

# BUILDING A SUSTAINABLE FUTURE

Annual Report 2020

# AS ONE INTEGRATED BUSINESS

We will harness the strengths and expertise of the Group to provide solutions for sustainable urbanisation that are good for the planet, for people and for Keppel.

## **VISION**

A trusted global company building a sustainable future.

## **MISSION**

We deliver solutions for sustainable urbanisation safely, responsibly and profitably.



**URBAN  
DEVELOPMENT**



**ENERGY &  
ENVIRONMENT**



**ASSET  
MANAGEMENT**



**5G  
CONNECTIVITY**



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## KEY FIGURES

## REVENUE

**\$6.6b****Decreased 13% from FY 2019's \$7.6 billion.**

Lower contributions from the Energy & Environment, Urban Development and Asset Management segments were partly offset by higher revenue from Connectivity.

## NET (LOSS)/PROFIT

**(\$506)m****Compared to FY 2019's net profit of \$707 million.**

Apart from Keppel Offshore & Marine, all key business units remained profitable in FY 2020. Excluding impairments of \$952 million mainly due to the offshore & marine business, the Group's net profit was \$446 million for FY 2020.

## MSCI ESG RATING

**AAA****Received the highest AAA rating in the Morgan Stanley Capital International (MSCI) ESG ratings in February 2021.**

Ranked among the top 8% of global industrial conglomerates, based on environmental, social and governance (ESG) criteria, in the MSCI All Country World Index. Keppel has held the rating since February 2020.

## RETURN ON EQUITY

**(4.6)%****Compared to positive 6.3% for FY 2019.**

Return on Equity for FY 2020 was negative due to the net loss registered.

## (LOSS)/EARNINGS PER SHARE

**(\$0.28)****Compared to earnings per share of \$0.39 for FY 2019.**

Net loss of \$506 million for FY 2020 translated to a loss per share of \$0.28.

## EMPLOYEE ENGAGEMENT SCORE

**87%****This was higher than Mercer's global average of 80%.**

## CASH DIVIDEND PER SHARE

**10.0cts****Compared to FY 2019's cash dividend of 20.0 cents per share.**

Total distribution for FY 2020 comprises a proposed final cash dividend of 7.0 cents per share and an interim cash dividend of 3.0 cents per share.

## NET ASSET VALUE PER SHARE

**\$5.90****Decreased 4% from FY 2019's \$6.17 per share.**

## COVID-19 RELIEF EFFORTS

**>\$5m****Committed to support communities affected by the pandemic in Singapore and overseas.**

## NET GEARING RATIO

**0.91x****Increased from FY 2019's net gearing of 0.85x.**

Net gearing increased mainly due to impact from lower equity due to the significant impairments recorded in FY 2020, as well as increase in net debt arising from investments made, working capital requirements and dividend payments.

FREE CASH INFLOW<sup>^</sup>**\$497m****Compared to FY 2019's outflow of \$653 million.**

This was mainly due to lower working capital requirements and higher proceeds from divestments.

## WORKPLACE SAFETY AND HEALTH AWARDS

**21 Awards****The highest number of awards won by a single organisation in 2020.**

<sup>^</sup> Free cash flow excludes expansionary acquisitions & capital expenditure, and major divestments.

## GROUP FINANCIAL HIGHLIGHTS

## GROUP QUARTERLY/HALF-YEARLY RESULTS (\$ million)

	2020			2019				
	1H	2H	Total	1Q	2Q	3Q	4Q	Total
Revenue	3,182	3,392	6,574	1,531	1,784	2,067	2,198	7,580
EBITDA	52	370	422	389	262	289	312	1,252
Operating (loss)/profit	(149)	157	8	322	160	183	212	877
(Loss)/Profit before tax	(357)	102	(255)	283	206	227	238	954
Attributable (loss)/profit	(537)	31	(506)	203	153	159	192	707
(Loss)/Earnings per share (cents)	(29.5)	1.7	(27.8)	11.2	8.4	8.8	10.5	38.9

	2020	2019	% Change
<b>For the year</b> (\$ million)			
Revenue	6,574	7,580	-13
Profit			
EBITDA	422	1,252	-66
Operating	8	877	-99
Before tax	(255)	954	n.m.f.
Net (Loss)/Profit	(506)	707	n.m.f.
Operating cash flow	202	(825)	n.m.f.
Free cash flow*	497	(653)	n.m.f.
Economic Value Added (EVA)	(1,368)	188	n.m.f.
<b>Per share</b>			
(Loss)/Earnings (\$)	(0.28)	0.39	n.m.f.
Net assets (\$)	5.90	6.17	-4
Net tangible assets (\$)	5.02	5.25	-4
<b>At year-end</b> (\$ million)			
Shareholders' funds	10,728	11,211	-4
Non-controlling interests	428	435	-2
Total equity	11,156	11,646	-4
Net debt	10,123	9,874	3
Net gearing ratio (times)	0.91	0.85	7
<b>Return on shareholders' funds</b> (%)			
(Loss)/Profit before tax	(2.4)	7.9	n.m.f.
Net (Loss)/Profit	(4.6)	6.3	n.m.f.
<b>Shareholders' value</b>			
Distribution (cents per share)			
Interim dividend	3.0	8.0	-63
Final dividend	7.0	12.0	-42
Total distribution	10.0	20.0	-50
Share price (\$)	5.38	6.77	-21
Total shareholder return (%)	(18.6)	18.5	n.m.f.

\* Free cash flow excludes expansionary acquisitions & capital expenditure, and major divestments.

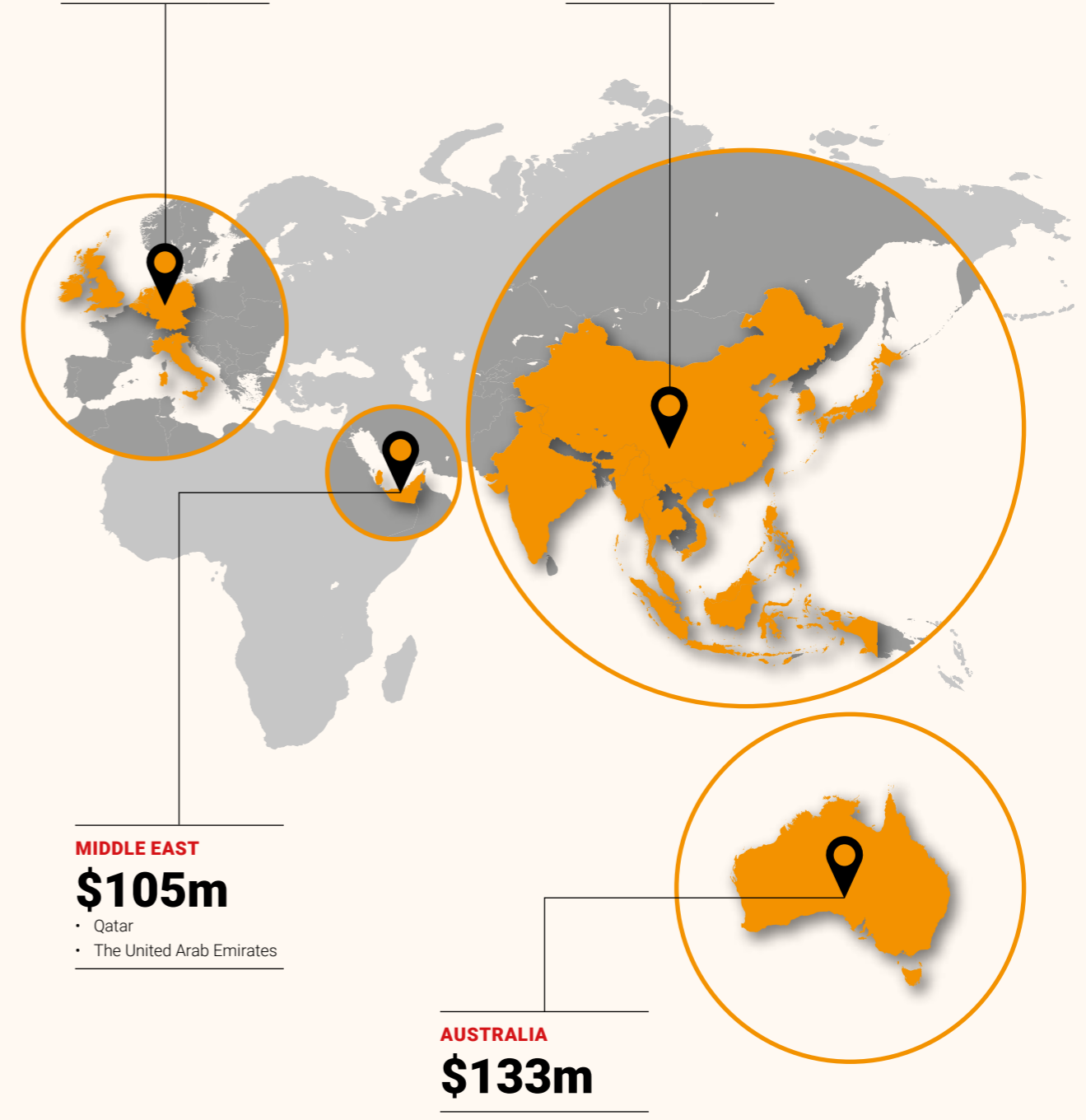
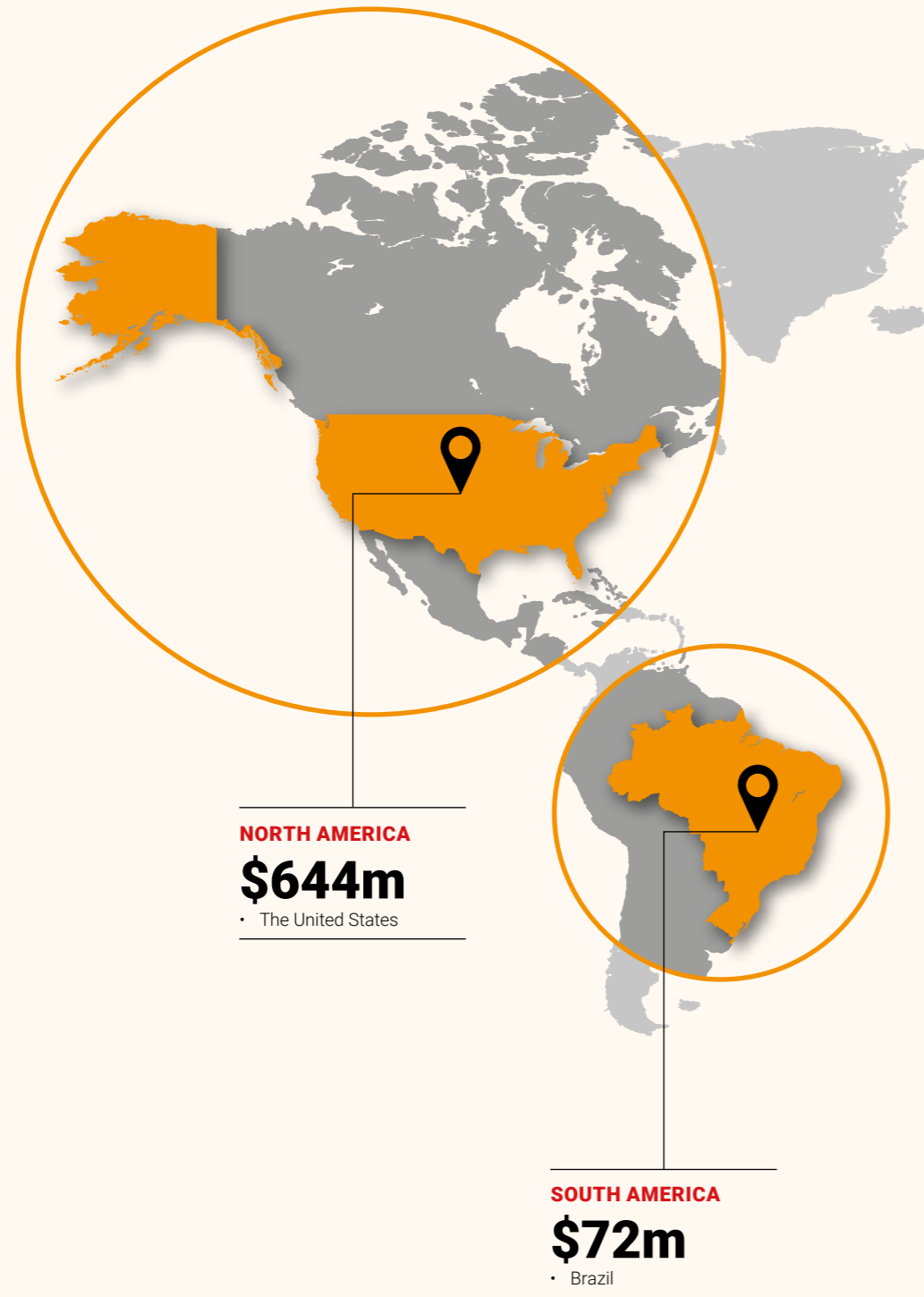
n.m.f. = No meaningful figure

# GLOBAL PRESENCE

## TOTAL FY 2020 REVENUE

# \$6.6b

Markets outside of Singapore contributed about 41% of the Group's revenue for FY 2020.



# BUILDING A SUSTAINABLE FUTURE

*As part of Vision 2030,  
we are working towards becoming  
one integrated business, providing solutions  
for sustainable urbanisation.*

## DEAR SHAREHOLDERS,

2020 will long be remembered as the year of the COVID-19 pandemic. The pandemic infected more than 100 million people worldwide and caused the death of more than two million victims by end-February 2021. It inflicted immense human suffering, ravaged the global economy and disrupted life everywhere.

Recent progress in the development and rollout of COVID-19 vaccines has given hope of bringing the pandemic under control. However, the virus continues to spread in many countries, with new mutations emerging and threatening new waves of infection. We are thus not out of the woods yet, but must continue to rigorously implement safe management measures as we continue the global fight against the coronavirus.

As a multi-business company operating in more than 20 countries, Keppel has also been severely impacted by the pandemic, especially our offshore & marine (O&M) business, which was badly hurt by the plunge in global demand for oil.

However, despite the many challenges brought about by COVID-19, Keppel continues to strive for growth and success. In May 2020, we unveiled Vision 2030, our long-term strategy to guide the Group's growth and transformation.

## VISION 2030

From a conglomerate of largely unrelated parts, we are working towards becoming one integrated business, providing solutions for sustainable urbanisation. We will focus on four key segments that are part of a connected value chain, namely Energy & Environment, Urban Development, Connectivity and Asset Management. We are also deepening intra-company collaboration and adopting a *OneKeppel* approach to harness the synergies of the Group

## GROUP OVERVIEW

### CHAIRMAN'S STATEMENT



LEE BOON YANG Chairman

## WE ARE DEEPENING COLLABORATION AND ADOPTING A *ONEKEPPEL* APPROACH TO HARNESS THE SYNERGIES OF THE GROUP AND CAPTURE NEW PROFIT POOLS.

and capture new profit pools that might not be available to individual business entities.

In the last few months, we have progressively announced different steps that Keppel is taking to execute Vision 2030. These include the announcement last September of our plans to monetise \$3–5 billion of identified assets over three years, which will be redeployed to seize new opportunities. We have since made good progress towards the target, with announced divestments of more than \$1.2 billion from October to December. We will continue our asset monetisation programme in the year ahead and recycle capital to fund new initiatives.

Earlier this year, we also announced bold plans to transform Keppel Offshore & Marine (Keppel O&M) to be more relevant and competitive amidst the global energy transition. Keppel O&M will exit the offshore rigbuilding business, after completing its existing uncompleted rigs, and will progressively

exit low value-adding repairs and other activities with low bottom-line contribution. Keppel O&M will instead transit to being a developer and integrator of offshore energy and infrastructure assets, focusing on work with higher value capture. As we execute the transformation of Keppel O&M, we will also continue to explore inorganic options, though there is no assurance that any transaction will materialise.

In line with Keppel's sharpened business focus, we have decided to divest our logistics business, and are currently engaging potential buyers. We have also announced new initiatives in the development of onshore and offshore renewable energy assets, urban development and asset management, among others. These are just some of the changes and new initiatives that the Company will be implementing as we pursue Vision 2030.



## CHAIRMAN'S STATEMENT

## FINANCIAL PERFORMANCE

For FY 2020, Keppel sustained a net loss of \$506 million, due to impairments of \$952 million, which were mainly in the O&M business. Most of these impairments were recorded in 2Q 2020, following the sharp drop in oil demand and oil prices, which were triggered by the pandemic.

Apart from Keppel O&M, all key business units remained profitable, with Keppel Infrastructure, Keppel Capital and Keppel Telecommunications & Transportation achieving higher net profits year-on-year (yoy). Excluding impairments, FY 2020's net profit would have been \$446 million, underpinned by the resilient performance of Keppel's business units, many of which provide essential services and continued operating throughout the pandemic.

In appreciation of our shareholders for their continued confidence and support for Keppel in this difficult environment, the Board of Directors has proposed a final cash dividend of 7.0 cents per share for FY 2020. Together with the interim

cash dividend of 3.0 cents per share, we will be paying out a total cash dividend of 10.0 cents per share to shareholders for the whole of 2020.

## ENERGY &amp; ENVIRONMENT

Over the past few years, Keppel O&M has been increasingly pivoting to renewables and cleaner fossil fuels such as Liquefied Natural Gas (LNG). This strategy has borne fruit. Despite the very tough environment, it secured new order wins of about \$1.0 billion in 2020, with offshore renewables and LNG solutions making up 65% of new orders. Keppel O&M's net orderbook stood at \$3.3 billion as at end-2020, of which close to 82% comprises renewables and gas solutions.

Keppel Infrastructure delivered strong results and continued to grow as a steady contributor to the Group, underpinned by improved performance in the Energy Infrastructure and Environmental Infrastructure businesses. During the year, Keppel Infrastructure secured \$2.1 billion worth of waste-to-energy (WTE) and district cooling contracts across Singapore, India and Thailand.

## CASH DIVIDEND PER SHARE

# 10.0cts

Total cash distribution proposed for FY 2020.

Apart from Keppel O&M, all key business units remained profitable, with many providing essential services and continuing to operate throughout the pandemic.



Keppel O&M extended its track record in offshore renewables, securing a \$600 million contract to build one of the world's largest offshore wind turbine installation vessels for Dominion Energy in the US.



In February 2021, Prime Minister Lee Hsien Loong (third from left) together with Minister for Sustainability and the Environment, Ms Grace Fu (fourth from right) officiated at the opening of the iconic KMEDP.

Despite disruptions caused by the pandemic, the iconic Keppel Marina East Desalination Plant (KMEDP) was completed on schedule and commenced operations in June 2020. On 4 February 2021, we were honoured to have Prime Minister Lee Hsien Loong officiate at the official opening of the plant. It is Singapore's first dual-mode desalination plant, capable of treating seawater and reservoir water, and will contribute to enhancing Singapore's water security.

Keppel Renewable Energy has also announced its first renewables project, namely the development of a 500MW solar farm in Queensland, Australia. We will continue to explore opportunities in renewable energy assets.

## URBAN DEVELOPMENT

During the year, Keppel Land announced asset divestments of about \$1.3 billion, and continued to grow its business with the acquisition of a stake in a co-living solutions provider as well as new projects in China and India.

Keppel Land sold about 3,340 residential units, mainly in China, Vietnam and Singapore. Home sales were lower yoy, due to economic headwinds in China, as well as fewer new projects launched in the Chinese market. In Vietnam, home sales were affected

by slower approval for the launch of new projects, though the underlying demand remains strong. In Singapore, home sales improved, reflecting the continuing demand for high-quality and well-located homes.

These home sales figures do not include the approximately 8,200 units sold en-bloc from the announced divestments of our stakes in four residential projects across China and Vietnam.

Our total residential landbank stands at about 54,000 homes, with the majority in China and Vietnam, and a growing portfolio in India.

Keppel Urban Solutions continued to seek opportunities as a master developer of smart, sustainable urban townships, tapping the diverse capabilities of the Keppel Group. It continues to collaborate with Keppel Land on the development of the 64-hectare Saigon Sports City, which combines high-quality urban living with vibrant and healthy lifestyles.

In China, the Sino-Singapore Tianjin Eco-City continues to grow steadily with a vibrant community. During the year, the master developer sold two residential land plots and two industrial plots.

## CONNECTIVITY

The pandemic changed the way many people worked. Working from home and virtual meetings became the norm. These changes have driven up demand for communication services and data centres.

In 2020, Keppel Data Centres added two new data centre development projects in Singapore and China to its portfolio. Following the success of the inaugural Alpha Data Centre Fund, we have launched the new Keppel Data Centre Fund II, which will allow us to further expand our data centre footprint, without relying just on our balance sheet.

M1 provides essential communications services and remained relatively resilient despite the pandemic. While roaming and prepaid revenue were affected by COVID-19 related travel restrictions, M1 has expanded its market share to have the second largest postpaid base in Singapore, based on both the number of customers and revenue. A major coup for M1 in 2020 was securing the 5G network license together with StarHub, which will see M1 roll out 5G network coverage across Singapore. The sharing of network resources with StarHub will allow M1 to push out 5G service at more affordable cost. M1's transformation is also progressing well. It has recently unveiled its refreshed brand identity and launched



As part of Vision 2030's focus on sustainability, Keppel is exploring the development of floating data centres, which are more energy efficient than traditional land-based ones.

## We are making sustainability our business, by providing solutions that contribute to a cleaner and greener world, such as renewable energy, WTE plants and green buildings.

its new digital connectivity platform, which is expected to significantly improve customer experience.

### ASSET MANAGEMENT

Asset Management functions both as a vertical for the Group, and a horizontal which promotes collaboration across businesses, while also serving as a platform for capital recycling and tapping third-party investments for growth. Keppel Capital performed well in FY 2020, with assets under management growing to \$37 billion by end-2020, compared to \$33 billion a year ago. Despite COVID-19 related travel restrictions, Keppel Capital-managed funds raised total equity of about \$4.5 billion from institutional investors during the year, reflecting the strong demand from investors for assets with long-term sustainable cashflow. Keppel Capital has also launched and achieved first close for several funds spanning different asset classes, including real estate, data centres and infrastructure.

### BUILDING A SUSTAINABLE FUTURE

As part of Vision 2030, the Board and management have put sustainability at

the core of our strategy. We are committed to running our businesses sustainably, with long-term targets for reducing carbon emissions, as well as water and waste intensities. Environmental sustainability has been woven into the performance appraisal of senior management across the Group, and an internal shadow carbon price has been included in the evaluation of all major investment decisions.

We are also making sustainability our business, by providing solutions that contribute to a cleaner and greener world, such as renewable energy, WTE plants and green buildings. Reflecting our commitment to contribute to greening the built environment, Keppel Bay Tower, where Keppel Corporation is headquartered, has been certified by the Building and Construction Authority (BCA) as Singapore's first Green Mark Platinum (Zero Energy) commercial building. In addition, we are exploring floating data centres, which are more energy efficient than traditional land-based ones.

The realisation of Vision 2030 depends on people, our most important asset,

and we have continued to invest in training and talent development. I am heartened to see that notwithstanding the challenging external environment, Keppelites remain highly engaged. In the 2020 Employee Engagement Survey, we achieved an engagement score of 87%, significantly higher than Mercer's global average of 80%. As part of the Group's succession planning, we have carried out leadership renewal in a few key business units. These next generation leaders are part of the team that formulated Vision 2030 and are well-placed to collaborate with the rest of the Group to realise our common vision.

