		2,586,430	2,768,820	168,581	89,085
Derivative liabilities		91,280	156,355	78,607	49,048
Contract liabilities		165,494	209,770	—	—
Provisions		50,797	58,445	—	—
Amounts due to:					
- subsidiaries		—	—	210,923	273,063
- associated companies and joint ventures		101,264	69,863	897	900
Term loans	5	2,421,680	3,577,658	1,547,129	2,789,301
Lease liabilities	5	37,408	36,426	4,129	4,216
Taxation		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	14	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	5	8,537,958	6,603,186	6,505,384	4,043,984
Lease liabilities	5	142,055	162,703	4,606	8,467
Deferred tax liabilities		411,815	368,031	3,198	—
Derivative liabilities		114,563	99,849	109,693	91,306
Other non-current liabilities		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
Group net debt		9,873,441	9,237,629	n.a.	n.a.
Group net gearing ratio		0.90x	0.78x	n.a.	n.a.

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(i) Net asset value

	Group			Company		
	31.12.2023	31.12.2022	+/-%	31.12.2023	31.12.2022	+/-%
Net asset value per ordinary share *	\$5.85	\$6.38	-8.3	\$4.12	\$5.95	-30.8
Net tangible asset per ordinary share *	\$4.98	\$5.49	-9.3	\$4.12	\$5.95	-30.8

* Based on share capital of 1,762,294,166 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2022: 1,751,959,918 ordinary shares (excluding treasury shares)).

(ii) Balance sheet analysis

Group shareholders' funds decreased by \$0.87 billion to \$10.31 billion as at 31 December 2023. The decrease was mainly attributable to payment of final dividend of 18.0 cents per share in respect of financial year 2022, payment of interim dividend of 15.0 cents per share in respect of the half year ended 30 June 2023, distributions of dividend *in specie* of Sembcorp Marine (now known as Seatrium) shares and Keppel REIT units, as well as decrease in fair value on cash flow hedges and fair value reserves, partly offset by retained profits (including the gain on disposal of Keppel Offshore & Marine) and foreign exchange translation gains during the year.

Group total assets were \$26.84 billion as at 31 December 2023, \$4.23 billion lower than the previous year end. This was mainly attributable to the disposal of assets arising from the completion of the Asset Co Transaction and the Proposed Combination, partly offset by addition of notes receivables (Note 3), increase in investment properties, debtors and investments.

Group total liabilities of \$15.82 billion as at 31 December 2023 were \$3.33 billion lower than the previous year end. This was largely attributable to the disposal of liabilities arising from the completion of the Asset Co Transaction and the Proposed Combination, partly offset by the net drawdown of term loans.

Group net debt increased by \$0.64 billion to \$9.87 billion as at 31 December 2023, driven largely by dividend payments, investments and additions of fixed assets and investment properties, as well as outflow of cash that was previously deposited with the Group by KOM, partly offset by the \$500 million cash received under the Proposed Combination and proceeds from other divestments completed during the year. Total equity decreased by \$0.90 billion mainly due to decrease in shareholders' funds as explained above. As a result, group net gearing ratio as at 31 December 2023 was 90%, an increase from 78% as at 31 December 2022.

KEPPEL LTD. & ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2023

Group 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
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	-	-	-	(581,520)	-	(581,520)	-	-	(581,520)
Dividend <i>in specie</i>	-	-	-	(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

* Includes share option and share plans reserve, fair value reserve, hedging reserve, bonus issue by subsidiaries and other reserves.

** Details of other comprehensive income have been included in the condensed consolidated statement of comprehensive income.

KEPPEL LTD. & ITS SUBSIDIARIES

Group 2022	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
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	–	–	–	(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

* Includes share option and share plans reserve, fair value reserve, hedging reserve, bonus issue by subsidiaries and other reserves.

** Details of other comprehensive income have been included in the condensed consolidated statement of comprehensive income.

KEPPEL LTD. & ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY For the year ended 31 December 2023

	Attributable to owners of the Company						<u>Total</u> \$'000
	<u>Share Capital</u> \$'000	<u>Treasury Shares</u> \$'000	<u>Capital Reserves*</u> \$'000	<u>Revenue Reserves</u> \$'000	<u>Share Capital & Reserves</u> \$'000	<u>Perpetual Securities</u> \$'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	–	–	–	(581,520)	(581,520)	–	(581,520)
Dividend in specie	–	–	–	(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

* Includes share option and share plans reserve, fair value reserve, hedging reserve and other reserves.

KEPPEL LTD. & ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

		Full Year	
	Note	31.12.2023	31.12.2022
		\$'000	\$'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 from dividend in specie		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, 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)
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 venture, 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 and joint ventures		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)

KEPPEL LTD. & ITS SUBSIDIARIES

	Full Year	
	31.12.2023	31.12.2022
	\$'000	\$'000
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	1,265,091	1,444,773

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KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO CONDENSED 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:

	Full Year	
	31.12.2023	31.12.2022
	\$'000	\$'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	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.

KEPPEL LTD. & ITS SUBSIDIARIES

B. Disposal of subsidiaries

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

	Full Year	
	31.12.2023	31.12.2022
	\$'000	\$'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 an 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 (Note 14)	8,609,171	–
Cash outflow/(inflow) on disposal	890,641	(403,194)

* Refer to Note 14 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 14), 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 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.

KEPPEL LTD. & ITS SUBSIDIARIES

C. Cash and cash equivalents

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

	2023	2022
	\$'000	\$'000
Bank balances, deposits and cash	998,555	1,142,344
Amounts held under a segregated account in relation to the proceeds from sale of the Retained Consideration Shares (as defined in Note 14)	267,105	—
	1,265,660	1,142,344
Disposal group classified as held for sale - bank balances, deposits & cash	—	381,179
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and other liabilities	(569)	(78,750)
	1,265,091	1,444,773

D. Cash flow analysis

Full Year

Net cash from operating activities was \$58 million as compared to net cash from operating activities in the prior year of \$260 million. Operational cash flow before changes in working capital was \$866 million. This was offset by higher working capital requirements.

Net cash used in investing activities was \$943 million as compared to net cash used in investing activities of \$667 million in the prior year. Acquisitions and capital expenditure of \$1,399 million and divestment of discontinued operations of \$968 million was partly offset by divestments and dividend income of \$1,258 million and advances from associated companies and joint ventures of \$167 million. The acquisitions and capital expenditure comprised acquisition of subsidiary and investments in associated companies and joint ventures as well as additions of fixed assets and investment properties.

Net cash from financing activities was \$723 million. This was mainly attributable to the net proceeds from term loans of \$1,376 million, partly offset by dividend of \$598 million paid to shareholders of the Company and non-controlling shareholders of subsidiaries.

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2023

1. MATERIAL ACCOUNTING POLICIES

1.1 Basis of Preparation

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

The condensed consolidated interim financial statements as at and for the six months and full year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting* (SFRS(I) 1-34). This condensed consolidated interim financial statements do not include all the disclosures included in the Group’s financial report. Accordingly, this report should be read in conjunction with the Group’s Annual Report for the financial year ended 31 December 2022 and any public announcements made by Keppel Ltd. during the interim reporting period.