Compliance remains a key focus area. In December 2020, we announced that Keppel O&M had complied with and successfully concluded the Deferred Prosecution Agreement which it had entered into with the U.S. Department of Justice three years ago, thus bringing closure to a very painful chapter in Keppel's history. Reflecting Keppel's zero tolerance for corruption, we have continued to enhance our compliance measures, including progressively rolling out the ISO 37001 Anti-Bribery Management System across business units. Apart from Keppel O&M, which had achieved global certification in 2019, the Singapore entities of both Keppel Land and Keppel Data Centres also achieved ISO 37001 certification in 2020.

Safety is one of Keppel's core values, and we continue to enhance the Group's safety performance, including through harnessing technology such as data analytics and artificial intelligence to improve our health and safety systems and processes. At the Singapore Workplace Safety & Health Awards 2020, Keppel won 21 awards, the highest number by a single organisation for the year. In 2020, our total recordable injury rate improved. However, sadly, we suffered one fatality at a yard in Singapore. We have thoroughly investigated the incident and put in place enhanced training and other measures to prevent recurrence.

Keppel believes in contributing to the community, wherever we operate. We committed over \$5 million to the fight against COVID-19, in Singapore and overseas, including donating to The Courage Fund in Singapore. I would like to thank the directors and staff of the Keppel Group for their generous contributions to these efforts. Beyond lending a hand to communities most affected by COVID-19, we also continued to provide care for the underprivileged and support environmental causes. Through the Keppel Care Foundation, we donated \$2 million to the National Kidney Foundation to open the first dialysis centre in Singapore which is co-located within a hospital compound.

We also committed to plant 10,000 trees in Singapore over the next five years, in support of the National Parks Board's One Million Trees Movement. Beyond providing financial support, our staff also contributed more than 10,000 hours of volunteer community outreach and service globally, including both physical events held in compliance with safe management measures, as well as creative virtual engagement programmes.

### ACKNOWLEDGEMENTS

As Keppel had announced earlier, I will be retiring from the Board on 23 April 2021, immediately after the upcoming Annual General Meeting (AGM). I will be succeeded by Mr Danny Teoh, a longstanding director of the Company with sharp business acumen and strong expertise in governance, finance and risk management, whom I am confident will provide effective leadership to the Board and management as Keppel continues its growth and transformation.

It has been a great privilege and honour for me to have served as the Chairman of the Board for close to 12 years. I am deeply grateful to shareholders for your support, and for the opportunity to have worked with many outstanding Board members and dedicated Keppelites to build on the Keppel story.

We would also like to thank our non-executive and independent directors, Mr Alvin Yeo and Mr Tan Ek Kia, who will be retiring at the conclusion of the upcoming AGM. We are grateful to Alvin for his close to 12 years of distinguished service and wise counsel, and Ek Kia, whose extensive experience in the energy business and the field of HSE

(health, safety and the environment) has greatly benefitted the Board and Company for almost 11 years.

In addition, I would like to thank my fellow directors for their commitment and valuable guidance during this past year, which has been exceptionally challenging. I am also grateful to our many partners, customers and stakeholders for their support and confidence in Keppel as we navigate these uncharted waters.

Finally, my appreciation goes to the thousands of Keppelites around the world, including the migrant workers who are an important part of our workforce, for their hard work, dedication and resilience, as we continued to run our operations and provide essential services to the community despite the pandemic.

While the global economic outlook remains uncertain, we have a clear vision of the future that we want to create. Guided by Vision 2030, the Group will work as *OneKeppel* and collaborate with our partners and stakeholders to build a sustainable future.

Yours sincerely,

### LEE BOON YANG

Chairman

26 February 2021



Keppel Volunteers distributed festive care packs to beneficiaries as part of the Group's support for vulnerable communities affected by COVID-19.

### COMMUNITY CONTRIBUTION

>\$5m

Committed to fight COVID-19, in Singapore and overseas.

### VOLUNTEER HOURS

>10,000 hrs

Of community outreach and service by Keppelites globally.

## INTERVIEW WITH THE CEO



LOH CHIN HUA Chief Executive Officer

## GUIDED BY VISION 2030, WE WILL GROW KEPPEL AS AN INTEGRATED BUSINESS PROVIDING SOLUTIONS FOR SUSTAINABLE URBANISATION, WITH SUSTAINABILITY AT THE CORE OF OUR STRATEGY.

**Q 2020 was a very challenging year. Beyond the financial impact, how has the COVID-19 pandemic changed Keppel's outlook and strategy?**

**A** COVID-19 caused considerable human suffering and disruption to the global economy. But it also engendered fast and furious experimentation the world over, giving rise to new ways of working and new business models. Keppel was fortunate to have embarked on our digitalisation journey a few years ago, which allowed us to transit quickly to working from home, or from almost anywhere.

In May 2020, despite the pandemic, we unveiled Vision 2030, our long-term roadmap to grow and transform Keppel into an integrated business providing solutions for sustainable urbanisation. We will focus on four key areas, namely Energy & Environment, Urban Development, Connectivity and Asset Management, all part of

a connected value chain, while putting sustainability at the core of our strategy.

The macro trends that Vision 2030 seeks to address, such as rapid urbanisation, the energy transition, climate change, digitalisation and super liquidity, were identified pre-COVID-19 but remain highly relevant today. If anything, some of these trends have been further accelerated by the pandemic, and we have to act quickly and decisively to transform and seize opportunities.

With a sharpened business focus and an asset-light model, we will take a disciplined approach to capital allocation, and proactively unlock capital that can be recycled into growth opportunities. As part of our Vision, we have identified a group of assets with a carrying value of \$17.5 billion that can potentially be monetised over time. These assets do not include our key business platforms or fixed assets

such as the yards that we operate, nor do they include some of the units that we hold in the REITs and business trust to align interests with their Unitholders.

We have set ourselves the target to monetise about \$3–5 billion of this substantial asset pool over the next three years, which will provide the balance sheet space for us to invest in the many exciting growth opportunities we have identified across our business lines.

**Q Vision 2030 seems quite far out. How will Keppel keep up the energy and momentum? Are there plans to bring the targets forward?**

**A** Vision 2030 has been well-received by our stakeholders, and also the investment community. But I have sometimes been asked, "Why 10 years? Does Keppel plan to take this long to realise the Vision?"

2030 was chosen to give our younger leaders a longer runway to boldly re-imagine a Future Keppel, unencumbered by our current areas of businesses. It is not our intention to take a decade to execute the Vision. Now that we have determined our future direction, we will accelerate the execution of our Vision. Internally, we have adopted a rallying cry of "2030 by 2025". Most initiatives can be achieved by 2025, although some may take a bit longer.

To monitor and drive the implementation of Vision 2030, we established a Transformation Office and also launched a 100-day plan at end-September 2020 with the goal of expediting our plans and invigorating Keppelites with the excitement and urgency of a Day-1 company.

Our 100-day plan yielded very encouraging results. During this time, we announced over a dozen different initiatives, including asset monetisation as well as growth initiatives, such as securing new offshore and onshore renewables projects, growing our urban development business, and launching new funds aligned to Keppel's areas of business. Significantly, we announced over \$1.2 billion in divestments between October and December 2020, putting us well on track to achieving our three-year target of \$3–5 billion. In line with our sharpened business focus and financial discipline, we also carried out a strategic review of our offshore & marine (O&M) business.

With the conclusion of the 100-day plan, we are pursuing the next waves of initiatives. In the year ahead, we will continue our asset monetisation programme as we recycle capital into new opportunities and growth engines. We will not stop at the \$3–5 billion monetisation target. If conditions are favourable, we will continue to do even more.

**Q Can you share the thinking behind the strategic review of Keppel's O&M business? Are you still considering inorganic options?**

**A** The intense headwinds faced by the O&M industry have been accelerated over the past year, with the Group taking \$952 million of impairments in FY 2020, mainly in the O&M business. Quite clearly, business as usual is not an option. It is thus critical to have a good organic plan that we can work on immediately to tackle the pressing challenges facing Keppel O&M, even as we explore inorganic options.

We believe that we have a very compelling plan for the organic transformation of Keppel O&M. It would not only enhance Keppel O&M's competitiveness and relevance amidst the energy transition but also bring the company more in line with Keppel's Vision and Mission. The Group will also benefit from Keppel O&M's sharpened focus and capabilities as we provide diverse solutions for sustainable urbanisation. Should we decide in future to undertake inorganic actions, the organic restructuring of Keppel O&M would also enhance its attractiveness to other parties.

**Q What are some of the opportunities arising from the restructuring of Keppel O&M?**

**A** The bold organic transformation of our O&M business will see us seizing opportunities in the energy transition and contributing further up the value chain, in line with Vision 2030. Through the restructuring, we aim to create a slimmer and more competitive Keppel O&M that is people- and asset-light. In creating the three different parts of the business, Rig Co, Dev Co and Op Co, we have ring-fenced the legacy assets and will contain any further capital outflow beyond the initial funding, as we work towards resolving this legacy issue.

In the meantime, Op Co, undistracted by the legacy assets, can focus on transforming the rest of Keppel O&M

to be a developer and integrator of offshore energy and infrastructure assets, focusing on higher value aspects such as design, engineering and procurement. It will exit the offshore rigbuilding business, and progressively withdraw from low value-adding repairs and other activities with low bottom-line contribution.

In positioning Op Co higher up the value chain as a developer and integrator, we may not need the same yard capacity and footprint. In this respect, Op Co will review and streamline its yard operations, including repurposing the yards for other uses. Op Co will also work towards creating higher value-adding jobs, while subcontracting the more labour-intensive work to third parties, including other yards.

With the energy transition, there will be a stronger push in the energy mix for renewables and cleaner fuels like liquefied natural gas. Keppel O&M has a good head start in this respect, with gas and renewables solutions making up over 80% of its net orderbook of \$3.3 billion at the end of 2020. Keppel O&M will continue to build on this traction to invest in new capabilities that will enable it to seize new opportunities. These include renewables, gas solutions, production assets such as Floating Production Storage and Offloading units, as well as new energy solutions like hydrogen and tidal energy.



Keppel announced the monetisation of over \$1.2 billion of assets from October to December 2020, including Keppel Bay Tower in Singapore, and is well on track to achieving the Group's 3-year target.

## INTERVIEW WITH THE CEO

## The bold organic transformation of our O&M business will see us seizing opportunities in the energy transition and contributing further up the value chain.

We will also explore how Keppel O&M's offshore rig technology can be repurposed for other uses, including collaborating with other Keppel business units to offer diverse urbanisation solutions such as offshore and nearshore infrastructure and floating data centre parks.

I am confident that over time, Keppel O&M will be transformed into a nimble industry leader that is well-positioned for the global energy transition and also a strong contributor to the Group's target Return on Equity (ROE) of 15%.

**Q What about the logistics business? What is the rationale for divesting the business when global demand for logistics seems to be growing, especially during the pandemic?**

**A** It is true that the logistics business has been a beneficiary of the COVID-19 pandemic. We have seen strong growth in the demand for urban logistics and channel management. The decision to divest, however, is in line with the more focused and disciplined approach

towards capital allocation which we have committed to as part of Vision 2030.

We believe we have a good logistics business, but it is currently subscale. While it is possible for us to invest more capital and grow the business over the long term, we believe that a third party may be able to provide a better eco-system to scale up the business. Thus far, we have received strong interest from potential buyers. We are currently evaluating the bids and have shortlisted a few parties for deeper engagement. We are keeping our options open and may decide either to divest our logistics business completely or continue holding a minority stake.

**Q You have spoken about making sustainability a business for Keppel as part of Vision 2030. What are some of the key initiatives and developments on this front?**

**A** We believe that our shareholders, as well as investors of our private funds, appreciate companies like Keppel, who embrace sustainable practices,

and can also provide innovative solutions that contribute to a greener and better world. We are also seeing growing interest from other stakeholder groups, including governments and customers, to work with us on different infrastructure and urban development projects that contribute to a more sustainable future.

We are applying the lens of sustainability to the Group's major investment decisions. With the risks and impact of climate change becoming more evident, we have introduced a shadow carbon price in the evaluation of all major investments. This would help us better understand the carbon footprint of our business activities and the possible impact of future carbon taxes, and also avoid potential stranded assets.

Over and above running our business in a sustainable and environmentally responsible manner, we see Keppel playing a significant role in helping businesses and communities become more sustainable through the solutions that we provide. Beyond the solutions that Keppel is already well-known for, such as waste-to-energy (WTE) and water solutions, district cooling plants, green buildings and townships, we are pushing boundaries to explore and develop new solutions that can contribute to combatting climate change, while also opening up new profit pools for the Group.

Under the auspices of the National Research Foundation, Keppel Data Centres Holding (KDCH) joined hands with several industry leaders to develop the first end-to-end decarbonisation process in Singapore that can help reduce carbon intensity across key sectors such as energy, chemicals and construction. Such carbon capture, utilisation and sequestration technologies can potentially be implemented in KDCH's own operations, as well as various parts of Keppel to create cleaner products and solutions that help to advance climate action and the circular economy. In the same vein, we are exploring floating data centre technologies as well as other innovative solutions including a cold energy harnessing facility and a hydrogen powered tri-generation plant to reduce the carbon footprint of data centres.



Detailed engineering of an offshore wind farm substation.

The new Keppel O&M will focus on higher value-adding work as a developer and integrator of offshore energy and infrastructure.



The Tuas Nexus Integrated Waste Management Facility, to be developed by a Keppel-led consortium, will contribute to Singapore's sustainable urbanisation.

We are also advancing our presence in the renewables space as a developer, owner and operator of renewable energy infrastructure. In December 2020, Keppel Renewable Energy announced the development of a large-scale, greenfield solar farm in Queensland, Australia. To be completed in 2023, the 500MW solar farm will be connected to the national energy market for consumers and also businesses seeking sustainable energy solutions, including Keppel-related companies in Australia. We have announced a target to expand the Group's portfolio of renewable energy assets to 7GW by 2030.

Collectively, our expertise in green data centre technologies and ability to tap renewable energy puts Keppel in a good position as we work with the authorities in Singapore and other countries to develop new low carbon data centres, as well as with our customers who are increasingly focused on sustainability. What I have shared are just a few examples of the many exciting opportunities that we see in various parts of our business. There would be even more growth opportunities, new profit pools and synergy unleashed as we link up our varied offerings and solutions across an integrated value chain as *OneKeppel*.

**Q Keppel had secured WTE and district cooling contracts worth about \$2.1 billion in 2020. What are some of the key opportunities ahead?**

**A** Keppel Infrastructure continued to grow as a steady contributor to the Group. In 2020,

Keppel Infrastructure secured \$2.1 billion worth of WTE and district cooling contracts across Singapore, India and Thailand. Some of these come with long concessions of 20–30 years, adding to the visibility of recurring income from the operation and maintenance of the assets.

At the end of June 2020, commercial operations began at Keppel Marina East Desalination Plant (KMEDP). KMEDP was officially inaugurated by Singapore's Prime Minister Lee Hsien Loong on 4 February 2021. It was a proud moment for Keppel, having contributed to strengthening Singapore's water security with an asset that will also provide a steady stream of operating income and cashflow over the next 25 years.

Meanwhile, site works for Singapore's first Integrated Water and Solid Waste Treatment Facility, Tuas Nexus, commenced in September 2020. Over in Hong Kong, we continued to make progress on the construction of the integrated waste management facility project, albeit at a slower pace due to disruptions from the COVID-19 pandemic. As at October 2020, Keppel Electric was the leading Open Electricity Market retailer with an approximate 23% market share of residential consumers in Singapore.

We expect to see continuing urbanisation in the post COVID-19 world, which will present substantial opportunities for Keppel across our spectrum of energy and environmental infrastructure

solutions. With the launch of new funds such as the Keppel Asia Infrastructure Fund (KAIF), we are well-positioned to seize growth opportunities and scale the business in partnership with co-investors, and without relying just on our own balance sheet.

**Q What is the outlook for the property business and how is Keppel adapting to the changing landscape?**

**A** Of the approximately \$17.5 billion of monetisable assets that we have identified across the Group, about 30% or \$5.3 billion comprises our quality residential landbank and residential development projects that are held at cost.

The strategy of activating our sizeable landbank has served us well. For the whole of 2020, Keppel Land announced asset divestments of about \$1.3 billion. This includes four residential projects across China and Vietnam, which are equivalent to about 8,200 units sold en-bloc, over and above the 3,340 homes that Keppel Land sold in the normal course of business during the year.

The progress in capital recycling also reflects the discipline we have instilled in the business to evaluate and turn our assets regularly. We have shared earlier that Keppel Land's revalued net asset value (RNAV) was \$10.3 billion at the end of 2018. This was approximately \$5.68 per share of Keppel Corporation, which represents a good premium

## INTERVIEW WITH THE CEO

compared to its book value of about \$4.49 per share then. The RNAV of Keppel Land had edged up further in our last internal evaluation in early-2020. In many Asian cities where land prices have risen significantly, we are well-placed to realise the true value of our assets by divesting some of our land parcels or projects, while working with like-minded partners to co-develop others.

From time to time, we may still acquire land plots, but only when it makes sense. Through Keppel Urban Solutions (KUS), we will also be seeking opportunities as a horizontal master developer for integrated townships. KUS will work with other technology and solutions providers to create new smart districts, towns and cities. Keppel Land can develop some of the plots vertically into homes, offices and commercial spaces. In a sense, creating developable land from large tracts of raw land, by leveraging the Group's capabilities in energy, environmental engineering, urban development and connectivity, will ultimately provide better margins. KUS can also bring in other property developers to provide more diversity in the design and construction of the cityscape. We will also stay nimble, and focus on acquiring new capabilities and business models, such as in co-living and co-working, to address the new opportunities ahead, including the evolution of real estate as a service.

**Q What is the outlook for the data centre business?**

**A** As the world becomes more digitalised and connected, the demand for data centres will continue to grow rapidly. Our data centre business has been a foremost example of the potential and multiplier effect that our various business units have when they collaborate with one another to create better, smarter solutions.

KDCH, together with the private data centre funds under Keppel Capital and also Keppel DC REIT, generated total earnings of about \$598 million, on average shareholders' funds of about \$382 million since 2014. This does not include the approximately \$541 million premium over the carrying value of Keppel's stake in Keppel DC REIT as at 31 December 2020.

Alpha Data Centre Fund (Alpha DC Fund), a collaboration between KDCH and Keppel Capital, has grown its portfolio to have over 1.38 million square feet of gross floor area in key economic centres across Asia Pacific and Europe. During the year, Alpha DC Fund announced that it was investing about RMB1.5 billion for a greenfield data centre development



M1 has increased its market share to have the second largest postpaid base in Singapore, based on both the number of customers and revenue.

in Huizhou, Guangdong Province. This marked Keppel's first data centre development in mainland China.

Following the success of Alpha DC Fund, we have launched the US\$1 billion Keppel Data Centre Fund II (KDC Fund II) and raised more than US\$500 million as at December 2020. KDC Fund II will focus on making strategic investments in fast-growing cities across Asia Pacific and Europe, widening our presence in these markets.

As we expand our data centre business in collaboration with third-party investors, we will continue to draw on our engineering nous as well as the Group's diverse capabilities to create greener solutions and better assets that will be valued by our customers and investors.

**Q Can you talk about M1's progress since its privatisation? What kind of opportunities does the securing of a 5G standalone licence in Singapore open up for the Group?**

**A** M1 has been contributing meaningfully to the Group since its privatisation. The company has performed commendably over the past year in spite of COVID-19, increasing its market share to have the second largest postpaid base in Singapore, based on both the number of customers and revenue.

A significant milestone in 2020 was the securing of a 5G standalone (SA) licence jointly with StarHub. The sharing of resources with StarHub will enable

M1 to provide 5G services at an affordable cost to consumers and businesses. Presently, M1 is in the process of rolling out its 5G SA network and has gained swift traction by becoming Singapore's first telco to open up 5G access to all its customers, without any restrictions on the number of sign-ups or plans.

The real benefits of 5G however, extend beyond faster download speed for consumers to enabling the low latency and network slicing that have vast applications for industries and businesses. To this end, M1 has been actively collaborating with industry leaders as well as government agencies to conduct trials of 5G use cases that will help to advance Singapore's smart nation ambition.

For instance, M1 is partnering IBM, Infocomm Media Development Authority and Samsung to conduct Singapore's first 5G Industry 4.0 trial that aims to demonstrate the transformative impact of 5G for enterprises. 5G's capabilities such as faster data transfer and more rapid response times, when coupled with other transformative technologies like artificial intelligence, can enable significant improvements to production, service, quality control and testing across a broad range of industries. M1 is also collaborating with DBS to jointly develop digital banking solutions and provide bundled services to large corporates and small-to-medium enterprises.

M1's expanding capabilities are a strong complement to the Group's business operations as well as diverse solutions

for sustainable urbanisation. Whether in Singapore or overseas, we can leverage M1's data analytics capabilities to glean actionable insights that can be applied in our master development projects and smart cities, and to provide connectivity to the increasing number of smart assets, leveraging both Internet of Things and Industrial Internet of Things. This greatly amplifies the possibilities, and also the potential for unlocking synergy as our business units collaborate as *OneKeppel*.

**Q The Asset Management business has achieved good traction in 2020, in spite of the pandemic. Why is this so, and can you talk about the opportunities that excite Keppel?**

**A** Our Asset Management business serves as a financial twin to our other segments, providing funding and opportunities for monetisation once a solution is commercialised, de-risked and cashflow generative. In FY 2020, our Asset Management business was the second largest contributor to the Group (after Urban Development), with a net profit of \$280 million for FY 2020, which included a mark-to-market gain of \$131 million from the reclassification of the Group's interest in Keppel Infrastructure Trust from an associated company to an investment.

2020 was a prolific year for Keppel Capital, which launched a series of new private fund initiatives across data centres, education, infrastructure, logistics, mezzanine debt and real estate, and raised total equity of about \$4.5 billion from global institutional investors. While COVID-19 imposed restrictions on travel, Keppel Capital was able to leverage its strong network and overseas offices to continue engaging investors. During the year, Keppel Capital completed over \$7 billion worth of acquisitions and divestments and saw a healthy increase in asset management fees. By end-2020, Keppel Capital's assets under management had risen to \$37 billion, a 12% growth over \$33 billion in the year before.

These achievements not only reflect strong demand from investors for assets with long-term sustainable cashflow, but also their desire to work with Keppel Capital, which is part of the larger Keppel Group and eco-system. The Group's capabilities in creating and operating real assets are an attractive proposition for the investors of Keppel Capital's funds. Another added advantage that Keppel has is our established platform consisting of listed REITs and a business trust that can help to monetise these assets when they have been de-risked and are cashflow generating.

## As we continue to advance our asset-light model, gains from the monetisation of assets would add to the pool of profits from which we pay out dividends.

Keppel, as co-investor and sponsor in these private funds and listed vehicles, has also benefitted from this virtuous cycle of value creation. In FY 2020, our stakes in the various private funds and listed trusts yielded \$195 million in net contributions to the Group. In addition, the private funds, such as KAIF and KDC Fund II, enable us to scale our business by tapping third-party funds while reducing the burden on our balance sheet. And as we continue to provide services, such as development, operation and maintenance or asset management, these various sources of fees will give us multiple bites of the cherry and contribute towards growing the Group's recurring income.

**Q What are the plans to allocate the capital unlocked from the asset monetisation programme? Will the Company consider giving special dividends to shareholders?**

**A** An integral part of Vision 2030 is to have a more disciplined approach to asset allocation. We have in place a set of metrics, and will prudently assess each investment based on its ability to meet the Group's ROE target, scalability, the potential for synergy and creation of new profit pools, and also alignment with our Vision, Mission and environmental, social and governance goals.

Funds unlocked from the monetisation of assets would initially go toward reducing our net gearing. This is already taking place, and we have seen our net gearing lower from 1.0x as at end-June 2020 to 0.91x as at end-2020. Looking ahead, we will also have funding requirements for our growth initiatives. There are a number of exciting areas across our segments including renewable energy, environmental solutions, data centres, smart and connected urban developments, as well as asset management.

We recognise that dividends are important to our shareholders. Even though 2020 was a difficult year, the Board has proposed a final dividend of 7.0 cents per share, taking into consideration metrics such as the free cash inflow.

As we continue to advance our asset-light model, gains from the monetisation of assets would add to the pool of profits from which we pay out dividends. We will also explore how best to create value with the surplus funds unlocked. This could include returning some capital to shareholders over time, particularly in periods where growth opportunities may be fewer or priced inappropriately.

**Q How is Keppel developing its people to drive the achievement of Vision 2030?**

**A** To achieve Vision 2030, we need to have the right people, with the right mindsets and skillsets, who are agile and ever-ready to learn and adapt in this fast-changing world.

I am heartened to see that despite the challenging external environment, we continue to have a high employee engagement score of 87%; higher than Mercer's global average of 80%. In the same survey, more than 90% of Keppelites indicated that they were motivated to do more than what was required to help the Company succeed.

We are committed to leadership development and succession planning, which are pivotal to the long-term success of any company. We have announced leadership renewal in several key business units, which took effect from 15 February 2021. These next generation leaders were personally involved in formulating Vision 2030 and will work together with the rest of the Group in pursuit of our common vision.

In 2020, we were honoured to be named again by Forbes as one of the World's Best Employers. We will continue to invest in training and developing our employees, to allow them to reach their full potential.

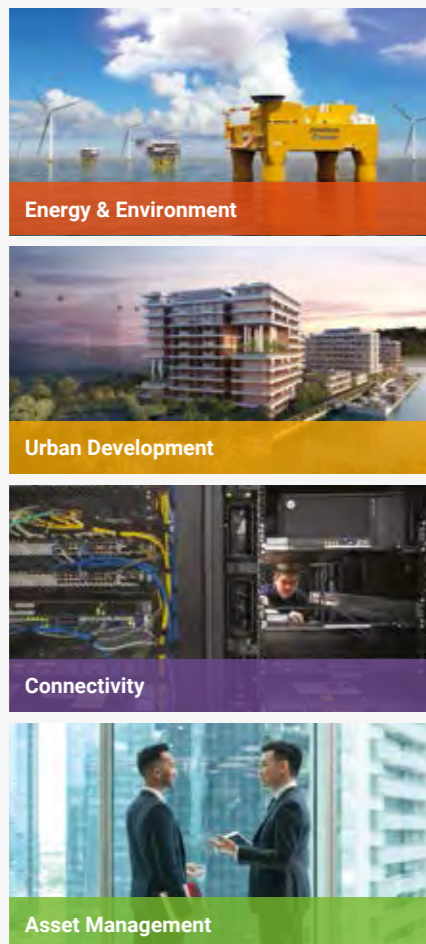
Despite the impact of COVID-19, I am cautiously optimistic about the future. We will continue to build on our strengths, harness technology and promote collaboration as *OneKeppel*, as we work towards the achievement of Vision 2030.



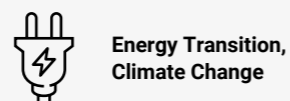
# VISION 2030 BLAZING THE TRAIL

*Keppel aims to be a powerhouse of end-to-end solutions for sustainable urbanisation, an ESG leader advancing climate action, as well as a valuable company with a strong growth trajectory, delivering 15% ROE, steady recurring income and good dividends. As one integrated business, Keppel will contribute to building a sustainable future for all stakeholders.*

#### FOUR FOCUS AREAS



#### KEY MACROTRENDS THAT VISION 2030 SEEKS TO ADDRESS



Energy Transition, Climate Change



Rapid Urbanisation, Ageing Populations



Digitalisation



Super Liquidity

**“The macrotrends that Vision 2030 seeks to address were identified pre-COVID-19 but remain highly relevant today. If anything, some of these trends have been further accelerated by the pandemic. We have to act quickly and decisively to seize these opportunities.”**

**LOH CHIN HUA**  
CEO of Keppel Corporation

#### A NEW CHAPTER

At the end of May 2020, Vision 2030 was launched amid the global COVID-19 pandemic, paving the way for Keppel’s next phase of growth and renewal, with sustainability at the core of its strategy. The long-term roadmap, charted with close to 30 next generation leaders from across the Group, converges Keppel’s diverse subsidiaries to be one integrated business providing sustainable urbanisation solutions across the four key areas of Energy & Environment, Urban Development, Connectivity and Asset Management.

#### FUNDING GROWTH

Through its fast-expanding private equity platform which manages \$18 billion<sup>1</sup> in assets, Keppel will also tap third-party funds to create and operate real assets, thereby enlarging its capital base to seize more growth opportunities.

For more information on Keppel’s eco-system for value creation, please refer to pages 20 and 21.

#### ACCELERATING EXECUTION

Following the launch of Vision 2030, Keppel rolled out further plans in September 2020 to accelerate its implementation.

To fuel its ambitious growth plans, Keppel has earmarked a sizeable pool of assets with a total carrying value of about \$17.5 billion<sup>2</sup> that can be monetised over time and channelled towards its initiatives. Keppel has set a target to monetise \$3–5 billion of these assets in the next three years, which will unleash capital for re-investments and unlock value for shareholders.

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

To expedite execution of the Vision, the Group launched a 100-day plan, and announced more than a dozen different initiatives from end-September 2020 to early-January 2021, including the strategic review of its offshore & marine (O&M) business. Over this period, Keppel also announced divestments of about \$1.2 billion, as it continues its progress towards its three-year asset monetisation target.

#### MONETISABLE ASSETS (%)



Landbank & Development Projects	40.0
Assets for REITs/Trust or Sale <sup>3</sup>	28.0
Non-core assets	22.0
Funds/Investments that can be liquidated over time	10.0
<b>Total</b>	<b>\$17.5 billion<sup>2</sup> 100.0</b>

<sup>1</sup> As at end-2020.

<sup>2</sup> Based on the Group’s balance sheet as at 30 June 2020. These assets do not include Keppel’s key business platforms, fixed asset and some of the REITs and Trust units that Keppel holds to align interests with Unitholders.

<sup>3</sup> Includes assets under development.

#### MAKING WAVES

The 100-day plan achieved creditable results with all business units and invigorated Keppelites rallying as OneKeppel.

#### 100-DAY PLAN AT A GLANCE

- Announced key appointments of next generation business unit leaders who were involved in formulating Vision 2030.
- Announced over \$1.2 billion in asset monetisation out of \$3–5 billion target.
- Announced bold transformation of the O&M business to position for the global energy transition.
- Announced plans to divest the logistics business.
- Announced the securing of offshore and onshore renewables-related projects including a solar farm development in Australia.
- Announced new urban development and district cooling projects.
- Launched new funds across multiple asset classes.

Following the conclusion of the 100-day plan, Keppel is keeping up the momentum through further waves of initiatives to bring Vision 2030 forward. Keppel will focus on seizing opportunities across its business segments, while continuing to drive its asset monetisation programme beyond the three-year target of \$3–5 billion. The Company will also execute plans arising from the strategic reviews of its O&M and logistics businesses, with a focus on transforming Keppel O&M into a nimble developer and integrator of offshore energy and infrastructure assets that will contribute both to the energy transition and towards achieving the Group’s ROE target.

# ECO-SYSTEM FOR VALUE CREATION

AS ONE INTEGRATED BUSINESS, WE WILL HARNESS THE STRENGTHS OF THE GROUP TO MEET THE WORLD'S GROWING NEEDS FOR SUSTAINABLE URBANISATION SOLUTIONS.

Our business model, underpinned by strong collaboration across verticals, provides a robust eco-system that allows us to create and capture value from all parts of the Group. From the time an asset is being created till after its injection into a Keppel-managed trust or fund, our business model produces multiple income streams and enables us to create and capture value across the value chain.

To fuel Keppel's growth, we are also expanding the Group's capital base, bringing on board like-minded co-investors through our private funds to seize opportunities and accelerate asset creation without putting a strain on our balance sheet. We can also turn our assets efficiently through our business model, unlocking value and recycling capital to achieve the best risk-adjusted returns for our stakeholders.

OUR KEY BUSINESS AREAS

**ENERGY & ENVIRONMENT**

We provide a wide range of energy and environmental solutions that are essential for sustainable development.

- Keppel Offshore & Marine
- Keppel Infrastructure
- Keppel Renewable Energy
- KrisEnergy

≡ For more information, please refer to page 42.

**URBAN DEVELOPMENT**

We provide compelling urban solutions including vibrant homes, offices, as well as commercial and integrated developments.

- Keppel Land
- Keppel Urban Solutions
- Sino-Singapore Tianjin Eco-City

≡ For more information, please refer to page 49.

**CONNECTIVITY**

We connect people and businesses in the digital economy.

- Keppel Data Centres
- M1
- Keppel Logistics

≡ For more information, please refer to page 55.

**ASSET MANAGEMENT**

We create enduring value with quality investment products and platforms.

- Keppel Capital
- Private funds
- Listed REITs & Trust


≡ For more information, please refer to page 59.

OUR BUSINESS MODEL

**Design and Build**


The Group has a strong track record in designing and developing high-quality real assets including offshore and onshore infrastructure, residential and commercial properties, data centres, power plants and more.

**Private Funds**  
Through the private funds that it creates and manages, Keppel can also bring on board investors, such as pension and sovereign wealth funds, to co-invest in the development of assets across its business verticals. This expands Keppel's capital base to seize opportunities while it earns recurring fees from managing the private funds.




**a. Own and Operate**

Keppel owns and operates many of the assets it creates which can be retained as investments, yielding long-term, steady cashflows and recurring income. Business units can earn fees from leasing out and operating such assets. They can also earn fees from rendering project and asset management services to the private funds created by Keppel.




**b. Turnkey**

The Group also sells products and provides turnkey solutions to its customers. Some of the assets created, such as vessels and homes, will be handed over to customers when they are completed. In this phase of asset creation, business units can earn development margins from the sale of their solutions.



**Stabilise and Monetise**

The assets held as investments by Keppel and its private funds contribute revaluation gains to the Group. As these assets mature and are de-risked and stabilised, the Group can monetise them through divestments to its listed REITs and Trust as well as third parties. This process for turning assets enables the Group to pursue the best risk-adjusted returns by unlocking value and recycling capital to seize new growth opportunities.




**REITs and Trust**




The Group sponsors and manages real estate, data centre and infrastructure trusts across its business lines, which it leverages as platforms to recycle capital. Mature assets are well suited to the REITs and Trust, whose investors seek stable, recurring income.

The injection of assets to the REITs and Trust helps to grow the total portfolio of assets managed by the Group.

The Group will continue to earn fee income from asset management, as well as the operation and maintenance of the assets.

In addition, through its stakes in the listed vehicles, the Group continues to benefit from the performance and contributions of the REITs and Trust.



Income Streams  
 Project-based income   
  Recurring income   
  Revaluation & divestment gains



For more information on the value we create for our stakeholders, please refer to our Sustainability Report – to be published in May 2021.

# SUSTAINABILITY FRAMEWORK

**WE ARE COMMITTED TO ENVIRONMENTAL STEWARDSHIP, RESPONSIBLE BUSINESS PRACTICES AND NURTURING OUR PEOPLE AND COMMUNITIES WHEREVER WE OPERATE.**

**Our Strategy**

Keppel provides solutions for sustainable urbanisation, focusing on four key areas comprising Energy & Environment, Urban Development, Connectivity and Asset Management. With sustainability at the core of our strategy, we harness the strengths and expertise of our business units to develop, operate and maintain real assets, which provide diverse solutions that are good for the planet, for people and for the Company.

The three strategic thrusts under our sustainability framework are (1) Environmental Stewardship; (2) Responsible Business; and (3) People and Community.

HOW WE CREATE VALUE



**ENVIRONMENTAL STEWARDSHIP**

As part of Keppel's Vision 2030, we are progressively guiding and refocusing our portfolio towards sustainable urbanisation solutions, through evaluating their fit with Keppel's Vision, Mission and environmental, social and governance (ESG) goals, as well as internal shadow carbon pricing and climate risk assessments. We have set high-impact sustainability goals and publicly committed to long-term targets to reduce our carbon, waste and water intensity. We are tapping our engineering nous to explore greener solutions, and will continue to explore opportunities in renewable energy assets.



**RESPONSIBLE BUSINESS**

The long-term sustainability of our business is driven at the highest level of the organisation through a strong and effective board, good corporate governance and prudent risk management. We are driving innovation to seize opportunities, and through our integrated business model, we seek to improve both the magnitude and quality of our earnings with more recurring income, while enhancing returns through active capital recycling. We work closely with stakeholders in our value chain to enhance their sustainability performance.



**PEOPLE AND COMMUNITY**

People are the cornerstone of our businesses. We are committed to providing a safe and healthy workplace, as well as investing in training and developing our people to help them reach their full potential. We strive to build vibrant and inclusive communities, through supporting initiatives that protect the environment and promoting education and care for the underprivileged, with the goal of building a sustainable future together.

OUR STAKEHOLDERS



**Employees**



**Customers**



**Governments**



**Shareholders & Investors**



**Suppliers**



**Local Communities**

RECOGNITION



MSCI ACWI ESG Leaders Index and MSCI World ESG Leaders Index



iEdge SG ESG Leaders Index and iEdge SG ESG Transparency Index



FTSE4Good Index



Euronext Vigeo Eiris Index – World 120



Industry Mover in the S&P Global Sustainability Yearbook 2021



A- in CDP Climate Change Assessment; Among Most Improved Companies for the year 2020, in the Hong Kong, Macau and Southeast Asia region



Forbes World's Best Employers 2020



The Keppel Group won 21 Workplace Safety and Health Awards



Community Spirit Platinum Award at the Community Chest Awards 2020

For more information, view our Sustainability Report on our website at [www.keppcorp.com](http://www.keppcorp.com)

We publish sustainability reports annually, and the next report will be published in May 2021. Our sustainability reports draw on international standards of reporting, including the Global Reporting Initiative Standards, and are externally assured. The reports are also aligned with sustainability reporting requirements by the Singapore Exchange.

Sustainability is at the core of our strategy. For Keppel, this goes beyond reducing carbon emissions or the environmental impact of our operations. We believe in making sustainability our business, by developing solutions that can contribute to building a cleaner and greener world, while creating enduring value for our stakeholders.

We believe that our focus on sustainability sets Keppel apart and is an important differentiator for the Group. We consider ESG issues in the determination of our strategy and policies, and are committed to supporting the United Nations (UN) Sustainable Development Goals. Keppel Corporation is also a signatory of the UN Global Compact, and we are committed to the Compact's 10 universal principles.

**GOVERNANCE**

**Management Structure**

The key material ESG factors for Keppel Corporation have been identified and are regularly reviewed by Keppel Corporation's Board of Directors and management. The Board maintains active oversight over sustainability issues, including overseeing the management and monitoring of ESG factors, and takes them into consideration in the determination of the Company's strategic direction and policies. The Group Sustainability Steering Committee, chaired by Keppel Corporation's Chief Executive Officer Loh Chin Hua and comprising senior management from across the Group, provides guidance on the Group's sustainability strategy. The Group Sustainability Working Committee, comprising discipline-specific working groups, executes, monitors and reports on the Group's efforts. Our management systems, policies and guidelines, including the Keppel Group Code of Conduct; Health, Safety and Environment Policy, and the Keppel Supplier Code of Conduct translate our principles into practice by setting standards for both our Company and those whom we work with. These policies are regularly reviewed and refined when necessary, in line with international best practices.

**Strong Governance Framework**

Keppel is focused on upholding high standards of corporate governance. We have a strong and independent board, with nine independent directors out of a total of 11 directors, and are committed to good business ethics. We maintain clear, consistent and regular communication with shareholders.

**Keppel's System of Management Controls Framework**

The Framework comprises the Three-Lines Model towards ensuring the adequacy and effectiveness of the Group's system of internal controls and risk management, as disclosed on page 93. The Control Self-Assessment programme, a Second Line in the Framework, was refreshed in 2020, digitised, and repositioned as a central tool for controls. The digitisation process enhances efficiency and brings about new opportunities for automated controls and continuous monitoring.

For more information on Governance, please refer to page 78.

**MEASURING PERFORMANCE**

**Balanced Scorecard**

The Company's balanced scorecard aligns compensation with corporate and individual performance, both in terms of financial and non-financial performance. Key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, environmental sustainability, employee engagement, talent development and succession planning.

SUSTAINABILITY FRAMEWORK

WE ARE COMMITTED TO THE INTERNATIONAL SUSTAINABLE DEVELOPMENT AGENDA, AND LEVERAGE COLLABORATION AND PARTNERSHIP TO SUPPORT THE ACHIEVEMENT OF THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs). WE HAVE INCORPORATED 10 OF THE SDGs AS A SUPPORTING FRAMEWORK TO GUIDE OUR SUSTAINABILITY STRATEGY.

STRATEGIC PILLARS	MATERIAL ISSUES	SDGs	APPROACH	HIGHLIGHTS
Environmental Stewardship	Climate Action		We seek to grow our business and seize opportunities created by macrotrends such as climate change, energy transition and urbanisation.	The iconic Keppel Marina East Desalination Plant, Singapore's first large-scale, dual-mode desalination plant, capable of treating either seawater or rainwater from the Marina Reservoir, commenced operations in June 2020. It is capable of producing about 30 million gallons of fresh drinking water per day. In addition, the ability to switch from treating rainwater to seawater during drier seasons strengthens Singapore's water supply resilience in the face of increasing rainfall uncertainty caused by climate change.
			We are refocusing our portfolio on sustainable urban solutions, including through the use of internal shadow carbon pricing and climate risk assessments.	Keppel O&M secured a contract to build the first offshore wind turbine installation vessel in the US, which is also one of the largest vessels of its kind in the world.
			Amidst the global energy transition, and reflecting Keppel's commitment to support climate action, Keppel Offshore & Marine (Keppel O&M) has been pivoting towards renewables and cleaner fossil fuels such as liquefied natural gas. Keppel O&M will also exit the offshore rigbuilding business, after completing the existing rigs under construction.	Keppel Renewable Energy entered into an agreement to undertake its first solar farm project in Australia.
				Keppel has adopted an evolutionary shadow carbon pricing policy to mitigate climate-related risks in the mid to long term, prepare for tougher climate legislation and higher carbon prices, and also avoid stranded assets. It starts at US\$20 per tonne of carbon dioxide equivalent (tCO <sub>2</sub> e) in 2020 and will progressively increase to US\$50/tCO <sub>2</sub> e over time.
	Environmental Management		We are committed to minimising our environmental impact, and are focused on sustainable management and efficient use of natural resources.	In addition, Keppel supported environmental initiatives such as the National Parks Board's One Million Trees movement, with a \$3 million commitment that will go towards the planting of 10,000 trees over the next five years in parks and nature reserves in Singapore.
			We aim to reduce waste generation through resource efficiency, recycling and reuse of natural resources.	In line with Keppel's focus on sustainability and to advance the study of environmental sciences, Keppel partnered with the Nanyang Technological University (NTU) to establish the Keppel Environmental Studies Gold Medals. The Medals will be awarded to the top graduating students of NTU's Bachelor of Science in Environmental Earth Systems Science.
			We have set high-impact sustainability goals and publicly committed to long-term targets in terms of reducing our carbon intensity, as well as waste and water use.	Keppel Bay Tower, where Keppel Corporation is headquartered, was certified by the Building and Construction Authority (BCA) as Singapore's first Green Mark Platinum (Zero Energy) commercial building.
			Since the end of 2018, Keppel's corporate headquarters in Singapore has been powered by renewable energy. We are also acquiring carbon credits to offset Scope 3 emissions from business travel and employee commuting, thus allowing our corporate office to achieve carbon neutrality for the whole of 2020.	Keppel achieved an A- in CDP's benchmark assessment on climate change, and a B- in the assessment on water security.



STRATEGIC PILLARS	MATERIAL ISSUES	SDGs	APPROACH	HIGHLIGHTS
Responsible Business	Economic Sustainability		COVID-19 has accelerated many macrotrends, such as increasing digitalisation, e-commerce and the energy transition, which we had identified as part of Vision 2030.	Keppel's business operations generate employment, opportunities for suppliers and tax revenues for governments.
			We believe sustainability can be a good business, and will seize opportunities in areas such as green developments, environmental solutions, renewables, new energy and circular economy solutions.	We have set targets to invest in sustainability-linked innovation, and are tapping our engineering nous to explore greener solutions such as floating data centres, which are more energy efficient than traditional land-based ones. We are collaborating with partners to study hydrogen infrastructure for power generation and cooling, as well as the development of carbon capture, utilisation and sequestration systems.
	Corporate Governance & Risk Management		As part of risk management, Keppel has robust business continuity plans in place to safeguard against the disruption of business operations.	Keppel's business continuity plans were activated following the COVID-19 outbreak, allowing us to continue operating effectively despite the implementation of various measures to curb the spread of the pandemic around the world, including working from home.
			We are committed to being an effective, accountable and transparent institution, and will conduct ourselves according to the highest ethical standards and comply with all applicable laws and regulations wherever we operate. Our tone on regulatory compliance is clear and consistently reiterated from the top of the organisation. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.	Keppel's businesses provide many essential services – such as power generation, water and waste treatment, telecommunications, data centres and logistics – and we continued to operate during the pandemic, including the Circuit Breaker period in Singapore.
				Keppel O&M has complied with and successfully concluded the Deferred Prosecution Agreement which it had entered into with the U.S. Department of Justice three years ago.
				Reflecting Keppel's zero tolerance for corruption, we have continued to enhance our compliance measures, including rolling out the ISO 37001 Anti-Bribery Management System across business units. Beyond Keppel O&M, which had achieved global certification in 2019, the Singapore entities of both Keppel Land and Keppel Data Centres also achieved ISO 37001 certification in 2020.
Supply Chain & Responsible Procurement			The Group recognises the importance of supply chain risk management and sustainable procurement in building operational resilience.	In recognition of Keppel's strong corporate governance disclosures and practices, the Company was ranked sixth on the Singapore Governance and Transparency Index 2020.
			We are committed to building a resilient and diversified supply chain, and we work closely with our suppliers to make a positive impact on their sustainability performance.	The Group did not experience any major supply chain disruptions during the pandemic, in part due to the supplier diversification programmes in place.
Product Quality & Safety			We exercise due care and diligence in the design, construction and operation of our products and services to ensure that they do not pose hazards to customers.	All our suppliers are qualified in accordance with our requisition and purchasing policies, screened based on ESG criteria, and are expected to sign and abide by the Supplier Code of Conduct.
				We consider proper design, handling, storage and disposal of materials starting from the planning stage of our projects. At the project execution stage, we carry out project reviews and quality assurance programmes.
				We will continue to engage our customers for continuous service improvements.