1.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s Annual Report for the financial year ended 31 December 2022, except for the adoption of new and revised standards effective as of 1 January 2023 and those as disclosed below.

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 condensed consolidated interim 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.

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2023

1.3 Critical Accounting Judgments and Estimates

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 December 2022.

The key assumptions, applied by management as at and for the year ended 31 December 2023, concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are as follows:

(i) 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 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.

(ii) Revenue recognition and contract cost

The Group recognises contract revenue over time for construction contracts by reference to the proportion of contract costs incurred to-date to the estimated total contract costs or by physical proportion of the contract work completed as determined by the engineers' estimate. The stage of completion is measured in accordance with the Group's revenue recognition accounting policy as stated in the audited financial statements for the year ended 31 December 2022. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the physical proportion of the contract work completed for the contracts; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 7.

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2023

(iii) Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or reviews from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

Any claims, litigations and reviews relating to the disposal group have been disposed with the completion of the Proposed Combination as described in Note 14. There were no other significant updates since the audited financial statements as at 31 December 2022.

(iv) 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;
- (ii) Valuation technique 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 12.

(v) 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 14.

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 para B5.1.2A(b), the difference between the fair value at initial recognition and the transaction price was deferred and shall be recognised as a loss on a systematic basis over time.

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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 3).

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 asset 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 12.

(vi) Estimating net realisable value of stocks

The net realisable value of stocks represents the estimated selling price for these stocks less all estimated cost of completion and costs necessary to make the sale.

For properties held for sale, there were no significant changes to the estimates and assumptions applied since the audited financial statements as at 31 December 2022.

(vii) 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, goodwill, investments in subsidiaries, investments in associated companies and joint ventures, and intangibles as at 31 December 2023.

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2. ASSOCIATED COMPANIES AND JOINT VENTURES

	2023 \$'000
At 1 January	6,791,862
Share of profits for the year	322,418
Dividends received	(181,217)
Share of reserves	(98,462)
Additions	477,852
Advances to associated companies and joint ventures	(3,384)
Disposals of associated companies and joint ventures and return of capital	(360,312)
Dividend in specie of units in Keppel REIT	(405,110)
Loss from change in interest in associated companies	(1,427)
Reclassification from/(to)	
- Amounts due from associated companies and joint ventures	15,553
- Subsidiary upon loss of control	40,223
- Subsidiary upon acquisition of additional interest	(40,888)
- Short term investments	(2,501)
Others	47,246
At 31 December	<u>6,601,853</u>

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

	2023 \$'000
At 1 January	112,004
Write-off	(950)
At 31 December	<u>111,054</u>

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	1,631,415	2,085,919
Keppel DC REIT	480,349	496,454
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	660,983	618,968
Other associated companies and joint ventures	<u>3,829,106</u>	<u>3,590,521</u>
	<u>6,601,853</u>	<u>6,791,862</u>

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3. NOTES RECEIVABLES

Arising from the completion of the Asset Co Transaction on 27 February 2023 (Note 14), the Group subscribed to notes ("vendor notes") issued by Rigco Holding Pte Ltd ("Rigco") which bear interest of 4.0% per annum and 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 1.3(v), 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 1.3 (v), 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 rigs 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 para B5.1.2A(b). The deferred loss shall be 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.

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:

	<u>Fair</u> <u>value</u> \$'000	<u>Deferred</u> <u>loss</u> \$'000	<u>Carrying</u> <u>value</u> \$'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 8.

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 8.

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4. SHORT TERM INVESTMENTS

Arising from the completion of the Proposed Combination on 28 February 2023 (as described in Note 14), the Group received 3,411,858,604 Consideration 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 14. 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 14) 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.

5. BORROWINGS AND LEASE LIABILITIES

Group's borrowings, debt securities and lease liabilities

	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	150,000	1,845,968	200,000	1,817,864
Keppel Management Ltd. Medium Term Notes	129,966	279,783	299,979	409,619
Keppel Commercial Paper	–	–	35,996	–
Bank and other loans				
- secured	85,515	686,256	127,393	554,291
- unsecured	2,056,199	5,725,951	2,914,290	3,821,412
Lease liabilities	37,408	142,055	36,426	162,703
	<u>2,459,088</u>	<u>8,680,013</u>	<u>3,614,084</u>	<u>6,765,889</u>

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- (i) Amount repayable in one year or less, or on demand

As at 31.12.2023		As at 31.12.2022	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
122,923	2,336,165	163,819	3,450,265

- (ii) Amount repayable after one year

As at 31.12.2023		As at 31.12.2022	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
828,311	7,851,702	716,994	6,048,895

- (iii) Details of any collateral and securities

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of \$2,242,773,000 (31 December 2022: \$2,165,124,000) to banks for loan facilities. Included in secured borrowings as at 31 December 2023 are current lease liabilities of \$37,408,000 (31 December 2022: \$36,426,000) and non-current lease liabilities of \$142,055,000 (31 December 2022: \$162,703,000) which are secured over the right-of-use assets of \$213,730,000 (31 December 2022: \$241,052,000).

- (iv) The fair values of term loans for the Group are \$10,699,937,000 (31 December 2022: \$9,805,129,000).

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6. SHARE CAPITAL

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2023	1,820,557,767	68,597,849
Treasury shares transferred pursuant to share plans	—	(10,334,248)
As at 31 December 2023	1,820,557,767	58,263,601

Treasury shares

During the year ended 31 December 2023, the Company transferred 10,334,248 (31 December 2022: 8,209,410) treasury shares to employees upon vesting of shares released under the Keppel Share Plans. There were no treasury shares purchased (31 December 2022: 75,864,000) during the year. As at 31 December 2023, the number of treasury shares held by the Company represented 3.31% (31 December 2022: 3.92%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the year ended 31 December 2023.

Keppel Performance Share Plan ("Keppel PSP")

As at 31 December 2023, the number of contingent shares granted but not released were 1,972,017 (31 December 2022: 2,841,880) for Keppel PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 2,958,026 under Keppel PSP.

Keppel Performance Share Plan – M1 Transformation Incentive Plan ("Keppel PSP-M1 TIP")

As at 31 December 2023, the number of contingent shares granted but not released were 378,664 (31 December 2022: 379,900) for Keppel PSP-M1 TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 567,996 under Keppel PSP-M1 TIP.

Keppel Performance Share Plan 2020 ("Keppel PSP 2020")

As at 31 December 2023, the number of contingent shares granted but not released were 5,934,617 (31 December 2022: 3,115,000) for Keppel PSP 2020. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 8,901,926 under Keppel PSP 2020.

Keppel PSP 2020 Transformation Incentive Plan ("Keppel PSP 2020-TIP")

As at 31 December 2023, the number of contingent shares granted but not released were 13,106,751 (31 December 2022: 11,220,000) for Keppel PSP 2020-TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 19,660,127 under Keppel PSP 2020-TIP.

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Keppel Restricted Share Plan 2020 – Deferred Shares (“Keppel RSP 2020-Deferred Shares”)

There are no contingent shares granted but not released as at 31 December 2023 and 31 December 2022. As at 31 December 2023, the number of awards released but not vested was 7,350,026 (31 December 2022: 5,254,348) for Keppel RSP 2020-Deferred Shares.