SUSTAINABILITY FRAMEWORK

STRATEGIC PILLARS	MATERIAL ISSUES	SDGs	APPROACH	HIGHLIGHTS
<b>People and Community</b>	Occupational Safety & Health		Providing a safe and healthy working environment for all stakeholders is fundamental to our commitment to conducting business responsibly.	Keppel's first priority in our response to the COVID-19 pandemic was to safeguard the health and safety of our employees, customers and stakeholders.
			We are also strong advocates for safety and health in the broader community, and champion national and industry initiatives to raise standards and drive innovation in these aspects.	Following the start of the pandemic, the Group rolled out a series of measures, including more frequent cleaning of office facilities and temperature screening, as well as implementing split teams, alternative work sites, safe distancing and working from home where practical.
				In addition, across the Group's business units, pandemic representatives have been identified and trained in the protocols and procedures to handle confirmed and suspected cases of COVID-19.
				From April to June 2020, four COVID-19 clusters were announced by Singapore's Ministry of Health (MOH) at Keppel Shipyard and at the two dormitories operated by Keppel Housing. We worked closely with the authorities to minimise the spread of the coronavirus, including assisting with contact tracing, as well as thoroughly deep cleaning and disinfecting both workplaces and dormitories. As no more new cases were linked to these clusters, the clusters were progressively closed. All four clusters were closed by MOH by August 2020. The two dormitories which were gazetted as isolation areas in April 2020 were also de-gazetted by August 2020 as the situation improved.
				The workforce at Keppel O&M's yards in Singapore was reduced from 24,000 in early-March 2020 to around 1,200 for much of the second quarter to minimise transmission risk at the workplace. The workforce progressively increased over time, and reached about 19,500 by end-2020, with safe management measures in place.
				As work resumed at Keppel O&M's yards, we continued to implement robust safe management measures to ensure the health and safety of our workforce, including migrant workers. Such measures include dividing the yards into separate zones to further increase segregation and reduce the risk of transmissions. Shift work arrangements were also put in place to reduce the worker density at the yard. We are also working closely with the Singapore authorities to conduct rostered swabbing of the workers.
				Beyond Keppel O&M, various safe management measures are also being implemented at our different worksites, plants and projects around the world, in compliance with the relevant regulations, to prevent the spread of the virus.
				Keppel clinched 21 awards at the Workplace Safety and Health Awards 2020, which is the highest number of awards won by a single organisation for the year.



Senior management and union representatives of Keppel O&M distributed care packs to frontline staff and migrant workers.

STRATEGIC PILLARS	MATERIAL ISSUES	SDGs	APPROACH	HIGHLIGHTS
<b>People and Community</b>	Labour Practices, Talent Management & Human Rights		Our businesses spark economic growth, productivity and jobs. Our hiring policies ensure equal employment opportunities for all, and we are committed to investing in nurturing our human capital.	Keppel is committed to nurturing and developing our employees. As part of the Group's succession planning and talent development, we announced leadership renewal in a few key business units, effective on 15 February 2021.
			We uphold and respect the fundamental principles set out in the UN Universal Declaration of Human Rights and the International Labour Organisation's declaration on fundamental principles and rights at work. Our stance on human rights is articulated in our corporate statement on human rights, while our stance on diversity and inclusion is articulated in our corporate statement on diversity and inclusion. Both statements are publicly available online.	We continue to actively engage staff, despite COVID-19 and work-from-home arrangements. We achieved an Employee Engagement Score of 87% in 2020, which is higher than Mercer's global average of 80%.
				IT collaborative tools and platforms are used to facilitate telecommuting, and virtual townhalls and other staff engagement initiatives were launched to facilitate communication and ensure that employees' needs were addressed despite COVID-19. These included team building activities, mental wellness talks and virtual fitness classes, as well as medical teleconsultation services.
				An employee assistance programme was also rolled out to provide mental health support for employees and their dependents whereby employees can tap on the services of licensed counsellors from the Singapore Counselling Centre for counselling sessions, if such services are needed.
Community Development			Through collaboration with our stakeholders, we mobilise and share knowledge, expertise and technology, as well as financial and human resources to support the achievement of the SDGs.	Since the start of the COVID-19 pandemic, Keppel has committed over \$5 million to provide support to communities affected by the pandemic in Singapore and overseas. This includes a \$4.2 million package to support vulnerable communities, including lower income households in 1- and 2-room HDB flats who were given rebates through M1, Keppel Electric and City Gas, frontline staff, and other communities affected by COVID-19. Recognising the challenging environment faced by many Small and Medium Enterprises (SMEs) in Singapore, Keppel also improved payment terms to SMEs to help improve their cashflow over a six-month period.
			We encourage and promote effective public, public-private and civil society partnerships through the sponsorship and support of thought leadership and dialogue platforms.	Beyond supporting those affected by COVID-19, Keppel also made a \$2 million donation towards a new National Kidney Foundation dialysis centre at Yishun Community Hospital, which commenced operations in November 2020.
				Despite the restrictions imposed by COVID-19, Keppel Volunteers achieved over 10,000 hours of community work in 2020.
				In 2020, the Group invested \$9.6 million <sup>1</sup> in social investment spending.
				Keppel Care Foundation, the Group's philanthropic arm, has disbursed over \$47 million since its launch in 2012.



SOCIAL INVESTMENT SPENDING BY PROJECT TYPE IN 2020 <sup>1</sup> (%)	
Healthcare/Care for the Underprivileged	63.7
The Arts/Sports/Community Development Projects	15.6
Education	11.5
Environment	6.9
Industry Advancement	2.3
<b>Total</b>	<b>\$9.6 million 100.0</b>

<sup>1</sup> Includes contributions from Keppel directors and employees in support of COVID-19 relief efforts.

## BOARD OF DIRECTORS

## Board Committees

- N Nominating Committee
- A Audit Committee
- R Remuneration Committee
- BR Board Risk Committee
- BS Board Safety Committee



LEE BOON YANG

AGE 73

**Chairman**  
**Non-Executive and Independent Director**



**Date of first appointment as a director:**  
 1 May 2009

**Date of last re-election as a director:**  
 20 April 2018

**Length of service as a director**  
**(as at 31 December 2020):**  
 11 years 8 months

**Board Committee(s) served on:**  
 Remuneration Committee (Member);  
 Nominating Committee (Member);  
 Board Safety Committee (Member)

**Academic & Professional Qualification(s):**  
 B.V.Sc Hon (2A), University of Queensland, 1971

**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
 Singapore Press Holdings Limited (Chairman)

*Other principal directorships*  
 Keppel Care Foundation Limited (Chairman);  
 Singapore Press Holdings Foundation Limited  
 (Chairman); Jilin Food Zone Pte Ltd (Chairman);  
 Jilin Food Zone Investment Holdings Pte. Ltd.  
 (Chairman)

**Major Appointments (other than directorships):**  
 Nil

**Past Directorships held over the preceding**  
**5 years (from 1 January 2016 to**  
**31 December 2020):**  
 Nil

**Others:**  
 Former Minister for Information,  
 Communications and the Arts (May 2003 to  
 March 2009); Former Member of Parliament  
 (December 1984 to April 2011)



LOH CHIN HUA

AGE 59

**Executive Director and**  
**Chief Executive Officer**



**Date of first appointment as a director:**  
 1 January 2014

**Date of last re-election as a director:**  
 23 April 2019

**Length of service as a director**  
**(as at 31 December 2020):**  
 7 years

**Board Committee(s) served on:**  
 Board Safety Committee (Member)

**Academic & Professional Qualification(s):**  
 Bachelor in Property Administration, Auckland  
 University; Presidential Key Executive MBA,  
 Pepperdine University; CFA® charterholder

**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
 Nil

*Other principal directorships*  
 Keppel Offshore & Marine Ltd (Chairman);  
 Keppel Land Limited (Chairman); Keppel  
 Infrastructure Holdings Pte. Ltd. (Chairman);  
 Keppel Capital Holdings Pte. Ltd. (Chairman);  
 Keppel Telecommunications & Transportation  
 Ltd (Chairman); Keppel Care Foundation  
 Limited; M1 Limited

**Major Appointments (other than directorships):**  
 National University of Singapore (Member of  
 Board of Trustees); Singapore Economic  
 Development Board (Board Member)

**Past Directorships held over the preceding**  
**5 years (from 1 January 2016 to**  
**31 December 2020):**

KrisEnergy Ltd; Various fund companies  
 under management of Alpha Investment  
 Partners Limited; Various companies under  
 Keppel Group of companies

**Others:**  
 Nil

**ALVIN YEO KHIRN HAI**

AGE 59

**Non-Executive and Independent Director****Date of first appointment as a director:**  
1 June 2009**Date of last re-election as a director:**  
23 April 2019**Length of service as a director (as at 31 December 2020):**  
11 years 7 months**Board Committee(s) served on:**  
Audit (Member);  
Nominating Committee (Member)**Academic & Professional Qualification(s):**  
LLB Honours, King's College London, University of London; Gray's Inn (Barrister-at-Law); Senior Counsel, Singapore**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
United Overseas Bank Limited**Other principal directorships**  
Valencia C.F; GlobalORE Pte Ltd**Major Appointments (other than directorships):**  
WongPartnership LLP (Chairman and Senior Partner); Monetary Authority of Singapore advisory panel to advise the Minister on appeals under various financial services legislation (Member); The Court of the Singapore International Arbitration Centre (Member); The Singapore Medical Council's Panel of Disciplinary Tribunal Chairmen (Member); Panel of Disciplinary Tribunal Chairmen, Supreme Court of Singapore (Member); Fellow of the Singapore Institute of Arbitrators**Past Directorships held over the preceding 5 years (from 1 January 2016 to 31 December 2020):**  
Thomson Medical Pte. Ltd.; Neptune Orient Lines Limited; Jubilant Pharma Limited; United Industrial Corporation Limited**Others:**

Past member: Senate of the Academy of Law; the Council of the Law Society; the board of the Civil Service College; Former Member of Parliament (2006 to 2015)

**TAN EK KIA**

AGE 72

**Non-Executive and Independent Director****Date of first appointment as a director:**  
1 October 2010**Date of last re-election as a director:**  
23 April 2019**Length of service as a director (as at 31 December 2020):**  
10 years 3 months**Board Committee(s) served on:**  
Board Safety Committee (Chairman);  
Board Risk Committee (Member);  
Audit Committee (Member)**Academic & Professional Qualification(s):**  
BSc Mechanical Engineering (First Class Honours), Nottingham University, United Kingdom; Management Development Programme, International Institute for Management Development, Lausanne, Switzerland; Fellow of the Institute of Engineers, Malaysia; Chartered Engineer of Engineering Council, United Kingdom; Member of Institute of Mechanical Engineers, United Kingdom**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
KrisEnergy Ltd (Chairman); PT Chandra Asri Petrochemical Tbk; Transocean Ltd**Other principal directorships**  
SMRT Corporation Ltd; Keppel Offshore & Marine Ltd; Star Energy Group Holdings Pte Ltd (Chairman); Dialog Systems (Asia) Pte Ltd; Singapore LNG Corporation Pte Ltd**Major Appointments (other than directorships):**  
Nil**Past Directorships held over the preceding 5 years (from 1 January 2016 to 31 December 2020):**  
Nil**Others:**

Former Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore); Former Chairman, Shell companies in North East Asia; Former Managing Director, Shell Malaysia Exploration and Production

**DANNY TEOH**

AGE 65

**Non-Executive and Independent Director****Date of first appointment as a director:**  
1 October 2010**Date of last re-election as a director:**  
2 June 2020**Length of service as a director (as at 31 December 2020):**  
10 years 3 months**Board Committee(s) served on:**  
Audit Committee (Chairman);  
Remuneration Committee (Member);  
Board Risk Committee (Member)**Academic & Professional Qualification(s):**  
Associate member of the Institute of Chartered Accountants in England & Wales**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
Nil**Other principal directorships**  
M1 Limited (Chairman); DBS Bank (Taiwan) Ltd**Major Appointments (other than directorships):**  
Nil**Past Directorships held over the preceding 5 years (from 1 January 2016 to 31 December 2020):**  
CapitaLand Mall Trust Management Limited (Manager of CapitaLand Mall Trust); JTC Corporation; Ascendas-Singbridge Pte. Ltd.; DBS Bank (China) Limited; Changi Airport Group (Singapore) Pte Ltd; DBS Group Holdings Ltd; DBS Bank Ltd; DBS Foundation Ltd**Others:**

Former Managing Partner, KPMG LLP, Singapore; Past member of KPMG's International Board and Council; Former Head of Audit and Risk Advisory Services and Head of Financial Services, KPMG LLP

## BOARD OF DIRECTORS

**TILL VESTRING**

AGE 57

Non-Executive and  
Independent Director



**Date of first appointment as a director:**  
16 February 2015

**Date of last re-election as a director:**  
2 June 2020

**Length of service as a director  
(as at 31 December 2020):**  
5 years 11 months

**Board Committee(s) served on:**  
Remuneration Committee (Chairman);  
Nominating Committee (Member)

**Academic & Professional Qualification(s):**  
Master of Economics, University of Bonn, Germany;  
Master of Business Administration, Haas School  
of Business, University of California, Berkeley

**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
Inchcape plc

**Other principal directorships**  
Leap Philanthropy Ltd; Banteasy Srey  
Development Limited; Advanced Micro Foundry  
Pte. Ltd.; Delaware Consulting International  
CVBA

**Major Appointments (other than directorships):**  
Advisory Partner, Bain & Company Southeast Asia

**Past Directorships held over the preceding  
5 years (from 1 January 2016 to  
31 December 2020):**  
Singapore Chinese Orchestra Company Limited

**Others:**  
Nil

**VERONICA ENG**

AGE 67

Non-Executive and  
Independent Director



**Date of first appointment as a director:**  
1 July 2015

**Date of last re-election as a director:**  
2 June 2020

**Length of service as a director  
(as at 31 December 2020):**  
5 years 6 months

**Board Committee(s) served on:**  
Board Risk Committee (Chairman);  
Audit Committee (Member)

**Academic & Professional Qualification(s):**  
Bachelor of Business Administration  
(First Class Honours), University of Singapore

**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
Nil

**Other principal directorships**  
Keppel Capital Holdings Pte. Ltd.;  
Eastspring Investments Group Pte. Ltd.

**Major Appointments (other than directorships):**  
Professor (Practice), NUS Business School

**Past Directorships held over the preceding  
5 years (from 1 January 2016 to  
31 December 2020):**  
Nil

**Others:**  
Founding Partner of Permira (1985 to 2015);  
Former Member of the Board and Executive  
Committee of Permira

**JEAN-FRANÇOIS MANZONI**

AGE 59

Non-Executive and  
Independent Director



**Date of first appointment as a director:**  
1 October 2018

**Date of last re-election as a director:**  
23 April 2019

**Length of service as a director  
(as at 31 December 2020):**  
2 years 3 months

**Board Committee(s) served on:**  
Nominating Committee (Chairman);  
Board Risk Committee (Member)

**Academic & Professional Qualification(s):**  
DBA, Harvard Business School, Boston;  
MBA, McGill University, Montreal; Bachelor,  
Business Administration, l'Ecole des Hautes  
Etudes Commerciales de Montréal; Fellow of  
the Singapore Institute of Directors

**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
Nil

**Other principal directorships**  
IMD Foundation Board; IMD Scholarship  
Foundation

**Major Appointments (other than directorships):**  
President and Nestlé Professor, International  
Institute for Management Development (IMD),  
Switzerland; Member of several International  
Advisory panels, including Digital Switzerland  
and Russian Presidential Academy of  
National Economy and Public Administration

**Past Directorships held over the preceding  
5 years (from 1 January 2016 to  
31 December 2020):**  
Singapore Civil Service College;  
Association to Advance Collegiate Schools  
of Business (AACSB) International

**Others:**  
Nil



**TEO SIONG SENG**

AGE 66

**Non-Executive and  
Non-Independent Director**



**Date of first appointment as a director:**  
1 November 2019

**Date of last re-election as a director:**  
2 June 2020

**Length of service as a director  
(as at 31 December 2020):**  
1 year 2 months

**Board Committee(s) served on:**  
Remuneration Committee (Member);  
Board Safety Committee (Member)

**Academic & Professional Qualification(s):**  
Degree (First Class Honours) in Naval  
Architecture and Ocean Engineering from  
the University of Glasgow, United Kingdom

**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
Singamas Container Holdings Ltd.; COSCO  
Shipping Holding Co., Ltd.; COSCO Shipping  
Energy Transportation Co., Ltd.; Wilmar  
International Limited

**Other principal directorships**  
Pacific International Lines (Pte) Ltd

**Major Appointments (other than directorships):**  
Singapore Chinese Chamber of Commerce &  
Industry (Honorary President); Business China  
(Director); The United Republic of Tanzania in  
Singapore (Honorary Consul)

**Past Directorships held over the preceding  
5 years (from 1 January 2016 to  
31 December 2020):**  
The Standard Club Asia Ltd; Singapore  
Maritime Institute; Duke-NUS Development  
Committee; Enterprise Singapore

**Others:**  
Former Member of Future Economy Council

**THAM SAI CHOY**

AGE 61

**Non-Executive and  
Independent Director**



**Date of first appointment as a director:**  
1 November 2019

**Date of last re-election as a director:**  
2 June 2020

**Length of service as a director  
(as at 31 December 2020):**  
1 year 2 months

**Board Committee(s) served on:**  
Audit Committee (Member);  
Board Risk Committee (Member)

**Academic & Professional Qualification(s):**  
Bachelor of Arts (Honours) in Economics,  
University of Leeds, United Kingdom;  
Fellow of the Institute of Singapore Chartered  
Accountants and the Institute of Chartered  
Accountants in England and Wales

**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
DBS Group Holdings Limited

**Other principal directorships**  
DBS Bank Ltd.; DBS Bank (China) Limited;  
DBS Foundation Ltd; EM Services Pte Ltd  
(Chairman); Keppel Offshore & Marine Ltd;  
Mount Alvernia Hospital; Singapore  
International Arbitration Centre

**Major Appointments (other than directorships):**  
Accounting and Corporate Regulatory Authority  
(Board member); Nanyang Polytechnic  
(Board member)

**Past Directorships held over the preceding  
5 years (from 1 January 2016 to  
31 December 2020):**  
Singapore Accountancy Commission;  
KPMG Group of Companies; Singapore  
Institute of Directors (Chairman);  
Housing & Development Board

**Others:**  
Nil

**PENNY GOH**

AGE 68

**Non-Executive and  
Independent Director**



**Date of first appointment as a director:**  
2 January 2020

**Date of last re-election as a director:**  
2 Jun 2020

**Length of service as a director  
(as at 31 December 2020):**  
1 year

**Board Committee(s) served on:**  
Audit Committee (Member);  
Board Risk Committee (Member)

**Academic & Professional Qualification(s):**  
Bachelor of Law (Honours), University  
of Singapore

**Present Directorships (as at 1 January 2021):**  
*Listed companies*  
Keppel REIT Management Limited (the Manager  
of Keppel REIT) (Chairman)

**Other principal directorships**  
HSBC Bank (Singapore) Limited;  
Singapore Totalisator Board

**Major Appointments (other than directorships):**  
Allen & Gledhill LLP (Senior Adviser)

**Past Directorships held over the preceding  
5 years (from 1 January 2016 to  
31 December 2020):**  
Mapletree Logistics Trust Management Ltd  
(the Manager of Mapletree Logistics Trust);  
Eastern Development Private Limited; Eastern  
Development Holdings Pte Ltd; Allen & Gledhill  
Regulatory & Compliance Pte. Ltd.

**Others:**  
Former Co-Chairman and Senior Partner  
of Allen & Gledhill LLP

## KEPPEL GROUP BOARDS OF DIRECTORS

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### KEPPEL OFFSHORE & MARINE

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**LOH CHIN HUA**

Chairman  
Chief Executive Officer,  
Keppel Corporation

**CHRIS ONG LENG YEOW**

Chief Executive Officer

**STEPHEN PAN YUE KUO**

Chairman,  
World-Wide Shipping Agency Limited

**PO'AD BIN SHAIK ABU BAKAR MATTAR**

Independent Director,  
Hong Leong Finance Limited

**TAN EK KIA**

Chairman,  
Star Energy Group Holdings Pte Ltd

**LIM CHIN LEONG**

Former Chairman of Asia,  
Schlumberger

**ROBERT D. SOMERVILLE**

Member,  
Maine Maritime Academy Board of Trustee

**CHAN HON CHEW**

Chief Financial Officer,  
Keppel Corporation

**THAM SAI CHOY**

Independent Director,  
Keppel Corporation

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### KEPPEL LAND

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**LOH CHIN HUA**

Chairman  
Chief Executive Officer,  
Keppel Corporation

**LOUIS LIM**

Chief Executive Officer  
(effective 15 Feb 2021)

**TAN SWEE YIOW**

Senior Managing Director  
of Urban Development,  
Keppel Corporation

**TAN YAM PIN**

Former Managing Director,  
Fraser and Neave Group

**KOH-LIM WEN GIN**

Former URA Chief Planner and  
Deputy Chief Executive Officer

**YAP CHEE MENG**

Former Senior Partner,  
KPMG Singapore and  
COO of KPMG International  
for the Asia Pacific Region

**WILLY SHEE PING YAH**

Senior Advisor and Former Asia Chairman,  
CBRE

**CHAN HON CHEW**

Chief Financial Officer,  
Keppel Corporation

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### KEPPEL TELECOMMUNICATIONS & TRANSPORTATION

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**LOH CHIN HUA**

Chairman  
Chief Executive Officer,  
Keppel Corporation

**THOMAS PANG THIENG HWI**

Chief Executive Officer

**PROF NEO BOON SIONG**

Director

**KARMJIT SINGH**

Director

**LIM CHIN LEONG**

Director

**CHAN HON CHEW**

Chief Financial Officer,  
Keppel Corporation

**KHOR POH HWA**

Director

**MRS LEE AI MING**

Senior Consultant,  
Dentons Rodyk & Davidson LLP

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### KEPPEL INFRASTRUCTURE

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**LOH CHIN HUA**

Chairman  
Chief Executive Officer,  
Keppel Corporation

**CINDY LIM**

Chief Executive Officer  
(effective 15 Feb 2021)

**CHAN HON CHEW**

Chief Financial Officer,  
Keppel Corporation

**KHOO CHIN HEAN**

Director

**SHIRISH APTE**

Director

**LOUIS LIM**

Chief Executive Officer,  
Keppel Land

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**KEPPEL CAPITAL**


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**LOH CHIN HUA**

Chairman  
Chief Executive Officer,  
Keppel Corporation

**CHRISTINA TAN HUA MUI**

Chief Executive Officer

**CHAN HON CHEW**

Chief Financial Officer,  
Keppel Corporation

**THOMAS PANG THIENG HWI**

Chief Executive Officer,  
Keppel Telecommunications & Transportation

**TOW HENG TAN**

Chief Executive Officer,  
Pavilion Capital International Pte. Ltd.