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

Contingent awards:

Date of Grant	Number of shares					
	At 1.1.23	Contingent awards granted	Adjustments	Released	Cancelled	At 31.12.23
<u>Keppel PSP</u>						
30.4.2019	1,462,847	–	503,512	(1,966,359)	–	–
31.3.2020	1,379,033	–	592,984	–	–	1,972,017
	2,841,880	–	1,096,496	(1,966,359)	–	1,972,017
<u>Keppel PSP-M1 TIP</u>						
17.2.2020	115,100	–	32,524	(147,624)	–	–
17.2.2020	264,800	–	113,864	–	–	378,664
	379,900	–	146,388	(147,624)	–	378,664
<u>Keppel PSP 2020</u>						
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
	3,115,000	1,845,000	1,229,745	–	(255,128)	5,934,617
<u>Keppel PSP 2020-TIP</u>						
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
	11,220,000	–	4,146,018	–	(2,259,267)	13,106,751

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Awards released but not vested:

Awards released but not vested:	Number of shares					
Date of Grant	At 1.1.23	Released	Vested	Cancelled	Other adjustments	At 31.12.23
<u>Keppel PSP</u>						
30.4.2019	–	1,966,359	(1,966,359)	–	–	–
	–	1,966,359	(1,966,359)	–	–	–
<u>Keppel PSP-M1 TIP</u>						
17.2.2020	–	147,624	(147,624)	–	–	–
	–	147,624	(147,624)	–	–	–
<u>Keppel RSP 2020-Deferred Shares</u>						
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 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 under the Keppel PSP 2020-TIP; and
- 4,510,021 under the Keppel RSP 2020-Deferred Shares.

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7. REVENUE

	Second Half		Full Year	
	31.12.2023	31.12.2022 [#]	31.12.2023	31.12.2022 [#]
	\$'000	\$'000	\$'000	\$'000
<u>Revenue from contracts with customers</u>				
Revenue from construction contracts	248,854	209,180	381,575	410,181
Sale of property	141,325	323,361	555,707	809,744
Sale of goods	158,598	264,708	475,898	456,207
Sale of electricity, utilities and gases	1,899,058	1,817,972	4,177,977	3,637,267
Revenue from telecommunication services	489,018	378,509	770,286	738,233
Revenue from other services rendered	246,626	224,222	503,895	494,579
	3,183,479	3,217,952	6,865,338	6,546,211
<u>Other sources of revenue</u>				
Rental income from investment properties	67,024	46,036	100,790	73,507
	3,250,503	3,263,988	6,966,128	6,619,718

Breakdown of sales

	2023 \$'000	2022 [#] \$'000	+/-%
<u>First Half</u>			
Sales reported for first half year	3,715,625	3,355,730	+10.7
Profit from continuing operations before deducting profit attributable to perpetual securities holders and non-controlling interests reported for first half year	462,873	440,752	+5.0
<u>Second Half</u>			
Sales reported for second half year	3,250,503	3,263,988	-0.4
Profit from continuing operations before deducting profit attributable to perpetual securities holders and non-controlling interests reported for second half year	460,975	408,987	+12.7

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8. OPERATING PROFIT

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

	Second Half			Full Year			
	31.12.2023	31.12.2022 [#]	+/-	31.12.2023	31.12.2022 [#]	+/-	
	\$'000	\$'000	%	\$'000	\$'000	%	
Share-based payment expenses	18,219	22,084	-17.5	36,827	43,403	-15.2	
(Gain)/loss on sale of fixed assets & investment properties	(15,866)	694	n.m.f.	(15,756)	639	n.m.f.	(i)
Provision for stocks	6,862	6,450	+6.4	6,777	6,939	-2.3	(ii)
Expected credit loss							
- Debtors & receivables	16,215	30,941	-47.6	23,838	32,999	-27.8	(iii)
Bad debts write-off	281	1,011	-72.2	281	1,011	-72.2	
Fair value (gain)/loss							
- Investments, associated companies and joint ventures	(12,695)	36,177	n.m.f.	(69,028)	(57,801)	19.4	(iv)
- Notes receivables, comprising of:	(807)	—	n.m.f.	(965)	—	n.m.f.	
a) Fair value changes including interest income	(91,094)	—	n.m.f.	(150,659)	—	n.m.f.	
b) Amortisation of the deferred loss	90,287	—	n.m.f.	149,694	—	n.m.f.	
- Forward contracts	21	452	-95.4	21	—	n.m.f.	
- Financial derivatives	(6,572)	(482)	>+500	90	(190)	n.m.f.	
Foreign exchange (gain)/loss	14,547	1,939	>+500	21,147	(704)	n.m.f.	(v)
Impairment of a joint venture	—	—	n.m.f.	—	1,000	n.m.f.	(vi)
Impairment/write-off of right-of-use assets and fixed assets	323	1,171	-72.4	1,023	1,171	-12.6	(vii)
Gain on disposal of subsidiaries	(21,123)	(17,514)	+20.6	(28,338)	(22,498)	26.0	(viii)
Gain on disposal of associated companies and joint ventures	(69,729)	(573)	>+500	(69,774)	(358)	>+500	(ix)
(Gain)/loss on sale of interests in associated companies and joint ventures	(36,761)	40,211	n.m.f.	(36,636)	40,168	n.m.f.	(x)
Loss from dividend-in-specie	110,816	—	n.m.f.	110,816	—	n.m.f.	(xi)
Fair value gain on investment properties	(106,371)	(84,948)	+25.2	(149,532)	(131,711)	+13.5	(xii)
(Gain)/Loss from change in interest in associated companies	(721)	(5,793)	-87.6	1,427	(10,933)	n.m.f.	(xiii)
Gain on acquisition of subsidiaries	—	(6,795)	n.m.f.	—	(6,795)	n.m.f.	(xiv)

n.m.f. - No Meaningful Figure

- (i) Gain on sale of fixed assets & investment properties for the current year was largely attributable to disposal of investment properties in the Real Estate business. Loss on sale of fixed assets & investment properties in the prior year was largely attributable to disposal of fixed assets in the Real Estate business.
- (ii) The provision for stocks for current year is related to certain overseas projects in the Real Estate segment. Provision for stocks in the prior year was for slow moving and obsolete stocks in Infrastructure business.
- (iii) Expected credit loss on debtors and receivables for the current year was attributable to the Connectivity segment on trade receivables, as well as expected credit loss from Infrastructure segment for shareholder loan, claim and trade receivables. Expected credit loss on debtors and receivables in the prior year was largely attributable to expected credit loss on claim and trade receivables in the Infrastructure business, as well as expected credit loss from Connectivity business for trade receivables.