**VERONICA ENG**

Independent Director,  
Keppel Corporation

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**KEPPEL REIT MANAGEMENT  
(MANAGER OF KEPPEL REIT)**


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**MRS PENNY GOH**

Chairman  
Senior Adviser,  
Allen & Gledhill LLP

**ALAN RUPERT NISBET**

Independent Director

**LEE CHIANG HUAT**

Independent Director

**LOR BAK LIANG**

Independent Director

**CHRISTINA TAN HUA MUI**

Chief Executive Officer,  
Keppel Capital

**TAN SWEE YIOW**

Senior Managing Director,  
Urban Development

**IAN RODERICK MACKIE**

Independent Director

**FONG MUN NGIN, MERVYN**

Independent Director  
(effective 1 Mar 2021)

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**KEPPEL DC REIT MANAGEMENT  
(MANAGER OF KEPPEL DC REIT)**


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**CHRISTINA TAN HUA MUI**

Chairman  
Chief Executive Officer,  
Keppel Capital

**KENNY KWAN**

Lead Independent Director and Principal,  
Baker & McKenzie

**LEE CHIANG HUAT**

Independent Director

**DR TAN TIN WEE**

Chief Executive,  
National Supercomputing Centre, Singapore

**DILEEP NAIR**

Independent Director

**LOW HUAN PING**

Independent Director

**THOMAS PANG THIENG HWI**

Chief Executive Officer,  
Keppel Telecommunications & Transportation

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**KEPPEL INFRASTRUCTURE FUND  
MANAGEMENT (TRUSTEE-MANAGER  
OF KEPPEL INFRASTRUCTURE TRUST)**


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**KOH BAN HENG**

Chairman  
(appointment till 1 Feb 2021)

**DANIEL CUTHBERT EE HOCK HUAT**

Chairman  
(effective 1 Feb 2021)

**THIO SHEN YI**

Joint Managing Director,  
TSMP Law Corporation

**MARK ANDREW YEO KAH CHONG**

Independent Director

**KUNNASAGARAN CHINNIAH**

Independent Director

**SUSAN CHONG SUK SHIEN**

Independent Director  
(effective 5 Mar 2021)

**CHRISTINA TAN HUA MUI**

Chief Executive Officer,  
Keppel Capital

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**KEPPEL PACIFIC OAK US REIT  
MANAGEMENT (MANAGER OF  
KEPPEL PACIFIC OAK US REIT)**


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**PETER MCMILLAN III**

Chairman  
Co-founder,  
Pacific Oak Capital Advisors LLC

**SOONG HEE SANG**

Lead Independent Director

**JOHN J. AHN**

President,  
Whitehawk Capital Partners, L.P.

**KENNETH TAN JHU HWA**

Co-Managing Partner and Managing Director,  
Southern Capital Group Private Limited

**PAUL THAM**

Chief Executive Officer,  
Keppel REIT Management  
(Manager of Keppel REIT)

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**M1**


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**DANNY TEOH**

Chairman  
Director

**MANJOT SINGH MANN**

Chief Executive Officer

**LOH CHIN HUA**

Chief Executive Officer,  
Keppel Corporation

**CHAN HON CHEW**

Chief Financial Officer,  
Keppel Corporation

**TAN WAH YEOW**

Director

**GUY DANIEL HARVEY SAMUEL**

Director

**THOMAS PANG THIENG HWI**

Chief Executive Officer,  
Keppel Telecommunications & Transportation

**JANICE WU SUNG SUNG**

Executive Vice President,  
Corporate Development,  
Singapore Press Holdings

**JULIAN TAN WOON-KA**

Chief of Digital Business,  
Singapore Press Holdings

## KEPPEL TECHNOLOGY ADVISORY PANEL



From left: Professor Stefan Thomke, Mr Loh Chin Hua (CEO of Keppel Corporation), Mr Peter Noble, Professor Ng Wun Jern, Mr Chua Kee Lock, Dr Lee Boon Yang (Chairman of Keppel Corporation) and Dr Romain Debarre.

### THE KEPPEL TECHNOLOGY ADVISORY PANEL SEEKS TO ADVANCE THE GROUP'S TECHNOLOGY LEADERSHIP.

Established in 2004, the Keppel Technology Advisory Panel (KTAP) includes eminent business leaders and industry experts from across the world. KTAP members provide technology foresight for Keppel, advise on strategic projects and provide contacts to broaden Keppel's networks.

In 2020, KTAP focused on the Vision 2030 themes of Energy & Environment, Urban Development, Connectivity and Asset Management, with individual topics dedicated to the Vision 2030 growth engines. These topics included the energy transition and the resultant opportunities in renewable energy such as offshore wind and hydrogen; the increasing demand for PropTech across asset classes; the 5G eco-system, as well as the changes in consumer behaviour and lifestyle as a result of COVID-19, amongst others. This lays the foundation for Keppel's transformation plans to be one integrated business and a provider of end-to-end solutions for sustainable urbanisation.

### PROFESSOR NG WUN JERN

#### Chairman

*BSc (Civil Engineering) QMC London University; MSc (Water Resources) and PhD University of Birmingham, PE(S), CE (S), FIES, MSAEng*

Professor Ng was the founding Executive Director at the Nanyang Environment & Water Research Institute, and President's Chair Professor at the School of Civil & Environmental Engineering, Nanyang Technological University. He has some 400 publications on water, wastewater and waste management, and soil remediation. He has founded spin-off companies based on his IPs, and serves as technical advisor to government agencies, established environmental companies, incubators and private equity funds while also guiding start-up companies active in ASEAN, China and South Asia.

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## PROFESSOR STEFAN THOMKE

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*BSc (Electrical Engineering), University of Oklahoma; MSc (Electrical & Computer Engineering), Arizona State University; SM (Operations Research), SM (Mgmt.), PhD (Electrical Engineering & Mgmt.), Massachusetts Institute of Technology; Dr. rer. oec. (Honorary), HHL Leipzig Graduate School of Management; AM (Honorary), Harvard University*

Professor Thomke has published widely and is an authority on innovation management. He is the William Barclay Harding Professor of Business Administration at Harvard Business School and has chaired several of the university's executive education programmes. Prior to joining Harvard, he was with McKinsey & Company in Germany.

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## CHUA KEE LOCK

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*BSc. (Mechanical Engineering), University of Wisconsin at Madison; M.Eng. Stanford University*

Mr Chua is CEO of Vertex Holdings, a Singapore-headquartered venture capital investment holding company.

Vertex Group is a global venture capital network comprising four early stage technology focused funds (Vertex Ventures China, Vertex Ventures Israel, Vertex Ventures US, Vertex Ventures SEA & India), an early stage healthcare-focused fund (Vertex Ventures HC) and a growth stage fund (Vertex Growth). Each of these funds is managed by independent and separate General Partnerships and investment teams, with Vertex Holdings providing anchor funding alongside significant third party capital commitments. He is concurrently Managing Partner of Vertex Ventures SEA & India as well as Chairman of Vertex Growth Fund.

Prior to this, Mr Chua held senior positions in Biosensors International Group, a developer/manufacturer of medical devices, Walden International, a US-headquartered venture capital firm, NatSteel, a Singapore industrial products company, and Intraco, a Singapore-listed trading/distribution company. He also co-founded MediaRing, a provider of voice-over-internet, which later listed on Singapore's stock exchange. He currently serves on the boards of several companies, including Yongmao, a Singapore public-listed company.

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## PETER NOBLE

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*Fellow, Land Medalist and Past-President, Society of Naval Architects & Marine Engineering, USA; Fellow and Vice President, The Institute of Marine Engineering, Science and Technology, UK; Fellow, Canadian Academy of Engineering; Offshore Technology Distinguished Achievement Award for Individuals; B.Sc. Naval Architecture, University of Glasgow*

Mr Noble is a naval architect and ocean engineer with a wide range of expertise and experience in the marine and offshore industries. His career has included positions with shipyards, ship and offshore design consultants, offshore and marine research and development companies, and major classification societies, as well as chief naval architect with an international oil company. He currently undertakes consulting and advisory assignments across a broad range of topics relating to ocean engineering.

Mr Noble holds a number of patents and is active on the advisory boards of several universities and institutions.

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## DR ROMAIN DEBARRE

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*PhD French Petroleum Institute & CNRS, MBA HEC Paris, MSc IFP-School*

Dr Debarre is the Managing Director of the Kearney Energy Transition Institute. He brings a combined experience in energy, business strategy and scientific research. He is a recognised energy expert who forges close ties between governments, companies and academics to leverage technological opportunities and reduce carbon emissions.

Prior to joining Kearney, Dr Debarre was with Schlumberger Business Consulting, where he led the SBC Energy Institute. He previously worked in corporate finance, managed strategy consulting projects in the energy sector in various countries and spent several years in scientific research and development. He is the co-author of several reports on energy technologies and energy transition topics.

## SENIOR MANAGEMENT

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### KEPPEL CORPORATION

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**LOH CHIN HUA**

Chief Executive Officer

**CHAN HON CHEW**

Chief Financial Officer

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### CORPORATE SERVICES

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**CINDY LIM**

Director  
Group Corporate Development  
Managing Director  
Keppel Urban Solutions  
(appointments till 14 Feb 2021)

**FRANCOIS VAN RAEMDONCK**

Director  
Group Strategy & Development  
Managing Director  
Keppel Technology & Innovation

**CHUA HSIEN YANG**

Director  
Group Mergers & Acquisitions  
(effective 15 Feb 2021)

**YEO MENG HIN**

Director  
Group Human Resources

**LYNN KOH**

Director  
Group Treasury

**HO TONG YEN**

Director  
Group Corporate Communications

**CAROLINE CHANG**

General Manager  
Group Legal

**TOK SOO HWA**

General Manager  
Group Control & Accounts

**SEPALIKA KULASEKERA**

General Manager  
Group Internal Audit

**KENNY MOK**

General Manager  
Group Risk & Compliance

**TAY GUAN CHEW**

General Manager  
Group Tax

**JASON CHIN**

General Manager  
Group Information Technology

**MARTIN LING**

General Manager  
Group Cyber Security  
(effective 1 Jan 2021)

**JAGGI RAMESH KUMAR**

General Manager  
Group Health, Safety & Environment

**ERIC GOH**

Chief Representative, China

**LINSON LIM**

Chief Representative, Vietnam

**HO KIAM KHEONG**

India Representative

**TAY LIM HENG**

Chief Executive Officer  
Sino-Singapore Tianjin Eco-City  
Investment and Development

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### ENERGY & ENVIRONMENT

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**CHRIS ONG**

Chief Executive Officer  
Keppel Offshore & Marine

**KEVIN CHNG**

Chief Financial Officer  
Keppel Offshore & Marine

**CHOR HOW JAT**

Managing Director  
(Conversions & Repairs)  
Keppel Offshore & Marine

**TAN LEONG PENG**

Managing Director  
(New Builds)  
Keppel Offshore & Marine

**RON MACLNNES**

President  
Keppel Offshore & Marine USA  
and Keppel LeTourneau

**MOHD SAHLAN BIN SALLEH**

President  
Keppel AmFELS

**MARLIN KHIEW**

President  
Keppel FELS Brasil

**LEONG KOK WENG**

President  
Keppel Philippines Marine

**NG SENG CHONG**

President  
Keppel Nantong Shipyard  
Keppel Nantong Heavy Industries  
(effective 1 Jan 2021)

**DR ONG TIONG GUAN**

Chief Executive Officer  
Keppel Infrastructure  
(appointment till 14 Feb 2021)

**CINDY LIM**

Chief Executive Officer  
Keppel Infrastructure  
(effective 15 Feb 2021)

**LIM SIEW HWA**

Chief Financial Officer  
Keppel Infrastructure

**TAN BOON LENG**

Managing Director,  
Project Development and Corporate Office  
Keppel Infrastructure

**JANICE BONG**

Executive Director,  
Power and Gas  
Keppel Infrastructure

**CHUA YONG HWEE**

Executive Director,  
New Energy  
Keppel Infrastructure

**JACKSON GOH**

Executive Director,  
Environment  
Keppel Infrastructure

**MILO DOCHOW**

Executive Director,  
Corporate Development  
Keppel Infrastructure

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### URBAN DEVELOPMENT

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**TAN SWEE YIOW**

Chief Executive Officer  
Keppel Land  
(appointment till 14 Feb 2021)  
Senior Managing Director  
Urban Development  
(effective 15 Feb 2021)

**LOUIS LIM**

Chief Executive Officer  
(effective 15 Feb 2021)  
Chief Operating Officer  
(appointment till 14 Feb 2021)  
Keppel Land

**TAN BOON PING**

Chief Financial Officer  
Keppel Land

**BEN LEE**

Chief Operating Officer  
(effective 15 Feb 2021)  
President, China  
Keppel Land

**NG OOI HOOI**

President, Singapore and  
Regional Investments  
Keppel Land

**JOSEPH LOW**

President, Vietnam  
Keppel Land  
(effective 15 Feb 2021)

**LINSON LIM**

President, Vietnam  
Keppel Land  
(appointment till 14 Feb 2021)

**SAMUEL HENRY NG**

President, Indonesia  
Keppel Land  
(effective 15 Feb 2021)

**GOH YORK LIN**

President, Indonesia  
Keppel Land  
(appointment till 14 Feb 2021)

**HO KIAM KHEONG**

President, India  
Keppel Land

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**CONNECTIVITY**

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**THOMAS PANG**

Chief Executive Officer  
Keppel Telecommunications & Transportation

**TAN ENG HWA**

Chief Financial Officer  
Keppel Telecommunications & Transportation

**WONG WAI MENG**

Chief Executive Officer  
Keppel Data Centres

**DESMOND GAY**

Chief Executive Officer  
Keppel Logistics

**MANJOT SINGH MANN**

Chief Executive Officer  
M1

**LEE KOK CHEW**

Chief Financial Officer  
M1

**MUSTAFA KAPASI**

Chief Commercial Officer  
M1

**DENIS SEEK**

Chief Technical Officer  
M1

**WILLIS SIM**

Chief Corporate Sales and  
Solutions Officer  
M1

**NATHAN BELL**

Chief Digital Officer  
M1

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**ASSET MANAGEMENT**

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**CHRISTINA TAN**

Chief Executive Officer  
Keppel Capital

**BRIDGET LEE**

Chief Operating Officer  
Keppel Capital  
(effective 15 Feb 2021)  
Chief Executive Officer  
Keppel Capital Alternative Asset

**ANG SOCK CHENG**

Chief Financial Officer  
Keppel Capital

**PAUL THAM**

Chief Executive Officer  
Keppel REIT Management

**MATTHEW POLLARD**

Chief Executive Officer  
Keppel Infrastructure Fund Management

**CHUA HSIEN YANG**

Chief Executive Officer  
Keppel DC REIT Management  
(appointment till 14 Feb 2021)

**ANTHEA LEE**

Chief Executive Officer  
Keppel DC REIT Management  
(effective 15 Feb 2021)

**DAVID SNYDER**

Chief Executive Officer  
Keppel Pacific Oak US REIT Management

**ALVIN MAH**

Chief Executive Officer  
Alpha Investment Partners

**DEVARSHI DAS**

Chief Executive Officer  
(Infrastructure)  
Keppel Capital Alternative Asset

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**UNIONS**

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**KEPPEL FELS EMPLOYEES' UNION**

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**MAHMOOD BIN ALI**

President

**ATYYAH BINTI HASSAN**

General Secretary

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**KEPPEL EMPLOYEES' UNION**

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**MOHAMED NASIR AHMAD**

President

**ATAN ENJAH**

General Secretary

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**SHIPBUILDING & MARINE  
ENGINEERING EMPLOYEES' UNION**

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**EILEEN YEO**

General Secretary  
NTUC Central Committee Member

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**SINGAPORE INDUSTRIAL &  
SERVICES EMPLOYEES' UNION**

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**SAZALI BIN ZAINAL**

President

**RICHARD SIM**

General Secretary

**SYLVIA CHOO**

Executive Secretary

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**UNION OF POWER & GAS EMPLOYEES**

---

**TAY SENG CHYE**

President

**ABDUL SAMAD BIN ABDUL WAHAB**

General Secretary

**S. THIAGARAJAN**

Executive Secretary

# INVESTOR RELATIONS

## WE ARE COMMITTED TO CLEAR, TIMELY AND CONSISTENT COMMUNICATION WITH THE INVESTMENT COMMUNITY.

In 2020, we stepped up efforts to engage the investment community via digital means amidst the COVID-19 pandemic. These include helping the investment community understand how Keppel was seizing opportunities, responding to the pandemic, Keppel's Vision 2030 (which was unveiled in May 2020), as well as the subsequent plans to accelerate the execution of Vision 2030.

During the year, we transitioned to half-yearly reporting in accordance with the SGX's regulation on risk-based quarterly reporting. Notwithstanding this, Keppel Corporation continued to provide voluntary business updates in between the half-yearly results, in line with our commitment to maintain good communication with shareholders and the investment community.

Vision 2030 outlined Keppel's long-term growth and transformation strategy to be an integrated business, providing solutions for sustainable urbanisation. As part of Vision 2030, Keppel has focused its business on four key areas, namely Energy & Environment, Urban Development, Connectivity and Asset Management, all part of a connected value chain. Through regular disclosures and continuous efforts to engage analysts and investors, we seek to help the investment community better understand Keppel's strategy and keep abreast of the Group's progress and latest developments.

Presently, 15 sell-side research houses, with analysts based in Singapore and Malaysia, provide coverage on Keppel Corporation. In addition to semi-annual results briefings and voluntary business updates, we held briefings for media and analysts on the Company's Vision 2030. We continue to actively engage and maintain close interactions with our sell-side analysts, working with them to help the investment community better understand and appreciate the value of the Company.

As part of our ongoing efforts to engage retail shareholders, Keppel Corporation's Chief Executive Officer and Chief Financial Officer updated our retail shareholders on the Company's developments at the annual meeting organised by Securities Investors Association (Singapore) (SIAS). The event, which was held virtually this year, drew about 120 participants. In 2020, our contribution towards the SIAS Investor Education Programme benefitted around 2,500 retail shareholders, who as complimentary members of the Association, enjoy access to a wide range of seminars, workshops and other support.

### SHAREHOLDING BY INVESTORS (%)



■ Institutions	51.2
■ Retail	48.8
<b>Total</b>	<b>100.0</b>

### SHAREHOLDING BY GEOGRAPHY (%)



■ Singapore	32.6
■ Asia (ex Singapore)	5.6
■ North America	9.4
■ Europe	7.8
■ Others*	44.6
<b>Total</b>	<b>100.0</b>

\* Others comprise the rest of the world, as well as unidentified holdings and holdings below the analysis threshold as at 10 February 2021.

### INVESTOR AND ANALYST ENGAGEMENT

During the year, we held about 210 virtual meetings and conference calls with institutional investors, including virtual non-deal roadshows with investors from Hong Kong, Malaysia, Singapore, the UK and the US, and an online conference organised by the Singapore Exchange (SGX) and Credit Suisse. We also held our inaugural virtual Annual General Meeting (AGM), which was attended by some 230 shareholders.



Keppel Corporation's senior management engaged the media and investment community at the 2H & FY 2020 results webcast.



## INVESTOR RELATIONS RESOURCES

To ensure fair and timely dissemination of information, we post all announcements on our corporate website promptly after they are released on SGXNet.

Despite COVID-19, in 2020, we continued to hold "live" webcasts of our half-yearly results briefings, which facilitate real-time interaction with Keppel's senior management. An archive of the webcast and management speeches, together with the presentation materials, are made available on our website on the same day the results are released on SGXNet. A transcript of the questions and answers session is also released on SGXNet and posted on our website before the start of the next trading day.

Similarly, the presentation materials of our voluntary business updates are made available at our website on the same day they are released on SGXNet, while a transcript of the questions and answers session held with analysts is also released on SGXNet and posted on our website before the start of the next trading day.

To facilitate shareholders' communication with the Board of Directors, shareholders were invited to submit their questions for the Board prior to our inaugural virtual AGM. The responses to key questions received from shareholders were released on SGXNet and made available on our website prior to the event. In the same spirit, the presentation materials, results and minutes of the virtual AGM were also released on SGXNet and made available on our website concurrently.



Dr Lee Boon Yang, Chairman of Keppel Corporation (right) and the Company's Board of Directors interacted with shareholders at the Company's virtual AGM in 2020.

## CORPORATE WEBSITE

Our mobile-friendly corporate website [www.keppcorp.com](http://www.keppcorp.com) provides access to company announcements, half-yearly results and voluntary business updates, annual reports, investor events, stock and dividend information and investor presentation slides. Contact information of our Investor Relations (IR) personnel (email: [investor.relations@keppcorp.com](mailto:investor.relations@keppcorp.com)) can also be found on the website. All IR activities are guided by the principles and guidelines set out in the Company's IR policy, which is regularly reviewed and available on Keppel Corporation's website. The policy articulates guiding principles that ensure the timely, transparent and accurate disclosures of material information.

Following the unveiling of Vision 2030, we refreshed the corporate website to reflect the Company's new business segments, which highlight our focus and growth areas. We also augmented our website with videos and social media sharing links, thereby further improving our website's interactivity and accessibility.

## SHAREHOLDER INFORMATION

As at 10 February 2021, institutions formed 51.2% of our shareholder base, while retail investors accounted for the remaining 48.8%. Shareholders in Singapore held approximately 32.6% of our issued capital, while those in the rest of Asia held 5.6%, North America 9.4% and Europe 7.8%.

## INVESTOR RELATIONS CALENDAR

The following key events were held in 2020 to engage our investors and analysts:

### Q1

4Q & FY 2019 results conference and live webcast.

### Q2

1Q 2020 results teleconference for media & analysts.

Virtual non-deal roadshows with investors from Malaysia, Hong Kong, the US and the UK.

Media & analyst virtual briefing on Vision 2030.

Live webcast of Keppel Corporation's 52nd AGM, held by electronic means.

Participation in the SGX-Credit Suisse Singapore Virtual Corporate Day.

### Q3

2Q & 1H 2020 online results conference and live webcast.

Virtual non-deal roadshow with investors in Singapore and overseas hosted by UBS.

Media & analyst virtual briefing on the next steps in Vision 2030.

Keppel Corporation's Virtual Meeting for Retail Shareholders hosted by SIAS.

Virtual non-deal roadshow with investors in Singapore and overseas hosted by JP Morgan.

### Q4

3Q & 9M 2020 business updates teleconference for media & analysts.

# SIGNIFICANT MILESTONES

## Q1

### Corporate

Keppel Corporation was upgraded to a triple-A rating in the Morgan Stanley Capital International environmental, social and governance ratings.

### Energy & Environment

Keppel Offshore & Marine (Keppel O&M) delivered two projects, namely the fifth of 11 jackup rigs to Borr Drilling and a Floating Production Storage and Offloading (FPSO) vessel modification and upgrading project to Yinson.

Keppel Infrastructure secured contracts from Abellon Clean Energy worth about \$18 million to supply waste-to-energy (WTE) technology solutions and services to WTE plants in Gujarat, India.

### Urban Development

Keppel Land entered Taicang City in Jiangsu, China, with the acquisition of a 49% stake in a 5.85-hectare (ha) residential site for about \$97 million.

Keppel Land announced the divestment of Stamford City in Jiangyin, Jiangsu, China for a consideration of about \$95 million.

### Connectivity

M1 and Starhub submitted a joint bid for a 5G licence in Singapore.

### Asset Management

Keppel Capital launched the US\$1 billion Keppel Asia Infrastructure Fund (KAIF), which achieved its first closing.



FPSO Abigail-Joseph, delivered to Yinson, is Keppel O&M's 134th floating production vessel.

As its first asset, KAIF acquired a 30% interest in Gimi MS Corporation, which owns the Gimi FLNG vessel.

## Q2

### Corporate

Keppel Corporation unveiled Vision 2030 to drive the Company's long-term strategy and transformation.

### Energy & Environment

Keppel O&M delivered the sixth of 11 jackup rigs to Borr Drilling.

Keppel Infrastructure, through a Keppel-led consortium, secured a contract worth about \$1.5 billion to develop a WTE facility and a materials recovery facility for Singapore's Tuas Nexus Integrated Waste Management Facility.

Keppel Infrastructure commenced commercial operations for Keppel Marina East Desalination Plant, Singapore's fourth desalination plant.

Keppel Infrastructure Trust and Keppel Energy, through a joint venture (JV), secured a 7-year \$700 million sustainability-linked loan from DBS Bank and OCBC Bank for their jointly owned gas-fired co-generation plant, Keppel Merlimau Cogen Plant.

Keppel O&M and Energy Market Authority (EMA) forged a \$10 million partnership and signed a Memorandum of Understanding (MOU) to develop energy solutions for the marine sector.

Keppel O&M announced the development of the Floating Living Lab, the first-of-its-kind offshore floating testbed in Singapore.

### Urban Development

Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. (SSTEC) sold a residential land plot in the Sino-Singapore Tianjin Eco-City (Eco-City) for about RMB 1.2 billion.

### Connectivity

Keppel Data Centres Holding (KDCH) signed MOUs with Toll Group and Royal Vopak respectively to study the feasibility of developing a Floating Data Centre Park (FDCP) and LNG-to-power infrastructure in Singapore.

KDCH signed an MOU with Mitsubishi Heavy Industries Asia Pacific to jointly explore the implementation of the hydrogen powered tri-generation plant concept for data centres in Singapore.

KDCH and Singapore Press Holdings announced the development of a new data centre to be located at Genting Lane in Singapore.

M1 and Starhub were granted the final 5G network license award from Infocomm Media Development Authority (IMDA).

M1, IMDA, IBM and Samsung announced a collaboration on Singapore's first 5G Industry 4.0 trial to demonstrate the transformative impact of 5G for enterprises.

M1, IMDA and Maritime and Port Authority of Singapore partnered with Airbus to conduct coastal 5G standalone network trials at the Singapore Maritime Drone Estate.

### Asset Management

KAIF, together with the Fund's co-investment vehicles, achieved its second closing with aggregate commitments of US\$570 million including impending commitments.

Alpha Investment Partners (Alpha), together with Manulife and Mega Manunggal Property, launched a new Indonesian logistics property venture.

Keppel Telecommunications & Transportation sold about 2.33% of the total issued units in Keppel DC REIT for a total cash consideration of about \$92 million.



Development of the Eco-City continued in 2020 with the sale of two residential land plots in the Central and South districts.

## Q3

### Corporate

Keppel reaffirmed Vision 2030 and announced asset monetisation plans to unlock value from assets, as well as the strategic review of the offshore & marine business.

Keppel Corporation achieved sixth position, out of almost 600 Singapore-listed companies, in the Singapore Governance and Transparency Index 2020.



KEAF acquired a 70% stake in a school property operated by Malvern College Chengdu as its first asset.

### Energy & Environment

Keppel O&M secured four contracts worth about \$270 million namely two FPSO fabrication and integration projects, an LNG carrier to Floating Storage and Regasification Unit conversion and a newbuild Trailing Suction Hopper Dredger (TSHD).

Keppel DHCS and its JV partners secured a contract worth about \$330 million for a district cooling system in Bangkok, Thailand.

### Urban Development

Keppel Land announced a collaboration with TVS Emerald to jointly develop a premium residential project in Chennai, India.

SSTEC sold two industrial land plots in the Eco-Innovation Park with a total area of 8.44 ha.

### Connectivity

M1 launched its 5G non-standalone network to all customers.

KDCH signed an MOU with other industry leaders to jointly develop Singapore's first end-to-end decarbonisation process.

### Asset Management

Keppel Capital entered into a strategic cooperation with the National Pension Service of Korea to explore investment opportunities for private infrastructure in Asia.

Keppel Capital raised more than half of its target commitment of US\$500 million for the Keppel Education Asset Fund (KEAF). The Fund acquired, as its first asset, a 70% stake in a premium bilingual K12 school property operated by Malvern College Chengdu in Sichuan, China.

Alpha Data Centre Fund expanded into China with the planned development of a greenfield data centre located in the Tonghu Smart City in Huizhou, Guangdong, China. Keppel Data Centres will collaborate with local partners to implement global best practices for operations in this data centre.

## Q4

### Corporate

As part of the 100-day plan under Vision 2030, the Group progressively announced over \$1.2 billion of divestments.

The Keppel Group swept 21 awards at the Workplace Safety and Health Awards 2020.

The Keppel Group was recognised for its sustainability efforts in the 2020 Global Real Estate Sustainability Benchmark assessment.

Keppel Corporation announced leadership changes for several key business units as part of the Group's succession planning and leadership renewal.

Keppel Corporation scored an A- in the CDP 2020 Climate Change Assessment.

### Energy & Environment

Keppel Renewable Energy entered into an agreement to acquire a 45% stake in Harlin Solar, to develop and manage the construction and operation of a large-scale greenfield solar farm in Queensland, Australia.

Keppel O&M secured contracts worth about \$700 million for the engineering, procurement and construction of one of the world's largest wind turbine installation vessels in the US from Dominion Energy, as well as an FPSO conversion project from a repeat customer.

Keppel O&M delivered three projects namely an LNG carrier to Avenir LNG, an LNG bunkering vessel to FuelNG and a TSHD to Jan De Nul.

Keppel O&M announced the successful conclusion of its US Deferred Prosecution Agreement.

Keppel DHCS secured a \$300 million contract from JTC to build, own and operate a district cooling system (DCS) plant in Bulim Phase 1 of the Jurong Innovation District in Singapore.

Keppel O&M and EMA jointly awarded a research grant to a consortium led by Envision Digital to pilot Singapore's first floating Energy Storage System.

### Urban Development

Keppel Land formed a JV partnership to own and develop an 8.4-ha residential site in Jiading District, Shanghai, China.



Keppel DHCS will build, own and operate a DCS plant in Bulim Phase 1 of Singapore's Jurong Innovation District.

Keppel Land acquired a strategic minority stake in Cove Living.

Keppel Land announced divestments of five projects across China, Singapore, the UK and Vietnam for a total consideration of over \$1.2 billion.

SSTEC sold the last residential land plot in the Eco-City's South District for about RMB 669 million.

### Connectivity

KDCH, City Gas and City-OG Gas Energy Services signed an MOU to explore using LNG and hydrogen to power KDCH's FDCCP in Singapore.

### Asset Management

Keppel Capital and Keppel Land launched the US\$600 million Keppel Vietnam Fund, which achieved its first closing.

Keppel Capital launched its second data centre fund, Keppel Data Centre Fund II, with target fund size of US\$1 billion, which achieved its first closing.

Keppel REIT acquired Pinnacle Office Park in Sydney, Australia and announced the proposed acquisition of Keppel Bay Tower in Singapore.

Keppel Capital launched the follow-on Alpha Asia Macro Trends Fund IV with a target fund size of US\$1 billion, which achieved its first closing.



WE PROVIDE A WIDE RANGE OF ENERGY AND ENVIRONMENTAL SOLUTIONS THAT ARE ESSENTIAL FOR SUSTAINABLE DEVELOPMENT.

#### EARNINGS HIGHLIGHTS (\$ million)

	2020	2019	2018
Revenue	3,943	4,969	4,322
EBITDA	(671)	268	83
Operating Profit/(Loss)	(822)	116	(39)
Loss before Tax	(1,251)	(121)	(168)
Net Loss	(1,181)	(101)	(169)
Average Headcount (Number)	12,732	12,838	13,082
Manpower Cost	643	688	601

#### MAJOR DEVELOPMENTS IN 2020

Conducted strategic review of O&M business, and has since announced plans to transform Keppel O&M and position it higher up the value chain as a developer and integrator of offshore energy and infrastructure assets.

Keppel O&M secured new order wins of about \$1 billion, with offshore renewables and LNG solutions making up 65% of new orders.

Keppel Infrastructure secured \$2.1 billion worth of WTE and district cooling contracts across Singapore, India and Thailand.

Keppel Renewable Energy (KRE) announced its first solar farm project, which is located in Australia.

#### FOCUS FOR 2021/2022

Execute strategic transformation of Keppel O&M, and capture opportunities in both existing and new markets.

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

Further strengthen Keppel Infrastructure's retail and marketing capabilities.

Expand cooling business in local and overseas markets, and leverage MET Group to grow European presence.

Continue to explore opportunities in the renewable energy sector through KRE.

Deepen collaboration across business units to develop better and smarter solutions, as well as with Keppel Capital to tap third-party funds for growth.

## EARNINGS REVIEW

The Energy & Environment segment provides solutions and services spanning offshore & marine (O&M), energy infrastructure and renewables, as well as environmental infrastructure. The segment includes Keppel O&M, Keppel Infrastructure and Keppel Renewable Energy, as well as the Group's investment in associate KrisEnergy.

Revenue from Energy & Environment decreased by \$1 billion or 21% to \$3.9 billion for FY 2020, due mainly to lower revenue from the O&M business arising from the significant downtime as a result of COVID-19, fewer new contracts in 2020 and the termination and deferment of some projects during the year. In addition, revenue was affected by lower progressive revenue recognition from waste-to-energy (WTE) projects under development.

For FY 2020, Energy & Environment reported a net loss of \$1.2 billion, compared to a net loss of \$101 million for FY 2019, after impairments of \$908 million which related mainly to Keppel O&M's contract assets, receivables, stocks and share of impairment provisions from Floatel. The O&M business, which was particularly affected by the COVID-19 crisis and the fall in global demand for oil, was faced with deferments and terminations of some projects.

Excluding impairments, the segment's net loss was \$273 million for the whole of 2020. Weaker performance in the O&M business, which had been impacted by slower progress on projects due to significant downtime as a result of COVID-19, was partly offset by higher contributions from the energy infrastructure and environmental infrastructure businesses, as well as the absence of a share of loss from KrisEnergy and fair value loss on KrisEnergy warrants as compared to FY 2019.

## OPERATING REVIEW

### ENERGY

#### Offshore & Marine

In 2020, Keppel O&M was significantly affected by the COVID-19 pandemic, following the sharp fall in global demand for oil. The pandemic also brought about many challenges ranging from supply chain disruptions to lockdowns. Notably, COVID-19 and the measures to contain its spread caused a sharp drop in manpower at Keppel O&M's yards in Singapore in the second and third quarters. As at end-2020, work has resumed at all yards, with safe management measures in place.

During the year, Keppel O&M reduced its direct headcount to 10,500 as at end-2020, from 13,500 as at end-2019. Keppel O&M has put in place cost management measures which will reduce



Keppel O&M's floating living lab will be a launchpad for the development and test bedding of sustainable marine solutions in Singapore.

annual overheads by over \$90 million starting from 2021, and is working on further cost reduction. Keppel O&M will continue to manage its costs carefully as it navigates industry headwinds.

In line with the Group's Vision 2030, Keppel O&M continued to strengthen its offerings in the growing renewables and gas-related segments. Keppel O&M secured new order wins of about \$1 billion in 2020, with offshore renewables and Liquefied Natural Gas (LNG) solutions making up 65% of new orders.

Key contracts secured in 2020 include a Jones Act compliant wind installation vessel for Dominion Energy worth \$600 million, as well as a high-specification Trailing Suction Hopper Dredger (TSHD) for Manson Construction, an LNG carrier to Floating Storage and Regasification Unit conversion, and module integration for two Floating Production Storage & Offloading (FPSO) units.

As at end-2020, Keppel O&M's orderbook stood at \$3.3 billion, of which over 80% related to renewables and gas solutions.

Despite the operational challenges and disruptions brought about by COVID-19, Keppel O&M continued to focus on the execution of existing projects. During the year, Keppel O&M delivered two jackup rigs to Borr Drilling, a TSHD to Jan De Nul, and an LNG bunkering vessel to Avenir LNG. Keppel O&M also

## Keppel O&M secured new order wins of about \$1 billion in 2020, with offshore renewables and LNG solutions making up 65% of new orders.

completed two FPSO vessel conversion/modification projects and the fabrication of a turret.

In Singapore, Keppel O&M repaired 208 vessels in 2020, compared to 288 vessels in 2019, as fewer vessels were docked at the yards due to border closures related to COVID-19. Keppel O&M also completed 27 scrubber and 34 Ballast Water Treatment Systems (BWTS) retrofit projects in 2020.

Meanwhile, in the Philippines, Keppel Subic and Keppel Batangas repaired a total of 98 vessels in 2020 for domestic and foreign customers, including four BWTS retrofit projects.

In Brazil, BrasFELS secured its seventh FPSO-related contract from MODEC. The yard continued to support its repeat customer with offshore services on several FPSO units including FPSO Fluminense and FPSO Cidade de Niteroi, amongst others.

## OPERATING & FINANCIAL REVIEW

### ENERGY & ENVIRONMENT

In the US, work on two dual-fuel containerships for Pasha Hawaii is ongoing at Keppel O&M's yard in Brownsville, Texas. The vessels are scheduled for delivery in 2021.

As part of Keppel O&M's digital transformation, it has operationalised its AssetCare digital services solution at the Keppel O&M Digital Space and Living Lab in Singapore. In 2020, AssetCare was used to complete a remote survey from Singapore to certify that Cantarell III, operating offshore Mexico, was fit for service. Cantarell III is one of the industry's first drilling rigs with Smart Notations equipped with AssetCare.

In line with Keppel's Vision 2030 push towards sustainability, Keppel O&M announced a partnership with Energy Market Authority (EMA) to develop innovative energy solutions in the marine sector. The partnership aims to develop energy solutions in the areas of distributed energy resources, digitalisation and emerging low carbon alternatives.

In 2020, Keppel O&M and EMA jointly awarded a research grant to a consortium led by Envision Digital to pilot Singapore's first floating Energy Storage System (ESS). Keppel O&M will work with the consortium to deploy a 7.5MW/7.5MWh lithium-ion battery ESS on Keppel O&M's Floating

Living Lab (FLL). To be completed in 2023, the FLL will be a launchpad for the development and test bedding of sustainable marine solutions in Singapore.

In 2020, Keppel O&M announced that it had successfully complied with its obligations under the Deferred Prosecution Agreement (DPA) entered into with the U.S. Department of Justice in December 2017, and that the DPA had accordingly concluded. The DPA was part of Keppel O&M's global resolution with criminal authorities in the US, Brazil and Singapore.

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

On 5 December 2020, Floatel entered into a Lock-Up Agreement with FELS Offshore, an ad hoc group of holders of Floatel's 9% senior secured 1L Bonds, other consenting 1L Bondholders and certain 2L Bondholders, which commits the aforementioned stakeholders to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group. Under this Lock-Up Agreement, FELS Offshore

has committed to use reasonable endeavours to procure the provision and funding of a new US\$100,000,000 Revolving Credit Facility (RCF) for Floatel, and another member of the Group may provide credit support for the RCF in the form of risk participation.

By 12 February 2021, Floatel's restructuring plan had received the necessary approvals from the various stakeholders. At the date of these financial statements, Floatel's restructuring was progressing well and Keppel was also in advanced discussions with financial institutions to provide the RCF. More details on Floatel's restructuring can be found on page 74 of this annual report.

#### Energy Infrastructure

Keppel's energy infrastructure business performed well in 2020 despite challenging market conditions which were further exacerbated by COVID-19.

During the year, Keppel Electric maintained its position as one of Singapore's leading electricity retailers, with a commercial and industrial (C&I) retail market share of 13% as at November 2020. It also retained its position as Singapore's largest Open Electricity Market (OEM) electricity provider, with a market share of 23% as at October 2020. While the C&I retail market was impacted due to the COVID-19 pandemic,

## OFFSHORE & MARINE STRATEGIC REVIEW

Amidst the global energy transition and major disruptions facing the oil industry, Keppel Corporation announced plans to carry out a comprehensive transformation of Keppel O&M to better align it to Keppel's Vision 2030. The goal of the restructuring is to create a slimmer and more competitive Keppel O&M that is well-placed to support the energy transition, even as Keppel continues to explore inorganic options.

Reflecting Keppel's commitment to sustainability, Keppel O&M will exit the offshore rigbuilding business, after completing the existing rigs under construction. In line with the Group's more disciplined approach towards capital allocation, Keppel O&M will not undertake any new project requiring large upfront capex or without milestone payments. It will also progressively exit low

value-adding repairs and other activities with low bottom-line contribution, and focus on higher value-adding work.

As part of the transformation, Keppel O&M's business will be restructured into three parts: a Rig Co and a Development Co (Dev Co), which will be transient entities created to hold its about \$2.9 billion worth of completed and uncompleted rig assets; and most importantly, an Operating Co (Op Co), comprising the rest of Keppel O&M, which will be transformed into an asset-light and people-light developer and integrator of offshore energy and infrastructure assets, focusing on design, engineering and procurement.

As part of its people-light and asset-light approach, fabrication work would be subcontracted to its eco-system of contractors, including other yards.

Keppel O&M's yard operations will be streamlined, including repurposing or divesting part of its global network of yards. At the same time, the Op Co will invest in capability building as it seizes new opportunities. It will seek opportunities in floating infrastructure and infrastructure-like projects that can deliver predictable streams of cashflow, including renewable energy projects such as offshore wind farms and solar farms, gas solutions, production assets and new energy solutions such as hydrogen and tidal energy. It will also collaborate with other Keppel business units and harness the synergies of the Group to provide diverse solutions for sustainable urbanisation, such as offshore and nearshore infrastructure and floating data centre parks, and also explore how Keppel O&M's offshore rig technology can be repurposed for other uses.

With a healthy balance sheet and undistracted by its stranded rig assets, the Op Co will seize opportunities in the energy transition, and is expected to be self-sustaining, financially independent and profitable over time.



Keppel Infrastructure secured \$2.1 billion of new contracts in 2020, including a contract to build, own and operate a DCS plant in Bulim Phase 1 of the Jurong Innovation District.

especially during the Circuit Breaker period in Singapore, the impact was cushioned by a notable increase in electricity consumption by Keppel Electric's sizeable residential base.

Keppel Gas' performance remained resilient in 2020 despite COVID-19, as most of its customers operated in essential or key industry sectors. In 2020, Keppel Gas remained focused on providing customised and diversified solutions such as alternative pricing structures. This customer-centric approach enabled the company to grow its customer base in 2020.

Likewise, Pipenet continued to expand in 2020, securing several long-term service corridor and utility contracts with new customers on Jurong Island in Singapore. Pipenet also successfully completed a pipe rack construction for JTC Corporation (JTC). Meanwhile, completion of the construction of pipelines and ancillary facilities for JTC on Jurong Island was delayed to 2H 2021 due to COVID-19.

2020 was an active year for Keppel DHCS. In Singapore, Keppel DHCS was awarded a \$300 million contract by JTC to build, own and operate a new 14,000 Refrigeration Tonnes (RT) district cooling system (DCS) plant to be located in the upcoming Bulim Phase 1 of the Jurong Innovation District. Keppel DHCS' 30-year operation & maintenance phase of the contract will commence in 2022. Deepening its presence in Singapore, Keppel DHCS also secured five new long-term retail cooling contracts.

In Thailand, as part of a consortium with Thai renewable energy company, BCPG Public Company, and Thai engineering

consultancy, TEAM Consulting Engineering and Management Public Company, Keppel DHCS was awarded a contract for a 18,000 RT DCS plant worth about \$330 million. Keppel DHCS will lead the 20-year operation & maintenance phase of the contract which is expected to commence in 2022.

In Europe, MET Group, in which Keppel Infrastructure has a 20% stake, expanded its new energy portfolio with the acquisition of a 42MW wind park in Bulgaria, as part of its growth strategy to develop a significant new energy portfolio in the Central and Eastern Europe regions.

In response to disruptions from the COVID-19 pandemic, Keppel Infrastructure adopted a more agile model for its operations & maintenance business. During the year, the teams at the various DCS facilities in Singapore studied the implementation of remote monitoring and centralised their operations where possible. These initiatives will be progressively rolled out to improve operational excellence and support the expansion of the new energy business.

#### Renewable Energy

During the year, Keppel Renewable Energy (KRE) entered into an agreement to acquire a 45% stake in Harlin Solar to develop a large-scale, greenfield solar farm in Queensland, Australia. This acquisition is in line with Keppel's Vision 2030, which puts sustainability at the core of the Group's strategy, and envisages the Group growing its renewable energy portfolio as it contributes to the accelerating energy transition.

Expected to be completed in 2023, the solar farm project will have a capacity of at least 500MW and can generate enough energy to power over 142,000 average Australian homes. When operationally ready, the solar farm will be connected to the national energy market (NEM) for public consumption and will also provide renewable energy through the NEM to businesses seeking sustainable energy solutions, including Keppel-related companies in Australia.

#### Others

2020 was a challenging year for KrisEnergy as it continued to navigate headwinds arising from COVID-19, macroeconomic factors and oil price volatility, while executing its financial restructuring.

KrisEnergy continued to make progress since the announcement of its final restructuring proposal in August 2020. On 30 December 2020, the Revolving Credit Facility's maturity date was extended for an initial period of six months to 30 June 2021 with a further extension to 30 June 2024 upon successful completion of the restructuring. KrisEnergy had, as at February 2021, also obtained the necessary acceptances from its scheme creditors and noteholders for its restructuring plans. As the final stage in the restructuring process, KrisEnergy will be convening an Extraordinary General Meeting for shareholders of the company to approve the issuance of shares for the proposed conversion of the company's debt to equity.

In parallel with the ongoing restructuring, KrisEnergy also achieved a significant operational milestone in December 2020 with the commencement of production at the first of five development wells in Mini Phase 1A of the Cambodia Block A (CBA) offshore oil field.

Keppel is a significant direct creditor of KrisEnergy, arising from its holding of zero coupon notes due 2024 issued by KrisEnergy, with detachable warrants, as well as an up to US\$87 million CBA loan facility. Keppel also holds an indirect interest, through a bilateral contract with DBS Bank (DBS), in a claim of about \$247 million of outstanding principal as at 31 December 2020 owed by KrisEnergy to DBS. In addition, Keppel also has contract assets with carrying value of about \$29 million in relation to a construction contract for a production barge for KrisEnergy. As at the date of this report, Keppel Corporation holds an approximate 40% equity interest in KrisEnergy.

#### ENVIRONMENT

In April 2020, Keppel Seghers, through a Keppel-led consortium, secured a \$1.5 billion engineering, procurement and construction contract for the Tuas Integrated

## OPERATING & FINANCIAL REVIEW

### ENERGY & ENVIRONMENT



In 2020, significant progress was made on the land reclamation works for the HKIWMF.

Waste Management Facility (IWMF) Phase 1 from the National Environmental Agency. The IWMF will be Singapore's first integrated facility to treat multiple waste streams. Under the contract, the consortium will design, construct and commission a 2,900 tonnes per day (tpd) WTE facility to treat incinerable waste, as well as a 250 tpd Materials Recovery Facility (MRF) with advanced technologies to sort metals, paper, cardboard and plastics automatically. The MRF will improve sorting efficiency and improve the overall domestic recycling rate in Singapore.