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- (iv) Higher fair value gain on investment portfolio for the current year was driven largely by higher fair value gain on quoted investments and associated companies, partly offset by lower fair value gain on unquoted investments.
- (v) The foreign exchange loss for the current year was mainly attributable to the revaluation in Infrastructure and Connectivity.
- (vi) Impairment of a joint venture company in the prior year was attributable to the Connectivity business.
- (vii) Impairment of ROU and fixed assets in the current year was mainly attributable to the Infrastructure business. Impairment of ROU and fixed assets in the prior year was mainly attributable to the Connectivity business.
- (viii) Gain on disposal of subsidiaries was mainly attributable to divestment of Asgard Investment Holdings Pte Ltd, Willowville Pte Ltd and Greenfield Development Pte Ltd. In the prior year, gain on disposal of subsidiaries was mainly attributable to divestment of Shanghai Fengwo Apartment Management Co Ltd.
- (ix) Gain on disposal of associated companies and joint ventures was mainly attributable to the divestment of stake in SM Keppel Land and SVOA Public Company Limited, partly offset by loss from divestment of Chengdu Taixin Real Estate Development Co Ltd. In the prior year, gain on disposal of associated companies and joint ventures was mainly attributable to the divestment of Asia Airfreight Terminal Company Limited.
- (x) Gain from sale of interest in associated companies and joint ventures mainly relates to gain on partial disposal of interest in a joint venture in Vietnam under the Real Estate business. In the prior year, loss from sale of interest in associated companies mainly relates to loss on partial disposal of interest in an associated company in Europe under the Infrastructure business.
- (xi) Loss from dividend in specie of units in Keppel REIT to the shareholders.
- (xii) Higher fair value gain on investment properties was mainly attributable to higher fair value gains on investment properties in Singapore.
- (xiii) Loss from change in interest in associated companies in the current year was mainly attributable to loss from change in interest in Keppel REIT and Keppel DC REIT, partly offset by partial realisation of suspended profits for past transactions with Keppel REIT. In the prior year, gain from change in interest in associated companies was mainly attributable to gain from change in interest in Keppel REIT, partial realisation of suspended profits for past transactions with Keppel REIT, and gain from change in interest in Nam Long Investment Corporation due to private placement, partly offset by loss from change in interest in Keppel DC REIT.
- (xiv) In the prior year, gain on acquisition of subsidiaries was from the Connectivity segment.

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2023

9. COMMITMENTS

	2023	Group	2022
		Continuing Operations	Discontinued Operations
	\$'000	\$'000	\$'000
<i>Capital expenditure/commitments not provided for in the financial statements</i>			
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	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)	—
	<u>3,655,019</u>	<u>3,730,328</u>	<u>51,637</u>

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. During the half year ended 31 December 2023, a deposit amount of \$45 million was also paid and is recorded as Debtors in the condensed consolidated interim balance sheet as of 31 December 2023.

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

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2023

10. CONTINGENT LIABILITIES AND GUARANTEES

	2023	Group	
		2022	
		Continuing Operations	Discontinued Operations
	\$'000	\$'000	\$'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	347,302	156,787	—
Bank guarantees	412,682	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 10(i))	517,342	424,640	—
	1,368,208	1,065,129	846,076

	Company	
	2023	2022
	\$'000	\$'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	369,761	462,579

See Note 1.3(iii) for further disclosures relating to the Group's claims and litigations.

- (i) During the year ended 31 December 2023, 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.

KEPPEL LTD. & ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
As at and for the six months and full year ended 31 December 2023**11. SIGNIFICANT RELATED PARTY TRANSACTIONS**

In addition to the related party information disclosed elsewhere in the condensed consolidated interim financial statements, the Group has significant related party transactions as follows:

	Group	
	2023	2022
	\$'000	\$'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

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2023

12. FINANCIAL RISK MANAGEMENT

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

There was no instance of significant updates to the Group's financial risk management since the audited financial statements as at 31 December 2023, except for the following:

(a) Cash flow and fair value interest rate risk

IBOR reform

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.

(b) 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.

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2023

The following table presents the assets and liabilities measured at fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Group				
31 December 2023				
Financial assets				
Derivative financial instruments	–	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	513,959	1,687	269,622	785,268
- Investments at fair value through profit or loss	20,053	–	813,565	833,618
Short term investments				
- Investments at fair value through other comprehensive income	83,261	–	–	83,261
- Investments at fair value through profit or loss	164,220	–	5,628	169,848
	<u>781,493</u>	<u>120,982</u>	<u>5,579,067</u>	<u>6,481,542</u>
Financial liabilities				
Derivative financial instruments	–	205,843	–	205,843
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
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
	<u>–</u>	<u>–</u>	<u>5,063,315</u>	<u>5,063,315</u>

There have been no significant transfers between Level 1, Level 2 and Level 3 for the Group in the year ended 31 December 2023.

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.

KEPPEL LTD. & ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six months and full year ended 31 December 2023

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	Unobservable Inputs	Range of unobservable Inputs
Investments	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% to 24.80% 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	\$2,781 to \$3,617 3.40%
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 geographies/ cities (psf)	7.25% to 14.50% 4.25% to 7.50% 5.80% \$4,862 to \$6,188 \$159 to \$1,316
- 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% 4.00% \$10,829 to \$11,492 \$2,781 to \$3,617 \$904 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.

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2023

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 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 14), 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.

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.

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2023

13. 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 power generation, renewables, environmental engineering and infrastructure operation and maintenance. The operating segment has operations in China, Singapore, Switzerland, the United Kingdom, and other countries.

(ii) **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 provision of telecommunications services, retail sales of telecommunications equipment and accessories, development and operation of data centres. 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.

KEPPEL LTD. & ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six months and full year ended 31 December 2023
Year ended 31 December 2023

	Infrastructure \$'000	Real Estate \$'000	Connectivity \$'000	Corporate Activities \$'000	Elimination \$'000	Total \$'000
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-in-specie 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	340,767	469,328	–	–	833,268
- Over time	4,822,277	325,678	878,207	5,908	–	6,032,070
	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

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2023

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	China/ Hong Kong	Other Far East & ASEAN Countries	Other Countries	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six months and full year ended 31 December 2023
Year ended 31 December 2022

	<u>Infrastructure</u> \$'000	<u>Real Estate</u> \$'000	<u>Connectivity</u> \$'000	<u>Corporate Activities</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
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

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2023

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	China/ Hong Kong	Other Far East & ASEAN Countries	Other Countries	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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.

KEPPEL LTD. & ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the six months and full year ended 31 December 2023
Second half ended 31 December 2023

	<u>Infrastructure</u> \$'000	<u>Real Estate</u> \$'000	<u>Connectivity</u> \$'000	<u>Corporate Activities</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
Revenue						
External sales	2,305,433	232,584	708,817	3,669	–	3,250,503
Inter-segment sales	68,695	5,753	7,768	32,680	(114,896)	–
Total	2,374,128	238,337	716,585	36,349	(114,896)	3,250,503
Segment Results						
Operating profit						
- Loss from <i>dividend-in-specie</i> of Keppel REIT units	–	(110,816)	–	–	–	(110,816)
- Other operating profit	402,614	242,075	66,010	(88,481)	(7,214)	615,004
Investment income	40,872	3,252	176	2,725	–	47,025
Interest income	34,221	13,558	6,802	343,868	(358,981)	39,468
Interest expenses	(28,813)	(74,714)	(14,311)	(428,528)	366,195	(180,171)
Share of results of associated companies and joint ventures	12,131	151,593	45,398	(8,555)	–	200,567
Profit before tax	461,025	224,948	104,075	(178,971)	–	611,077
Taxation	(60,562)	(79,464)	(8,497)	(1,579)	–	(150,102)
Profit from continuing operations for the period	400,463	145,484	95,578	(180,550)	–	460,975
Attributable to:						
Shareholders of Company	408,221	128,632	90,312	(186,891)	–	440,274
Perpetual securities holders	–	–	–	5,848	–	5,848
Non-controlling interests	(7,758)	16,852	5,266	493	–	14,853
	400,463	145,484	95,578	(180,550)	–	460,975
Profit from discontinued operations, net of tax and NCI						(329)
Profit for the period attributable to shareholders of the Company						439,945
External revenue from contracts with customers						
- At a point in time	11,992	102,721	157,732	–	–	272,445
- Over time	2,293,441	64,651	549,294	3,648	–	2,911,034
	2,305,433	167,372	707,026	3,648	–	3,183,479
Other sources of revenue	–	65,212	1,791	21	–	67,024
Total	2,305,433	232,584	708,817	3,669	–	3,250,503

KEPPEL LTD. & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS **As at and for the six months and full year ended 31 December 2023**

Other Information

Depreciation and amortisation	20,543	29,550	65,693	5,178	–	120,964
Impairment loss/(write-back) on non-financial assets	(7)	6,137	730	325	–	7,185
Allowance for expected credit loss and bad debt written-off	11,670	207	4,617	2	–	16,496

GEOGRAPHICAL INFORMATION

	<u>Singapore</u>	<u>China/ Hong Kong</u>	<u>Other Far East & ASEAN Countries</u>	<u>Other Countries</u>	<u>Elimination</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales	2,918,993	234,228	69,394	27,888	–	3,250,503

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Second half ended 31 December 2022

	<u>Infrastructure</u> \$'000	<u>Real Estate</u> \$'000	<u>Connectivity</u> \$'000	<u>Corporate Activities</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
Revenue						
External sales	2,146,887	419,559	697,064	478	–	3,263,988
Inter-segment sales	14,884	2,626	5,214	50,063	(72,787)	–
Total	2,161,771	422,185	702,278	50,541	(72,787)	3,263,988
Segment Results						
Operating profit	59,827	133,123	51,273	(36,130)	2,300	210,393
Investment income	17,363	3,253	149	3,570	–	24,335
Interest income	34,051	17,458	6,618	243,769	(257,262)	44,634
Interest expenses	(15,168)	(58,866)	(10,447)	(238,555)	254,962	(68,074)
Share of results of associated companies and joint ventures	93,561	191,073	39,186	9,011	–	332,831
Profit before tax	189,634	286,041	86,779	(18,335)	–	544,119
Taxation	(32,633)	(91,631)	(13,837)	2,969	–	(135,132)
Profit from continuing operations for the period	157,001	194,410	72,942	(15,366)	–	408,987
Attributable to:						
Shareholders of Company	158,714	201,620	65,887	(21,404)	–	404,817
Perpetual securities holders	–	–	–	5,848	–	5,848
Non-controlling interests	(1,713)	(7,210)	7,055	190	–	(1,678)
	157,001	194,410	72,942	(15,366)	–	408,987
Profit from discontinued operations, net of tax and NCI						24,295
Profit for the year attributable to shareholders of the Company						429,112
External revenue from contracts with customers						
- At a point in time	24,621	260,357	205,456	–	–	490,434
- Over time	2,122,266	114,860	489,917	475	–	2,727,518
	2,146,887	375,217	695,373	475	–	3,217,952
Other sources of revenue						
	–	44,342	1,691	3	–	46,036
Total	2,146,887	419,559	697,064	478	–	3,263,988
Other Information						
Depreciation and amortisation	17,291	18,702	61,425	7,300	–	104,718
Impairment loss on non- financial assets	7,046	107	470	–	–	7,623
Allowance for expected credit loss and bad debt written-off	25,106	446	5,097	1,303	–	31,952
GEOGRAPHICAL INFORMATION						
	<u>Singapore</u> \$'000	<u>China/ Hong Kong</u> \$'000	<u>Other Far East & ASEAN Countries</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
External sales [#]	2,796,341	372,556	63,204	31,887	–	3,263,988

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REVIEW OF SEGMENT PERFORMANCE

Revenue by Segments

Group revenue from continuing operations of \$6,967 million was \$347 million or 5% higher than 2022. Revenue from the Infrastructure segment increased by \$556 million or 13% to \$4,846 million. The increase was led by higher electricity sales, partly offset by lower gas sales and lower progressive revenue recognition from environmental projects in 2023. Asset management fee revenue was higher year-on-year mainly due to higher management fees arising from better performance achieved by Keppel Infrastructure Trust ("KIT"), and the effect of the change in its fee structure that took effect in 2H 2022. These were partly offset by lower acquisition fees in 2023. Revenue from the Real Estate segment decreased by \$232 million to \$764 million largely due to lower revenue from property trading projects in China as a result of fewer units completed and handed over during the year, partly offset by higher contributions from property trading projects in Singapore. Asset management fee revenue remained stable year-on-year. Revenue from the Connectivity segment increased by \$18 million to \$1,351 million mainly due to M1 reporting higher mobile and enterprise revenues, including contribution from Glocomp Systems (M) Sdn Bhd acquired in May 2022, partly offset by lower handset sales, and lower revenue from the logistics business following the divestment of the logistics portfolio in South-East Asia in July 2022. Asset management fee revenue remained stable year-on-year.

Net profit by Segments

Group net profit from continuing operations of \$885 million was \$46 million or 6% higher than 2022. Excluding the loss arising from the dividend-in-specie of Keppel REIT units ("DIS loss"), net profit from continuing operations rose by 19% year-on-year to \$996 million. The Infrastructure segment registered a net profit of \$699 million in 2023, which was \$402 million or 135% higher than the \$297 million net profit recorded in 2022. Underpinned by higher net generation and margins, the integrated power business delivered stronger results for the year. The segment also saw higher returns from sponsor stakes in the form of higher distributions and fair value gains in 2023, while there was provision for supply chain cost escalation in the environment business in 2022. These were partially offset by higher interest expense, and lower share of results following a dilution of interest in an associated company in 2H 2022. Asset management net profit was higher year-on-year mainly due to higher fee revenue which was partly offset by higher overheads. Net profit from the Real Estate segment decreased by \$149 million to \$315 million. Excluding the DIS loss, the segment's net profit was \$38 million or 8% lower year-on-year, mainly due to lower fair value gains from investment properties, lower contribution from property trading projects in China, as well as higher net interest expense. These were partly offset by higher contribution from the Sino-Singapore Tianjin Eco-City, higher gains from asset monetisation, and fair value gains from investments. The Real Estate Division completed the monetisation of 7 assets across Vietnam, India, Philippines, China, Myanmar and Singapore in the current year, as compared to the monetisation of 2 assets in China in 2022. Asset management net profit was lower year-on-year mainly due to higher overheads. The Connectivity segment's net profit of \$127 million was \$29 million higher than that in 2022, mainly due to improved earnings contribution from M1, gain from divestment of interest in SVOA Public Company Limited, and lower losses from the logistics business following the divestment of Keppel Logistics SEA in July 2022. These were partly offset by lower fair value gains on data centres, and fair value losses on investments. Asset management net profit remained stable year-on-year. Net loss from Corporate Activities was \$256 million as compared to \$20 million in 2022. In the prior year, significant fair value gains were recognised from investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P.. The fair value gains from investments were lower, while net interest expense and overheads were higher year-on-year. The Group's taxation increased mainly due to higher taxable profit from the Infrastructure segment, which was partially offset by lower taxable profit from the Real Estate segment. Taking into account income tax expenses, non-controlling interests and profit attributable to holders of perpetual securities, the Group's net profit from continuing operations attributable to shareholders for 2023 was \$885 million, and \$996 million if the DIS loss were excluded. Including discontinued operations, the Group's net profit attributable to shareholders