In June 2020, Keppel Infrastructure commenced commercial operations for the dual-mode Keppel Marina East Desalination Plant (KMEDP) in Singapore and began the plant's 25-year concession period. The successful completion of KMEDP and commencement of operations despite COVID-19 attests to Keppel Infrastructure's execution excellence, resilience and Can Do spirit. The plant can produce up to 137,000m<sup>3</sup> of fresh drinking water daily from either seawater or water from the Marina Reservoir, depending on the prevailing weather conditions. During rainy weather, the plant will utilise rainwater collected in the reservoir to produce potable water, which requires less energy and fewer steps in the treatment process as compared to desalination.

In China, Keppel Seghers maintained its track record as a leading imported

WTE technology solutions provider. In 2020, it successfully commissioned three plants, including Baoan III WTE plant in Shenzhen, one of the world's largest WTE facilities. Keppel Seghers is currently executing another three projects in China.

In Australia, the WTE project in Kwinana achieved good progress on the engineering design work and delivery of key equipment despite disruptions due to COVID-19. Completion of the project is expected in 2022.

In Hong Kong, engineering design work on the HKIWMF has progressed well. Along with significant progress in reclamation works, prefabrication of the plant's process modules commenced in 2020.

In response to COVID-19, Keppel's environmental infrastructure operations & maintenance teams effectively implemented the necessary business contingency plans and safe management measures to ensure continuity of the essential services it provides. These include split team arrangements and extra temporary living arrangements for its workers. Through the diligence and hard work of the local and overseas teams, Keppel Infrastructure delivered uninterrupted operations safely across its operations in 2020.



## With its wide range of technical expertise in the energy sector, Keppel is building new muscles and developing solutions to support the energy transition.

### MARKET REVIEW & OUTLOOK ENERGY

In 2020, travel restrictions and government-imposed lockdowns to curb the spread of the COVID-19 virus had a considerable impact on global energy demand, particularly for oil, which experienced a sharp decline in demand. The global transition to cleaner sources of fuel was further accelerated as governments and oil majors fast-tracked plans in the shift towards gas and renewables.

During the year, global gas demand remained relatively resilient, declining by about 2.5% according to the International Energy Agency (IEA). Global gas prices, however, experienced significant volatility between January and April 2020. According to IEA, following a series of OPEC production cuts, rebound in global demand for oil, as well as improved market optimism, gas demand and prices have since recovered as of early-2021, as colder winters increased demand and tightened supply. Looking further ahead, DNV GL estimates that natural gas, as a transition fuel, is projected to overtake oil to become the world's largest energy source by 2026.

Demand for renewable energy on the other hand, saw a small overall increase of 1% in 2020 on the back of growing international concerns about climate change. In 2020, net installed renewable capacity grew by nearly 4% globally to reach 200GW, underpinned by increases in China and the US.

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

#### Offshore Energy & Renewables

In 2020, six new floating production units were awarded, compared to 17 units in 2019. While Energy Maritime Associates (EMA) expects further project delays in 2021, cancellations of production units are not expected. Looking ahead, EMA expects total capital spending on floating production systems to reach US\$83 billion by 2025, with Brazil leading the way.

In the LNG space, Wood Mackenzie estimates that global LNG demand would continue to grow by about 4% per annum from now till 2030 and believes that continuing improvement in the macro environment and gas prices would help to clear up the backlog of final investment decisions (FIDs) for several major liquefaction projects. Despite delays in FIDs for LNG projects, Keppel O&M continues to receive interest for its Floating Liquefied Natural Gas (FLNG) conversion solution, following the success of Hilli Episeyo, the world's first converted FLNG vessel.

Meanwhile, offshore wind is expected to be a strong contributor to post-COVID economic recovery worldwide. The Global Wind Energy Council estimates that over 205GW of new offshore wind capacity would be added globally through to 2030, led by Asia Pacific and Europe. In a separate report, the American Wind Energy Association estimates that the US market alone has the potential to develop about 86GW of offshore wind projects by 2050, of which some 14 developments, with a total of over 9GW, are expected to be operational by 2026.

Keppel O&M, with its wide-ranging design and development capabilities for solutions such as wind turbine foundations, substation

platforms and installation and support vessels, is well-placed to support the global offshore wind market.

In 2021, IEA expects 196GW of renewable capacity additions, an increase of 18% from 2020's additions. In the solar PV sector, IEA anticipates nearly 117GW of installations globally in 2021, about 10% higher than 2020's installations.

In response to the growing opportunities, KRE will continue to focus on the development of utility-scale wind and solar projects, as well as integrating state-of-the-art technology, energy storage systems and digital platforms for the efficient management of renewables assets. KRE will collaborate with other Keppel business units and harness the Group's capabilities to develop, own and operate renewable energy infrastructure in a cost-efficient, safe and reliable manner. It will also work with the Group's asset management platforms, including the Keppel Asia Infrastructure Fund, to attract third-party funding for its projects.

#### Gas & Power

In Singapore, the government has launched a Request for Proposal for the importation and sale of re-gasified LNG in Singapore. This presents an opportunity for Keppel Gas to diversify its LNG source. Keppel Gas will



KRE will collaborate with other Keppel business units and harness the technical and commercial capabilities across the Group to develop, own and operate renewable energy infrastructure.

**OPERATING & FINANCIAL REVIEW**  
**ENERGY & ENVIRONMENT**

**With its advanced technology and strong execution track record, Keppel is well-positioned to support governments and industries with its sustainable environmental solutions.**

continue to deepen its collaboration with industry partners to enhance its ability to procure highly competitive gas supplies from the global market, and to add value through innovative gas solutions for its customers.

In the wholesale energy market, Singapore’s average electricity demand fell 2.5% year-on-year, compared to 2019’s moderately positive growth rate, mainly due to the economic downturn and reduced electricity consumption on the back of COVID-19. This lower offtake is expected to continue in the near to medium term.

In Singapore, the ongoing development of the Forward Capacity Market, which will introduce a structure for advance capacity payments, is set to alter the dynamics of the current energy-only market where generation companies are remunerated based on the electricity that they produce. The changes in Singapore’s energy market presents both challenges and opportunities for Keppel Electric. Keppel Electric will continue to optimise its power portfolio and stay ahead in the rapidly changing market environment. Looking ahead, Keppel Electric will improve the customer experience and provide new, sustainable bundled products.

**District Cooling**

Similarly, the DCS sector was impacted by COVID-19, with Singapore’s Circuit Breaker measures resulting in short-term load reduction. Nevertheless, with new customers signed on during the year, Keppel DHCS continued to grow at a compounded annual growth rate of 7.2% since 2010. Keppel DHCS will continue to pursue growth opportunities in Asia to expand its geographical reach.

Keppel Infrastructure’s robust track record across gas, power, DCS and pipeline corridor services places it in good stead to seize opportunities in its existing markets, as well as adjacent new energy spaces. Focusing on new energy, Keppel Infrastructure will continue to collaborate with MET Group, leveraging its extensive presence in Europe to jointly pursue investment opportunities.

**ENVIRONMENT**

The COVID-19 pandemic has altered waste generation dynamics globally, driving the need for nations to relook at

waste management and sanitation solutions. The pandemic resulted in the increased generation of a wide variety of medical waste such as masks, gloves and various protective equipment. Lockdowns across the world also increased the delivery of products, groceries and food, leading to a rise in disposable packaging and municipal waste.

The focus on climate change and environmental degradation have also increased in importance worldwide. The continuing global mindset shift towards zero waste and a circular economy model will continue to drive policies toward a greater focus on sustainable and integrated waste management solutions.

With its advanced technology and strong execution track record, Keppel Seghers is well-positioned to support governments and industries with its sustainable environmental solutions.

The post COVID-19 world will continue to urbanise, presenting huge opportunities for Keppel Seghers. Governments around

the world have become more proactive in sourcing sustainable waste management and water solutions amidst fast-depleting landfill capacities, rising public awareness of environmental issues and increased water demand. There has also been increasing interest by various governments to adopt WTE technology as the preferred long-term waste management solution. More countries are also exploring water recycling solutions to cater to the increasing water demand from their growing populations.

In China, sustainable waste management remains a focus area of the government. With over 100 WTE facilities expected to be built in the next few years, China will continue to be a focus market for Keppel Seghers.

As WTE facilities rapidly gain acceptance as a long-term cost-effective solution for municipal waste management, major cities across Southeast Asia are potential markets for Keppel Seghers. Leveraging its track record and technical expertise, Keppel Seghers will also continue to explore opportunities in Australia, the UK and Europe.

Looking ahead, Keppel Seghers will continue to focus on enhancing its technology expertise and sharpening its operating capabilities. It will also work with Keppel Capital to develop and invest in infrastructure projects in line with Keppel’s Vision 2030 and grow recurring income for the Group.



As countries develop and urbanise, governments have become more proactive in sourcing water solutions, such as those provided by Keppel, to support the increased demand for water.



WE PROVIDE  
COMPELLING  
URBAN SOLUTIONS  
INCLUDING VIBRANT  
HOMES, OFFICES, AS  
WELL AS COMMERCIAL  
AND INTEGRATED  
DEVELOPMENTS.

## EARNINGS HIGHLIGHTS (\$ million)

	2020	2019	2018
Revenue	1,275	1,336	1,340
EBITDA	645	545	1,083
Operating Profit	605	507	1,050
Profit before Tax	720	676	1,201
Net Profit	438	483	950
Average Headcount (Number)	2,576	2,792	3,059
Manpower Cost	166	176	204

## MAJOR DEVELOPMENTS IN 2020

Keppel Land sold about 3,340 homes in Asia, mainly in Singapore, China and Vietnam.

Keppel Land announced asset divestments totalling about \$1.3 billion for the whole of 2020, spanning Singapore, China, Vietnam and the UK.

Keppel Land announced the acquisition of a stake in a co-living solutions provider, as well as new residential projects in China and India.

SSTEC sold two residential land plots and two industrial land plots in the Sino-Singapore Tianjin Eco-City.

## FOCUS FOR 2021/2022

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

Invest in and develop expertise in property technology and new real estate solutions.

Invest strategically and selectively in new projects across Asia.

Continue to seek new opportunities in master development, and develop Saigon Sports City in Vietnam.

Continue to develop the Sino-Singapore Tianjin Eco-City in China as a model for sustainable urbanisation.

Deepen collaboration across business units to develop better and smarter solutions, as well as with Keppel Capital to tap third-party funds for growth.

## OPERATING & FINANCIAL REVIEW

### URBAN DEVELOPMENT

**KEPPEL LAND'S TOTAL ASSET DISTRIBUTION BY COUNTRY (%)**  
as at 31 December 2020



■ Singapore	33.8
■ China	46.0
■ Vietnam	9.2
■ Indonesia	5.4
■ Others	5.6
<b>Total</b>	<b>\$14.8 billion 100.0</b>

**KEPPEL LAND'S TOTAL ASSET DISTRIBUTION BY SEGMENT (%)**  
as at 31 December 2020



■ Property Trading	48.0
■ Property Investments	44.5
■ Others	7.5
<b>Total</b>	<b>\$14.8 billion 100.0</b>

#### EARNINGS REVIEW

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

In FY 2020, revenue from Urban Development decreased by \$61 million to \$1,275 million mainly due to lower revenue generated from hospitality and commercial properties and lower revenue from property trading projects in Singapore and Vietnam. These were partly offset by higher revenue from property trading projects in China.

Net profit from the segment decreased by \$45 million to \$438 million for FY 2020, mainly due to the absence of tax write-backs as compared to FY 2019 and lower contribution from Singapore and Vietnam property trading projects. These were partly offset by higher fair value gains from investment properties, higher contribution from property trading projects in China, as well as higher contribution from SSTEC.

#### OPERATING REVIEW

##### PROPERTY DEVELOPMENT

In 2020, Keppel Land continued to unlock capital to seek new growth opportunities in line with the Group's Vision 2030 roadmap. During the year, Keppel Land announced six asset divestments worth about \$1.3 billion across Singapore, China, Vietnam and the UK.

In Singapore, the announced divestment of Keppel Bay Tower (KBT) to Keppel REIT is a prime example of how Keppel is able to create and extract value across the lifespan of an asset through the Group's value creation eco-system. Over the holding period of about 20 years, the total profit from KBT, including the total capital gains and operating profit attributable to Keppel Corporation and Keppel Land, was about \$426 million. Following the divestment, the Group will continue to derive fees from rendering property management services, as well as benefit from rental income and any potential capital value appreciation in KBT through Keppel's stake in Keppel REIT.

During the year, Keppel Land expanded its portfolio with the announced acquisitions of stakes in two residential projects in China and India. Focused on generating higher returns, Keppel Land will continue to turn its assets proactively through en-bloc sales and divestments, while investing strategically to capture growth opportunities as well as build new capabilities.

Keppel Land continued to create new operating platforms and adjacent services to complement its core real estate business. In 2020, Keppel Land acquired a stake in Cove, one of Southeast Asia's fastest growing co-living companies. It is also collaborating with Keppel Capital's 50% owned US-based senior living operator, Watermark Retirement Communities, to acquire new knowledge and insights into the sector.

With a pipeline of about 54,000 residential units and a total commercial portfolio of 1.7 million square metres (sm) of gross floor area (GFA) in key Asian cities, including commercial properties under development, Keppel Land is well-positioned to capitalise on the long-term demand for homes, office and retail spaces in its target markets.

#### China

Despite the COVID-19 pandemic, home buyer interest remained strong in China. During the year, Keppel Land sold about 2,110 units, compared to about 3,400 units sold in 2019, mainly due to fewer sales launches in 2020. The drop in home sales year-on-year (yoy) was also because Keppel Land had brought forward some of 2020's pipeline of project launches to 2019, riding on the positive sales momentum in that year.

Home sales in 2020 were mainly from Waterfront Residences, Park Avenue Heights and Seasons Residences in Wuxi, Seasons Residences in Shanghai, City Park in Chengdu, as well as China Chic in Nanjing. Despite COVID-19, Keppel Land sold 1,335 units in Wuxi in 2020, 29% higher yoy, riding on positive take-up from three project launches in Wuxi.

Keppel Land continued to focus on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis to capture opportunities. During the year, Keppel Land deepened its presence in Shanghai's residential market with the acquisition of a 15% stake in a residential project in Jiading District. The project launched 360 units in March 2021, and sold 90% of the released units on the day of launch.

Following the lifting of lockdown measures in various Chinese cities, the performance of Keppel Land's commercial assets quickly stabilised due to their good locations and on the back of overall economic growth. In 2020, Keppel Land completed asset enhancement initiatives (AEI) at The Kube in Zhangjiang, Shanghai and Westmin Plaza in Guangzhou. Both assets are generating higher rental income following the completion of the AEI.

#### Singapore

As showflats closed due to the Circuit Breaker in Singapore, Keppel Land introduced virtual show galleries and digitalised the sales process. Keppel Land also leveraged technology to

## During the year, Keppel Land announced 6 asset divestments worth about \$1.3 billion across Singapore, China, Vietnam and the UK.

safeguard office tenants' health and well-being during the pandemic, such as through the implementation of facial recognition for contactless access, mobile application access, as well as installing Ultraviolet-C lights for air sterilisation, amongst other measures.

In 2020, Keppel Land sold about 370 residential units in Singapore, higher than the 250 units sold in 2019. These were mainly from The Garden Residences, which sold about 330 units during the year. As at end-2020, the project was 93% sold and is expected to be completed in 2021. Also during the year, 38 units were sold at Reflections and Corals at Keppel Bay. The two projects at Keppel Bay were 97% and 87% sold respectively as at end-2020.

In January 2021, Keppel Land, together with Mapletree Investments, launched The Reef at King's Dock. The project saw strong take-up with over 90% of the 300 units released sold over the launch weekend. The project will be developed into a luxury, waterfront living development and is expected to be completed by 2025. Keppel Land is also developing 19 Nassim into a luxurious 101-unit condominium which will be completed in 2023. Meanwhile, plans for

Keppel Bay Plot 6, a residential site located on Keppel Island, are currently under review.

The redevelopment of Keppel Towers into a full commercial development is currently in progress. Meanwhile, Keppel Land's retail mall i12 Katong, which closed in 2020 for major asset enhancement works, is expected to re-open in 2H 2021. The mall will be a showpiece for new retail concepts.

In November 2020, Keppel Land and Sustainable Singapore Gallery, managed by PUB, launched a public outreach programme, "R.I.S.E. to the Challenge", to raise awareness on rising sea levels and climate action. The programme comprises a series of exhibitions and workshops to be conducted over the next two years.

In 2020, Keppel Land received international recognition at the Global Real Estate Sustainability Benchmark 2020. It also received the Building and Construction Authority's (BCA) Quality Excellence Award - Quality Champion (Platinum) for the second consecutive year, and several accolades for residential projects in Singapore including The Reef at King's Dock and 19 Nassim. Notably, in December 2020,

### RESIDENTIAL LANDBANK

# 54,000

High-quality homes across key Asian cities.

### COMMERCIAL PORTFOLIO

# 1.7m sm

In total gross floor area, of which half is under development.



Upon completion of the asset enhancement works in 2021, Keppel Land's retail mall i12 Katong will be a showpiece for new retail concepts.

## OPERATING & FINANCIAL REVIEW

### URBAN DEVELOPMENT



Keppel Land's residential development, Celesta Rise in HCMC, Vietnam, sold almost all of the 519 launched units within a month.

KBT became the first commercial building in Singapore to receive the Green Mark Platinum (Zero Energy) certification from BCA.

#### Vietnam

Due to slower approval of new project launches, Keppel Land sold about 550 units in 2020, compared to 950 units in 2019. 2020's home sales were mainly from Celesta Rise, as well as Narra Residences, The View and The Infiniti, all of which are in Ho Chi Minh City (HCMC). As at end-2020, Narra Residences and The Infiniti were 88% and 95% sold respectively, while The View was fully sold.

Notwithstanding the slower approval of new launches, the demand for quality homes remained strong in Vietnam. In November 2020, Keppel Land launched 519 units of Celesta Rise and almost all the launched units were sold out within a month.

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

#### Others

In Indonesia, Keppel Land sold 115 units in West Vista, slightly more than the 97 units

sold in 2019. Meanwhile, the final phase of The Riviera at Puri was launched with most of the released units sold as at end-2020. Occupancy of co-living units at West Vista remained stable at about 80% in 2020. In the commercial sector, Keppel Land commenced operations of KLOUD, its serviced co-office platform, at IFC Tower 2 in Jakarta.

In India, sales at Provident Park Square in Bangalore continued at a steady pace, with about 67% of launched units sold as at end-2020. Keppel Land and its partner Rustomjee Group have embarked on developing the residential and supporting retail units in the 51.4-hectare (ha) integrated township development in Thane, Mumbai.

In partnership with Puravankara, Keppel Land is developing its first commercial development in Bangalore, which is expected to be completed in 2025. During the year, Smartworks, one of India's leading home-grown flexible space operators, in which Keppel Land is invested, achieved a footprint of 2.3 million sf and 47,000 desks across major cities in India, and continues to scale up steadily.

Keppel Land remains on the lookout for investment opportunities that dovetail with Keppel's Vision 2030 goals. It will continue to deepen collaboration with other Keppel business units, focus on assets that provide more recurrent and sustainable income streams, as well as leverage third-party funds through Keppel Capital to expand its capital base for growth.

#### URBAN SOLUTIONS

Keppel Urban Solutions (KUS) is an end-to-end master developer of smart, sustainable urban townships that leverages the Group's capabilities and strong track record in the planning and development of large-scale projects in Asia Pacific.

In Vietnam, the development of Saigon Sports City (SSC), a collaboration between KUS and Keppel Land, continued to progress during the year. SSC is poised to be a core township within the HCMC New Innovation District that will see the amalgamation of Districts 2, 9 and Thu Duc into a vibrant and environmentally resilient district. As an integrated sports-centric township, SSC will offer innovative and sustainable urban solutions to create a high-quality live, work and play environment.

In China, KUS is working with Keppel Land China to transform the 166-ha precinct in the Northern District of the Sino-Singapore Tianjin Eco-City into a model for smart and environmentally-responsible urban living. KUS is well-positioned to provide and deliver integrated digital and physical next-generation urban infrastructure solutions, in line with the sustainable development goals set out in China's 14th Five-Year Plan and 2060 carbon neutrality goals.

KUS is currently developing its proprietary Keppel Smart City Operating System (KOS), which will serve as a digital platform for the

development and operation of large-scale townships. When completed, KOS can harness the power of data to provide a more efficient environment for the operation and maintenance of the Group's assets and developments.

#### **SINO-SINGAPORE TIANJIN ECO-CITY**

Keppel leads the Singapore consortium, which works with its Chinese partner to guide the 50-50 joint venture (JV), SSTECC, in its role as master developer of the Sino-Singapore Tianjin Eco-City (Eco-City).

Over the years, the Eco-City has evolved into a vibrant community with diverse amenities including 20 schools with more than 15,000 students, neighbourhood centres, libraries, a hospital and three health services centres, among others. To date, 120,000 people<sup>1</sup> live in the Eco-City which has over 10,000 registered companies<sup>1</sup>.

In 2020, the Eco-City continued to gain traction as a leading smart Eco-City. The Eco-City continued to enhance its smart developments and achieved full 5G coverage across its built-up areas.

Despite a soft property market in Tianjin in 2020, the Eco-City remained an attractive residential township. A total of about 4,000 homes were sold in 2020, of which about 290 homes were from projects developed by SSTECC.

Reflecting the market's continued confidence in the Eco-City's future growth, SSTECC successfully sold two residential land plots in the Start-Up Area and the Central District, as well as two industrial plots in the Northern District in 2020. SSTECC is currently focusing on developing the future city centre in the Central District of the Eco-City.

To further the Eco-City's goal of promoting sustainable urbanisation, the China-Singapore Tianjin Eco-City Administrative Committee (ECAC), the Keppel Group, SSTECC and other Chinese partners will jointly establish the Global Institute for Sustainable Urban Development (Sino-Singapore Tianjin Eco-City) as a platform to publicise, promote and export the Eco-City's development experience to various Chinese cities and also other countries along the Belt and Road.

During the year, various business units in the Keppel Group continued to contribute towards the Eco-City's development.

In 2020, Keppel Land sold 150 homes in the Eco-City. Since 2008, Keppel Land has launched a total of about 5,100 homes in the Eco-City, of which about 95% have been sold. Meanwhile, Phase 1 of Seasons City, Keppel Land's commercial development in the Eco-City, is on track for completion in 2021.

During the year, Keppel Land handed over Seasons Heights, the Eco-City's first smart

estate, to homeowners. Seasons Heights is a pilot development under the Guidelines for the Construction of Smart Residential Areas in Tianjin Eco-City, which were jointly established by the ECAC, Keppel Land, SSTECC and other Tianjin partners, and includes some 30 smart technology applications, such as a 5G contactless thermal scanner and smart waste sorting stations. Meanwhile, Keppel Telecommunications & Transportation's logistics distribution centre in the Eco-City and the Sino-Singapore Tianjin Eco-City Water Reclamation Centre, a JV between Keppel Infrastructure and Tianjin Eco-City Investment and Development Co., Ltd, continued to operate well, despite the disruptions caused by COVID-19.