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was \$4,067 million, which was \$3,140 million higher than in the prior year. The discontinued operations recorded a net profit of \$3,182 million, comprising 2 months performance from Keppel Offshore & Marine (KOM), excluding certain out-of-scope assets, for the period 1 January to 28 February 2023, as well as a gain on disposal of approximately \$3.3 billion following the completion of the disposal of KOM at the end of February 2023. In contrast, the net profit from discontinued operations of \$88 million in 2022 had included gains from the divestment of Keppel Smit Towage Pte Limited and Maju Maritime Pte Ltd, as well as the cessation of the depreciation for the relevant assets classified under disposal group held for sale.

Revenue by Geographical Segments

Revenue from Singapore of \$6,210 million was \$744 million higher than that of prior year, due largely to higher revenue from all segments.

14. 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 ("SCM" and now known as Seatrrium Ltd "Seatrrium") 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 also 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 (details can be found in the Company's announcement and FY2022 audited financial statements).

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 4.0% 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 Seatrrium) 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 Seatrrium) amounting to approximately \$392 million, as Retained

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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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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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.

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

(a) The results of the discontinued operations are as follows:

	Period 28.02.2023 \$'000	Full Year 31.12.2022 \$'000
Revenue	630,460	2,799,418
Expenses*	(753,890)	(2,683,140)
(Loss)/Profit before tax from discontinued operations	(123,430)	116,278
Taxation	12,799	(33,212)
Non-controlling interests	201	4,592
(Loss)/Profit 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 (2022: \$71,185,000) for the respective reporting periods. 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 31.12.2022 \$'000
Operating cash flow	(72,050)	115,472
Investing cash flow	(12,042)	92,204
Financing cash flow	(47,446)	260,362
Net cash (outflows)/inflows	(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.

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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.

Details of the assets classified as held for sale and liabilities directly associated with assets classified as held for sale are as follows:

	As at 31 December 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

15. OTHER SIGNIFICANT EVENT AND TRANSACTION

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. During the half year ended 31 December 2023, a deposit amount of \$45 million was also paid and is recorded as Debtors in the condensed consolidated balance sheet as of 31 December 2023.

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For the six months and full year ended 31 December 2023

1. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

2. AUDITORS' REPORT

Not applicable.

3. REVIEW OF GROUP PERFORMANCE

(i) Second Half

Group revenue from continuing operations of \$3,251 million was at about the same level as 2H 2022. Revenue from the Infrastructure segment increased by \$160 million or 8% to \$2,306 million led by higher electricity and gas sales. Asset management fee revenue was also higher year-on-year mainly due to higher management fees arising from better performance achieved by KIT, and the effect of change in the fee structure that took effect in 2H 2022. These were partly offset by lower acquisition fees in 2H 2023. Revenue from the Real Estate segment declined by \$186 million to \$233 million largely due to lower revenue from property trading projects in China as a result of fewer units completed and handed over during the period, as well as lower contributions from property trading projects in Singapore. Asset management fee revenue remained stable year-on-year. Revenue from the Connectivity segment increased by \$10 million to \$708 million mainly due to higher mobile and enterprise revenues which was partly offset by lower handset sales, as well as higher revenue from the data centre business. Asset management fee revenue remained stable year-on-year.

Group net profit from continuing operations of \$440 million was \$35 million or 9% higher than that in the same period in 2022. Excluding the \$111 million loss from the distribution-in-specie of Keppel REIT units ("DIS loss"), net profit rose by 36% year-on-year to \$551 million. The Infrastructure segment registered a net profit of \$408 million in 2H 2023, which was \$250 million higher than the \$158 million net profit recorded in 2H 2022. This was led by higher net generation and margins from the integrated power business, higher investment income, and fair value gains from sponsor stakes. In 2H 2022, there was provision for supply chain cost escalation in the environment business. These were partially offset by lower share of results following a dilution of interest in an associated company in 2H 2022. Asset management net profit was also higher year-on-year mainly due to higher management fees. Net profit from the Real Estate segment decreased by \$73 million to \$129 million. Excluding the DIS loss, net profit was \$38 million or 19% higher year-on-year. This was mainly due to higher contributions from property trading projects in Singapore and Sino-Singapore Tianjin Eco-City, and higher gains from asset monetisation, which were partly offset by lower contribution from property trading projects in China, and higher net interest expense. In the second half, the Real Estate Division completed the monetisation of 5 assets across Vietnam, Philippines, China, Myanmar and Singapore. Asset management net profit was lower year-on-year mainly due to higher overheads. The Connectivity segment's net profit of \$90 million was \$25 million higher than that in 2H 2022, mainly due to improved earnings contribution from M1, and gain from divestment of interest in SVOA Public Company Limited. These were partly offset by lower fair value gains on data centres, and fair value losses on investments. Asset management net profit remained stable year-on-year. Net loss from Corporate Activities was \$187 million as compared to \$20 million in the same period last year. This was mainly due to higher fair value losses from investments, higher overheads, and higher net interest expense. The Group's taxation increased mainly due to higher taxable profit from the Infrastructure segment, which was partially offset by lower taxable profit from the Real Estate segment. Taking into account income tax expenses, non-controlling interests and profit attributable to holders of perpetual securities, the Group's net profit from continuing operations attributable to shareholders for 2H 2023 was \$440 million, and \$551 million if DIS loss were excluded. Including discontinued operations, the Group's net profit attributable to shareholders of \$440 million was \$11 million higher than prior year. The discontinued operations in

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2H 2022 recorded a net profit of \$24 million, comprising 6 months performance from Keppel Offshore & Marine (KOM), excluding certain out-of-scope assets, as well as the cessation of the depreciation for the relevant assets classified under disposal group held for sale.

(ii) Full Year

Group net profit attributable to shareholders was \$4,067 million as compared to \$927 million in 2022. Consequently, earnings per share was 227.6 cents as compared to 52.1 cents for 2022. Return on equity was 37.9%. Excluding discontinued operations, group net profit from continuing operations was \$885 million as compared to \$839 million in 2022, and earnings per share was 49.5 cents as compared to 47.2 cents in 2022. Excluding the DIS loss, net profit from continuing operations for 2023 was \$996 million which was 19% higher than prior year.

Group revenue from continuing operations of \$6,967 million was \$347 million or 5% higher than 2022. Revenue from the Infrastructure segment increased by \$556 million or 13% to \$4,846 million. The increase was led by higher electricity sales, partly offset by lower gas sales and lower progressive revenue recognition from environmental projects in 2023. Asset management fee revenue was higher year-on-year mainly due to higher management fees arising from better performance achieved by KIT managed by Keppel, and the effect of the change in its fee structure that took effect in 2H 2022. These were partly offset by lower acquisition fees in 2023. Revenue from the Real Estate segment decreased by \$232 million to \$764 million largely due to lower revenue from property trading projects in China as a result of fewer units completed and handed over during the period, partly offset by higher contributions from property trading projects in Singapore. Asset management fee revenue remained stable year-on-year. Revenue from the Connectivity segment increased by \$18 million to \$1,351 million mainly due to M1 reporting higher mobile and enterprise revenues, including contribution from the newly acquired Glocomp Systems (M) Sdn Bhd, partly offset by lower handset sales, and lower revenue from the logistics business following the divestment of the logistics portfolio in South-East Asia in July 2022. Asset management fee revenue remained stable year-on-year.

Group net profit from continuing operations of \$885 million was \$46 million or 6% higher than 2022. Excluding the DIS loss, net profit rose by 19% year-on-year to \$996 million. The Infrastructure segment registered a net profit of \$699 million in 2023, which was \$402 million or 135% higher than the \$297 million net profit recorded in 2022. Underpinned by higher net generation and margins, the integrated power business delivered stronger results for the year. The segment also saw higher returns from sponsor stakes in the form of higher distributions and fair value gains in 2023, while there was provision for supply chain cost escalation in the environment business in 2022. These were partially offset by higher interest expense, and lower share of results following a dilution of interest in an associated company in 2H 2022. Asset management net profit was higher year-on-year mainly due to higher fee revenue which was partly offset by higher overheads. Net profit from the Real Estate segment decreased by \$149 million to \$315 million. Excluding the DIS loss, the segment's net profit was \$38 million or 8% lower year-on-year, mainly due to lower fair value gains from investment properties, lower contribution from property trading projects in China, as well as higher net interest expense. These were partly offset by higher contribution from the Sino-Singapore Tianjin Eco-City, higher gains from asset monetisation, and fair value gains from investments. The Real Estate Division completed the monetisation of 7 assets across Vietnam, India, Philippines, China, Myanmar and Singapore in the current year, as compared to the monetisation of 2 assets in China in 2022. Asset management net profit was lower year-on-year mainly due to higher overheads. The Connectivity segment's net profit of \$127 million was \$29 million higher than that in 2022, mainly due to improved earnings contribution from M1, gain from divestment of interest in SVOA Public Company Limited, and lower losses from the logistics business following the divestment of Keppel Logistics SEA in July 2022. These were partly offset by lower fair value gains on data centres, and fair value losses on investments. Asset management net profit remained stable year-on-year. Net loss from Corporate Activities was \$256 million as compared to \$20 million in

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2022. In the prior year, significant fair value gains were recognised from investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P.. The fair value gains from investments were lower, while net interest expense and overheads were higher year-on-year. The Group's taxation increased mainly due to higher taxable profit from the Infrastructure segment, which was partially offset by lower taxable profit from the Real Estate segment. Taking into account income tax expenses, non-controlling interests and profit attributable to holders of perpetual securities, the Group's net profit from continuing operations attributable to shareholders for 2023 was \$885 million, and \$996 million if the DIS loss were excluded. Including discontinued operations, the Group's net profit attributable to shareholders was \$4,067 million, which was \$3,140 million higher than in the prior year. The discontinued operations recorded a net profit of \$3,182 million, comprising 2 months performance from Keppel Offshore & Marine (KOM), excluding certain out-of-scope assets, for the period 1 January to 28 February 2023, as well as a gain on disposal of approximately \$3.3 billion following the completion of the disposal of KOM at the end of February 2023. In contrast, the net profit from discontinued operations of \$88 million in 2022 had included gains from the divestment of Keppel Smit Towage Pte Limited and Maju Maritime Pte Ltd, as well as the cessation of the depreciation for the relevant assets classified under disposal group held for sale.

4. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

5. PROSPECTS

Global Asset Manager and Operator

In May 2023, Keppel announced a major reorganisation to fast-track its transformation under Vision 2030, from a diversified conglomerate into a global alternative real asset manager and operator, with deep operating capabilities in infrastructure, real estate and connectivity. The Company's reorganisation followed the successful divestment of its offshore and marine business at the end of February 2023.

On 1 January 2024, the Company's name was changed from Keppel Corporation Limited to Keppel Ltd.. The name change seeks to better reflect Keppel's new brand identity as one company, and allows all stakeholders, including employees, customers, shareholders and investors, to better identify with the strategic direction of the Company going forward. In line with its transformation, the Company's operations have been reorganised from its previous conglomerate structure into a simplified, horizontally-integrated model, comprising a Fund Management Platform, an Investment Platform and an Operating Platform, forming one integrated business focused on investing in and creating solutions for a sustainable future.

The **Fund Management Platform** focuses on raising capital and forging stronger relationships with investors by bringing to them the best of Keppel's solutions, investments and operating teams.

The **Investment Platform** plays a central role in driving capital deployment decisions. It drives horizontal integration by bringing together the investment and value enhancement expertise from across the Group, to create value for investors.

The **Operating Platform** integrates the track records, operating capabilities, and technical know-how of Keppel's divisions and leverages the Company's shared support functions to enable cost-efficient growth. The Operating Platform, comprising the Infrastructure, Real Estate and Data Centre and Networks Divisions, as well as M1, bolsters Keppel's distinctive value proposition as a global asset manager and operator with strong track record in the development and operation of real

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assets — such as those related to renewables, clean energy, decarbonisation, sustainable urban renewal and digital connectivity — as compared to pure-play asset managers.

Fund Management & Investment Platform

As a global asset manager and operator, Keppel creates value for investors and stakeholders through its quality investment platforms and diverse asset portfolios, including private funds and listed real estate and business trusts.

In a major step forward in the Company's strategy to be a global asset manager and operator, Keppel announced the proposed strategic acquisition of Aermont Capital, a leading European real estate asset manager in November 2023. To be executed over two phases in 2024 and 2028 respectively, the transaction brings together two like-minded asset managers with complementary capabilities to accelerate growth and provide better value propositions to private fund investors. When the acquisition of the initial 50% stake in Aermont Capital is completed in 2024, it would significantly expand Keppel's asset management business beyond the Asia-Pacific, giving Keppel an immediate and strong foothold in Europe, as well as broaden the Company's global network of Limited Partners.

As at end-Dec 2023, Keppel had approximately \$67.7 billion of total assets under management, including some \$12.6 billion of real assets on the Group's balance sheet[^], that can be potentially converted into fee-bearing Funds Under Management (FUM). To drive growth, Keppel plans to significantly scale its FUM of \$55.1 billion at the end of Dec 2023 to \$200 billion by 2030, with an interim target to achieve \$100 billion of FUM by end 2026.

The Company will also continue to drive its asset monetisation programme. Beyond the \$3-\$5 billion asset monetisation target by end-2023, which it has achieved ahead of schedule, Keppel is working towards a cumulative \$10-\$12 billion asset monetisation target by the end of 2026. Proceeds from asset monetisation will be invested in new growth engines and also used to reward shareholders.

Amidst the volatile environment, the Company sees a growing pool of investors, including sovereign wealth funds and pension funds, seeking to allocate capital to alternative assets, which can serve as a hedge against inflation. Investors are also seeking opportunities in assets that can contribute to global sustainable development and to combating climate change. With strong capabilities in sustainability solutions, Keppel is in the right space at the right time, and can harness its strengths to seize growth opportunities.

Operating Platform

The Infrastructure Division has established expertise and track records in the areas of power, decarbonisation and sustainability solutions, as well as the development, operation and maintenance of essential infrastructure.

By leveraging and complementing Keppel's asset management expertise, the Infrastructure Division is well-poised to scale up and capture opportunities driven by the global energy transition and climate commitments. Its pioneering work includes importing renewable energy into Singapore, developing Singapore's first hydrogen-ready power plant, and exploring low-carbon energy such as hydrogen, ammonia and bioenergy with international partners. The Infrastructure Division is also expanding its Energy-as-a-Service (EaaS) portfolio in Asia with more long-term contracts secured for energy supply, cooling, electric vehicle charging infrastructure and AI-driven smart energy management.

The Real Estate Division harnesses Keppel's complementary strengths across real estate solutions and asset management to tap third party funds and invest in quality projects as well as deliver innovative, sustainable solutions. As it pivots to an asset-light model, the Real Estate Division has been reinvesting in new growth engines to generate recurring income by developing Real Estate-

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as-a-Service solutions and shoring up capabilities in areas such as sustainable urban renewal and senior living. The Real Estate Division also deploys its in-house design capability to formulate suitable configurations or services, harnessing digital and green technologies to develop smart platforms that can enhance user experience as well as reduce an asset's carbon footprint.

The Connectivity segment, comprising the Data Centre and Networks Division and M1, combines Keppel's capabilities and deep domain knowledge in data centres, sub-sea cables as well as 5G and digital connectivity solutions. The Data Centre and Networks Division is actively pursuing new investment and development opportunities, leveraging Keppel's asset management expertise, to expand its geographical presence while creating more energy-efficient and sustainable data centre assets. The Division is also currently developing the Bifrost Subsea Cable System, which will be the largest capacity high-speed transmission cable across the Pacific Ocean, connecting Singapore directly to the west coast of North America when completed.

M1 continues to transform to sharpen its competitive edge and increase its momentum in digital transformation. The migration of all mass consumers, to the new cloud native digital platform has been completed. M1 is also strengthening its enterprise business with the active rollout of enterprise solutions to boost 5G adoption and deployment, as well as growing new revenue streams from scalable 5G industry solutions, both in Singapore and abroad. Through its subsidiaries AsiaPac and Glocomp, M1 continues to scale up its enterprise business as it pursues its regional growth plans.

^ Includes carrying values of identified assets on the balance sheet, as well as gross asset values of certain identified underlying assets held in joint ventures, that can be potentially converted into fee-bearing Funds Under Management (FUM). Notes receivables (vendor notes issued by Rigco Holding Pte Ltd) amounting to c. S\$4.3 billion are included.

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6. DIVIDEND

6a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

The Directors are pleased to recommend a final cash dividend of 19.0 cents per share tax exempt one-tier (2022: 18.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2023 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 15.0 cents per share tax exempt one-tier (2022: cash dividend of 15.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2023 will be 34.0 cents in cash per share (2022: 33.0 cents in cash per share).

Name of Dividend	Final FY2023
Dividend type	Cash
Dividend per share	19.0 cents
Tax rate	Tax exempt

6b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final FY2022
Dividend type	Cash
Dividend per share	18.0 cents
Tax rate	Tax exempt

6c. Date Payable

The proposed final dividend if approved at the annual general meeting scheduled to be held on 19 April 2024 will be paid on 8 May 2024.

6d. Books Closure Date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 26 April 2024 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers of ordinary shares ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 HarbourFront Avenue Keppel Bay Tower #14-07 Singapore 098632 up to 5.00 p.m. on 26 April 2024 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 26 April 2024 will be entitled to the proposed final dividend.

6e. Total Annual Dividend

Total distribution paid and proposed in respect of the financial year ended 31 December 2023 will be approximately 34.0 cents in cash per share (2022: 33.0 cents in cash per share).

	2023	2022	+/-
	\$'000	\$'000	%
Interim cash dividend	264,330	265,138	-0.3
Final cash dividend	334,836*	317,190	+5.6
Total annual dividend	599,166	582,328	+2.9

* Estimated based on share capital of 1,762,294,166 ordinary shares (excluding treasury shares) at the end of the financial year.

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6f. Dividend *In-Specie* of Seatrium shares and Keppel REIT shares

On 1 March 2023, the Company effected a dividend *in-specie* of approximately 19.1 Seatrium shares for every one Keppel Corporation (now known as Keppel Ltd.) share ("KCL Share") held by eligible Shareholders, fractional entitlements disregarded.

Based on the closing price of Seatrium shares as at 1 March 2023 of 11.5 cents per share (the first trading day of Seatrium following completion of the combination transaction between Keppel Offshore & Marine and Seatrium), the cash equivalent amount of the dividend declared by the Company was \$3,845 million, equivalent to approximately \$2.19 per KCL Share, based on the Company's issued and paid-up share capital as at the record date (for such dividend *in-specie*) of 1,751,959,918 KCL Shares (excluding treasury shares).

On 7 November 2023, the Company effected a dividend *in-specie* of 5 Keppel REIT ("KREIT") units for every one KCL Share held by eligible Shareholders, fractional entitlements disregarded.

Based on the closing price of KREIT units as at 6 November 2023 of 83.5 cents per unit, the cash equivalent amount of the dividend declared by the Company is \$294 million, equivalent to approximately \$0.167 per KCL Share, based on the Company's issued and paid-up share capital as at the record date (for such dividend *in-specie*) of 1,761,630,594 KCL Shares (excluding treasury shares).

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7. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 22 April 2023. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Transaction for the Sale of Goods and Services		2023 \$'000	2023 \$'000
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	4,687	3,664
CapitaLand Group		1,573	6,270
Keppel Infrastructure Trust Group		175,813	113,766
PSA International Group		9,518	1,549,410
Seatrium Group (f.k.a. SembCorp Marine Group)		1,167	6,053
Singapore Power Group		7,747	11
Singapore Technologies Engineering Group		3,033	340
Singapore Telecommunications Group		7,144	—
StarHub Group		48,498	—
Transaction for the Purchase of Goods and Services			
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	2,937	7,373
CapitaLand Group		5	2,911
Keppel Infrastructure Trust Group		6,258	—
Lan Ting Holdings Group		—	1,243,015
Singapore Technologies Engineering Group		90	8,414
Singapore Telecommunications Group		—	31,693
StarHub Group		117	54,465

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Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Treasury Transactions		2023 \$'000	2023 \$'000
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The named interested persons are its associates.	71	—
Keppel Infrastructure Trust Group		4,838	—
Joint Venture Keppel Infrastructure Trust Group Clifford Capital Group		42,875 6,770	— —
Total Interested Person Transactions		323,141	3,027,385

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8. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Keppel Ltd. (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

9. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

KAREN TEO/SAMANTHA TEONG
Company Secretaries
1 February 2024