#### **MARKET REVIEW & OUTLOOK**

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

As a Group, Keppel will continue to position itself to seize opportunities arising from this changing landscape by leveraging its sizeable property portfolio and the diverse strengths of the Group to develop integrated, smart urban solutions as well as launch new real estate concepts. Keppel will further enhance its solutions offerings through continual investments in technology and to hone new capabilities for co-living, co-working and senior living, among others.

#### **CHINA**

In China, Gross Domestic Product (GDP) growth in 2020 was 2.3%, and the Chinese government has targeted GDP growth of over 6% for 2021. During the year, China's residential market saw gradual improvements, with total transacted value and volume increasing by 10.8% and 3.2% yoy respectively. There was also continued demand for homes in Tier-2 cities such as Nanjing, Wuxi and Chengdu where Keppel Land is present.

To rein in a potential residential bubble, the Chinese government introduced control measures for specific cities where there were signs of overheating,



Keppel Land's Seasons Heights, which was handed over to homeowners in 2020, is the Eco-City's first smart estate.

<sup>1</sup> These figures include the Central Fishing Port and Tourism District.

## OPERATING & FINANCIAL REVIEW

### URBAN DEVELOPMENT

**Keppel will focus on building better and smarter capabilities in the areas of property technology and new real estate solutions to offer a full suite of urban living solutions that are underpinned by technology.**

and also introduced the “Three Red Lines” to tighten developers’ access to bank loans. While the measures have had no immediate impact on Keppel’s operations in China during the year, the Group will continue to monitor the developments closely. Meanwhile, China’s commercial sector as a whole continued to draw investments, although pressure on occupancies and rental growth in Tier-1 cities persists.

#### SINGAPORE

Singapore’s residential property remained resilient, despite its economy contracting by 5.4% in 2020 due to COVID-19. According to the Urban Redevelopment Authority, 9,982 homes were sold in 2020, compared to 9,912 units sold in 2019. Meanwhile, the 2020 private property price index rose 2.2% yoy.

Against the backdrop of COVID-19, CBRE estimated that Grade A (Core CBD) office rents in 2020 declined by 10% yoy, reversing gains seen in 2019. Weaker demand also led to a higher vacancy rate of 6.2% in 2020, a 2% increase yoy. This was mitigated by improved demand from the technology and insurance sectors in 2020. Singapore remains an attractive destination for companies looking to operate in the region, even as companies explore flexible working arrangements and review their office requirements following COVID-19.

Amidst the challenging macro environment, Keppel Land will focus on executing its current residential and commercial projects under development, while continuing to look out for good business opportunities in Singapore.

#### VIETNAM

In Vietnam, GDP rose by about 2.9% yoy in 2020, and the Asian Development Bank (ADB) expects Vietnam’s GDP to grow by 6.3% in 2021. Despite COVID-19, the residential market in HCMC remained strong, underpinned by economic growth, stable foreign investments, high urbanisation rate and a growing middle class.

According to CBRE Vietnam, over 17,000 units were launched in HCMC in 2020, as compared to 27,000 in 2019, with an absorption rate of about 88%. Average

selling price (ASP) in the high-end segment decreased by 1% yoy, while ASP in the mid-end segment increased 5% yoy. In the commercial space, Grade A office rent fell 5.3% yoy, while occupancy rate reduced to about 82% due to new office supply and the impact of COVID-19.

#### OTHERS

In Indonesia, 2020 GDP contracted by 2.07% yoy. However, ADB expects this to turn into a growth of 5.3% in 2021. In the short term, JLL expects the Grade A office and high-rise apartment markets to continue facing headwinds due to oversupply. Conversely, demand for landed housing is expected to remain resilient due to strong fundamentals.

In India, ADB forecasts real GDP to contract by 9% in 2020. This is expected to recover to a forecasted 8% growth in

2021. Notwithstanding the headwinds, the long-term outlook for office and residential markets of key Indian cities remains positive, as they are backed by sound fundamentals including rapid urbanisation and rising household incomes.

To meet the emerging trends and differentiate itself, Keppel will focus on building better and smarter capabilities in the areas of property technology and new real estate solutions to offer a full suite of urban living solutions that are underpinned by technology.

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



Residents at Cove’s co-living properties in Singapore.

Keppel is building new capabilities to tap the rising trends in co-living and co-working which are fuelled by accelerated digitalisation and changing demographics.





## WE CONNECT PEOPLE AND BUSINESSES IN THE DIGITAL ECONOMY.

### EARNINGS HIGHLIGHTS (\$ million)

	2020	2019	2018
Revenue	1,220	1,128	182
EBITDA	259	385	(5)
Operating Profit	46	210	(27)
Profit before Tax	29	196	5
Net Profit	13	136	–
Average Headcount (Number)	2,446	1,990	1,490
Manpower Cost	204	193	67

### MAJOR DEVELOPMENTS IN 2020

Embarked on a new data centre development in Singapore with SPH, as well as a greenfield data centre in Huizhou, China.

M1 secured one of Singapore's 5G standalone licences jointly with StarHub, and unveiled its new brand identity and digital connectivity platform.

Conducted strategic review of logistics business, in line with sharpened focus under Vision 2030. In 1Q 2021, further announced plans to divest the logistics business to a third party.

### FOCUS FOR 2021/2022

Continue to expand portfolio of quality data centre assets and provide higher value services to customers.

Continue to explore innovative solutions to reduce the carbon footprint of data centres.

Continue to drive M1's transformation as a digital and bespoke communications solution provider and the 5G network rollout.

Work towards divestment of the logistics business.

Deepen collaboration across business units to develop better and smarter solutions, as well as with Keppel Capital to tap third-party funds for growth.

## OPERATING & FINANCIAL REVIEW

### CONNECTIVITY



Alpha DC Fund entered into the fast-growing data centre market in China with the development of a greenfield data centre in Tonghu Smart City in Huizhou, Guangdong.

### Digitalisation, accelerated by COVID-19 and flexible working arrangements, continues to drive demand for data centres.

#### EARNINGS REVIEW

The Connectivity segment includes Keppel Telecommunications & Transportation (Keppel T&T) and M1, whose business activities span data centres and logistics, as well as telecommunications.

In 2020, Connectivity recorded a revenue of \$1.2 billion, up \$92 million from \$1.1 billion in 2019, mainly due to higher revenue from M1 which was consolidated from March 2019. This was partly offset by lower contribution from Keppel Logistics following the divestment of some Chinese logistics assets in November 2019.

The segment turned in a net profit of \$13 million for 2020, as compared to \$136 million for 2019, mainly due to the absence of the fair value gain recognised in 2019 from the remeasurement of the previously held interest in M1 at acquisition date, as well as lower contribution from M1. These were partly offset by gain from the disposal of interest in Business Online Public Company Limited, and lower losses from the logistics business.

#### OPERATING REVIEW

##### DATA CENTRES

In 2020, Keppel Data Centres Holding (KDCH) continued to pursue expansion opportunities in target markets, while enhancing its capabilities and service offerings to meet the growing demand for big data and connectivity.

During the year, KDCH and Alpha Data Centre Fund (Alpha DC Fund) expanded its portfolio with two new data centres in Singapore and China. Including these, KDCH has five data centres under development across Singapore, China, Malaysia, Indonesia and Australia. As at end-2020, the Group had a portfolio of 28 data centres across 19 cities in Asia Pacific and Europe, including data centres under development.

Despite COVID-19, KDCH's operations remained stable. Data centres are classified as essential services in Singapore, and the Group's data centres around the world continued operating throughout the pandemic. In 2020,

KDCH continued to receive enquiries from customers on new data centre capacity.

Digitalisation, accelerated by COVID-19 and flexible working arrangements, continues to drive demand for data centres.

Building on the success of Alpha DC Fund, Keppel launched the US\$1 billion Keppel Data Centre Fund II (KDC Fund II) and achieved a first close of more than US\$500 million. KDC Fund II will focus on making strategic investments in the fast-growing data centre sector in Asia Pacific and Europe.

As part of Keppel's commitment to sustainability, the Group is actively taking steps to reduce the carbon footprint of its data centres. During the year, Keppel T&T, in collaboration with other business units in the Group, entered into several strategic partnerships with external parties to explore innovative new solutions including a cold energy harnessing facility and a hydrogen powered tri-generation plant for data centres in Singapore.

With the support of the National Research Foundation, Keppel T&T also signed a memorandum of understanding (MOU) with other industry leaders namely Chevron, Pan-United and Surbana Jurong, to harness their combined resources and jointly develop the first end-to-end decarbonisation process

in Singapore. The collaboration aims to accelerate the development of a highly integrated clean and energy efficient carbon capture, utilisation & sequestration system that can help advance a low-carbon economy and be applied to potential commercial developments in Singapore.

### TELECOMMUNICATIONS

As at end-2020, M1's customer base was 2.08 million, down from 2.33 million customers year-on-year (yoy). This was largely driven by the drop in prepaid customers following the reduction in incoming travellers and less activity in the foreign workers' segment due to COVID-19. On the other hand, M1 grew both its postpaid and fibre customer base by 5% and 2.7% yoy respectively.

As part of its business transformation, M1 unveiled a new brand identity and also launched Bespoke mobile plans that provide subscribers with more flexibility in the selection of products and services as well as payment schedules. Following a comprehensive revamp of its technology stack in February 2021, M1 launched its new digital connectivity platform, which is set to greatly improve customer experience, and will also roll out a series of made-to-measure new offerings progressively over the rest of the year.

In June 2020, M1 secured a 5G standalone (SA) license jointly with StarHub, enabling M1 to provide 5G service at an affordable cost to customers. The 5G rollout is expected to create more use-cases for 5G applications for businesses and communities alike. The benefits of 5G extend beyond faster download speed for consumers, but also to the low latency and network slicing that have vast applications for industries and businesses.

M1 is Singapore's first telco to open up 5G access to all its customers, without any limitations on the number of sign-ups or restrictions on any plans. In September 2020, M1 launched its 5G non-standalone (NSA) network. The 5G NSA network enables M1's mobile users to enjoy the benefits of 5G including ultra-low latency and faster speeds ahead of the SA network rollout.

In 2020, M1 embarked on several 5G trials and collaborations with technology companies and government agencies. In partnership with the Infocomm Media Development Authority (IMDA), the Maritime and Port Authority of Singapore (MPA) and Airbus, M1 is conducting real-world environment coastal 5G network trials at the Singapore Maritime Drone Estate, to ensure unmanned aerial vehicles can operate safely and efficiently during all

phases of flight, including operations in the designated drone-fly zones. This continues Singapore's efforts to build an open and inclusive 5G innovative eco-system around the use-cases of port operations, and incident management and response.

M1 also announced a partnership with IBM, IMDA and Samsung to conduct Singapore's first 5G Industry 4.0 trial to demonstrate the transformative impact of 5G for enterprises across various sectors. M1 is also collaborating with DBS to jointly develop digital banking solutions and provide bundled services to large corporates and small-to-medium enterprises.

In January 2021, M1, Continental Automotive Singapore and JTC Corporation jointly announced a collaboration to conduct autonomous transport systems 5G SA trials for Autonomous Mobile Robots operations.

### LOGISTICS

As part of the more focused and disciplined approach towards capital allocation under Vision 2030, Keppel announced plans to divest its third-party logistics business in Southeast Asia (SEA) and Australia, as well as its channel management business to a third party who may be better able to scale up the business. Rothschild & Co was appointed as Keppel T&T's financial adviser and has been engaging potential

buyers. Keppel is keeping its options open and may decide to divest the logistics business completely or retain a minority stake.

During the year, COVID-19 presented growth opportunities for Keppel Logistics as work-from-home arrangements and other pandemic-related curbs increased demand for e-commerce and urban logistics. Keppel Logistics ramped up its storage capacity to support the increase in customers' warehousing needs. In 2020, warehousing occupancy in Singapore averaged about 80%.

UrbanFox, an omnichannel logistics and channel management solutions brand, also benefitted from the surge in e-commerce on the back of COVID-19. In 2020, the company tripled its Gross Merchandise Value in Singapore and doubled total last mile deliveries as compared to 2019. UrbanFox also continued to expand its overseas operations in Vietnam and Malaysia in 2020, and currently handles 70 brands across the two countries.

In Vietnam, Indo-Trans Keppel Logistics consolidated its operations into nine warehouses from 10 previously.

In Australia, the occupancy rate of its warehouse in Rochedale, Brisbane increased to 85% as at end-2020.

In China, Keppel Logistics' operations continued with minimal disruption despite COVID-19. In Anhui province, cargo handling



M1, through its 5G network rollout in Singapore, is set to help create more 5G use-cases and applications for businesses and communities.

**OPERATING & FINANCIAL REVIEW**  
**CONNECTIVITY**

**M1 will leverage 5G and its digital solutions to collaborate with other Keppel business units in enhancing the Group’s suite of solutions for sustainable urbanisation.**

at the Wuhu Sanshan Port increased as cargo was diverted from neighbouring ports. Meanwhile, operations remained stable at the Keppel Logistics Tianjin Eco-City warehouse and Keppel Wanjiang Integrated Cold Chain Logistics Park.

**MARKET REVIEW & OUTLOOK**  
**DATA CENTRES**

In 2020, the COVID-19 pandemic triggered an accelerated wave of digital transformation and adoption of new ways of working, underscoring the importance of digital connectivity. Additionally, the continued rise of Internet of Things, big data and cloud-based services also drove demand for data centres.

Today, large enterprises consume the bulk of the colocation services as businesses aim to decrease operational expenses. According to P&S Intelligence, this is expected to drive the growth of the global data centre colocation market at a

compounded annual growth rate of 14.8% between 2020 and 2030.

Data centres will be key to enabling 5G in all applications and devices. To create a seamless wireless network connecting devices and applications, centres of data exchange will need to be located near end-users.

Leveraging digitalisation trends, KDCH will continue to work closely with Keppel Capital and Keppel DC REIT to proactively seek new development and acquisition opportunities in the Asia Pacific and Europe. It will also continue to collaborate with other Keppel business units to sharpen its value proposition, especially in the areas of enhancing connectivity, and explore innovative and sustainable data centre designs and technologies, such as floating data centre parks.

**DIGITAL CONNECTIVITY**

In the 5G space, GSM Association reported that by 2025, 5G will account for 20% of global connections, with take-up predominantly in developed Asia, North America and Europe. Of the US\$1.1 trillion expected investments in mobile capex globally, about 80% would be for 5G networks. In Singapore, the 5G SA network will be rolled out over the next few years and is expected to be fully ready by 2025. In the year ahead, M1 will focus on rolling out its 5G SA network to all customers, as well as executing 5G use-case trials in collaboration

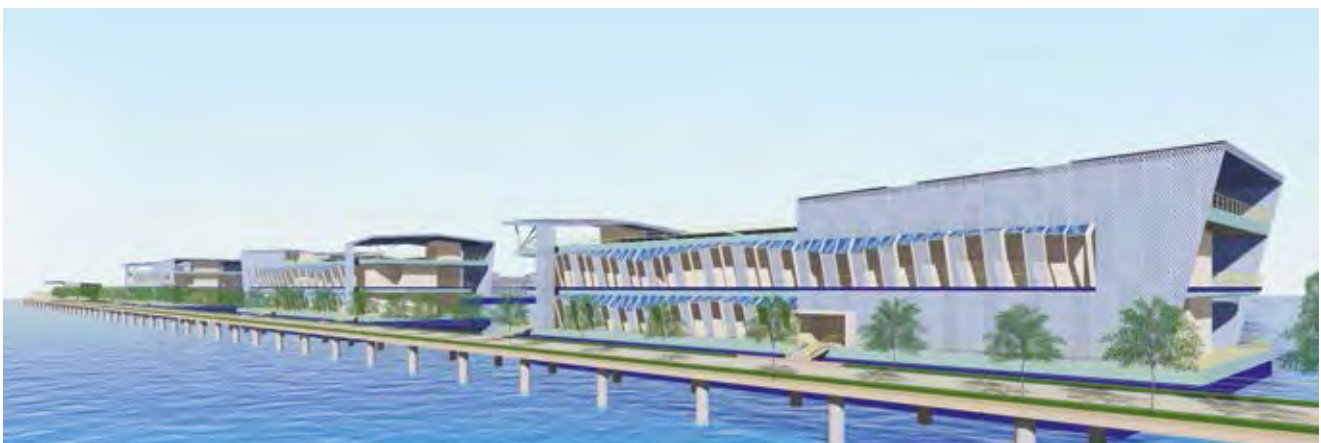
with industry partners and government agencies which will help to advance Singapore’s Smart Nation initiative and Industry 4.0.

As Singapore works at progressively reopening the economy, M1 will continue to offer a range of solutions and services to its enterprise customers and small and medium-sized enterprises, helping them thrive in the new landscape with new ways of working. M1 will also leverage 5G and its digital solutions to collaborate with other Keppel business units in enhancing the Group’s suite of solutions for sustainable urbanisation.

**LOGISTICS**

E-commerce has been growing rapidly in recent years and was given a further boost in 2020 by COVID-19. According to The Economic Intelligence Unit, gross domestic product of SEA countries are estimated to grow by between 3% to 6% in 2021. In addition, research firm PPRO expects SEA’s e-commerce market to grow 5.5% in 2021, as the economies continue to grow and develop.

Notwithstanding the growth in demand for urban logistics and channel management, Keppel is engaging potential buyers to divest its logistics business in line with Keppel’s Vision 2030 and its more disciplined approach towards capital allocation. For now, Keppel will keep its options open and may decide to divest the logistics business completely or retain a minority stake.



KDCH is pursuing innovative new data centre solutions, such as floating data centre parks, to increase the energy efficiency as well as lower the carbon footprint of its assets.



WE CREATE  
ENDURING VALUE  
WITH QUALITY  
INVESTMENT  
PRODUCTS AND  
PLATFORMS.

#### EARNINGS HIGHLIGHTS (\$ million)

	2020	2019	2018
Revenue	135	145	119
EBITDA	276	123	106
Operating Profit	273	120	106
Profit before Tax	304	239	220
Net Profit	280	214	192
Average Headcount (Number)	216	206	197
Manpower Cost	43	39	40

#### MAJOR DEVELOPMENTS IN 2020

Keppel Capital grew its assets under management<sup>1</sup> (AUM) from \$33 billion as at end-2019 to \$37 billion as at end-2020, and raised total equity of about \$4.5 billion in 2020.

Keppel's listed REITs and Trust continued to grow through strategic acquisitions to deliver sustainable returns to Unitholders.

Keppel Capital's private funds had an active year with the launch of new funds and strategic investments, as well as proactive asset management and value creation initiatives.

#### FOCUS FOR 2021/2022

Continue to grow the asset management business through harnessing the Group's synergies to co-create cashflow generating real assets for investors and Unitholders.

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

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

<sup>1</sup> Gross asset value of investments and uninvested capital commitments on leveraged basis to project fully-invested AUM.

## OPERATING & FINANCIAL REVIEW

### ASSET MANAGEMENT

#### EARNINGS REVIEW

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

In FY 2020, Asset Management recorded a revenue of \$135 million, \$10 million lower than FY 2019, mainly due to lower acquisition and divestment fees, partly offset by higher management fees.

The segment generated a net profit of \$280 million for FY 2020, a 31% growth from FY 2019, bolstered by gains from the reclassification of Keppel Infrastructure Trust (KIT), sale of units in Keppel DC REIT, divestment of interest in Gimi MS Corporation, as well as dividend income from KIT and higher contribution from Keppel DC REIT. These were partly offset by mark-to-market losses from investments, lower investment income and lower contributions from Keppel REIT and Alpha Data Centre Fund (Alpha DC Fund), as well as the absence of a dilution gain arising from Keppel DC REIT's private placement exercise in 2019.

#### OPERATING REVIEW

Keppel Capital's AUM<sup>1</sup> grew approximately 12% to \$37 billion as at end-2020 from \$33 billion as at end-2019, while asset management fees<sup>2</sup> were \$165 million in FY 2020, up from \$149 million in FY 2019. In 2020, Keppel Capital completed over \$7 billion of acquisitions and divestments. It also launched a series of new private fund initiatives across data centres, education, infrastructure, logistics, mezzanine debt and real estate, raising total equity of approximately \$4.5 billion from sovereign wealth funds and global institutional investors.

#### REAL ESTATE

In 2020, Keppel REIT Management remained focused on executing its portfolio optimisation strategy to improve portfolio yield, as well as generating stable income for the REIT and delivering sustainable growth in total Unitholder returns. During the year, Keppel REIT achieved practical completion for the Victoria Police Centre<sup>3</sup> in Melbourne, Australia, and acquired Pinnacle Office Park in Sydney's Macquarie Park, a key Australian metropolitan office market. It also announced the proposed acquisition of Keppel Bay Tower in Singapore from Keppel Land, which complements the REIT's core CBD offering. The acquisition is consistent with both the Keppel Group's eco-system for value creation and Keppel REIT's strategy of strengthening and diversifying its portfolio, while staying focused on its core markets.



Keppel REIT expanded its presence in Australia with the acquisition of Pinnacle Office Park in Sydney's Macquarie Park.

Keppel REIT's portfolio performance remained resilient in 2020, supported by its quality well-located assets with established tenants from diversified sectors. As at end-2020, Keppel REIT reported high portfolio committed occupancy of 97.9% and a long portfolio weighted average lease expiry (WALE) of 6.7 years.

While telecommuting has become widely adopted during the COVID-19 pandemic, the Manager believes that companies will continue to need office space, although the form and function will evolve in line with the new ways of working and safe management considerations. In their evaluation of office requirements, tenants are likely to take into account the need for more robust business continuity plans, increased health and safety requirements, as well as spaces to facilitate collaboration, and to build corporate identity and culture.

Looking ahead, office spaces may be re-designed to cater to changing needs. Instead of traditional work desks and cubicles, more spaces for employees to meet, learn, brainstorm, interact and collaborate may be created. There may also be greater focus on health and wellness, which are already key features at Keppel REIT's properties. Keppel REIT will continue to be nimble, customer-focused and adapt to meet the evolving market requirements. The Manager will continue to optimise Keppel REIT's portfolio and calibrate its leasing and investment strategy to meet potential shifts in occupier demand.

Meanwhile, Keppel Pacific Oak US REIT's (KORE) leasing momentum held steady, with most of

the leasing activity occurring mainly in Seattle – Bellevue/Redmond, Atlanta and Sacramento. As at end-2020, portfolio committed occupancy was at 92.3% and portfolio WALE at 3.8 years<sup>4</sup>, while rental reversion was 10.2%, driven mainly by strong rent growth in Seattle – Bellevue/Redmond, Sacramento and Austin.

According to JLL Research, many businesses in the US are re-evaluating their space needs and moving toward decentralising their workforce. KORE's suburban office buildings and business campuses are well positioned to benefit from the potential shift away from downtown and CBD locations. At the same time, KORE's strategic exposure to the historically fast-expanding technology hubs provides future income resilience as businesses accelerate their digital transformation strategies due to COVID-19.

Meanwhile, Prime US REIT, in which Keppel Capital is a strategic partner, completed the maiden accretive acquisition of Park Tower in Sacramento, California, partially funded by proceeds from a US\$120 million private placement.

During the year, Alpha Investment Partners (Alpha) launched the follow-on Alpha Asia Macro Trends Fund IV (AAMTF IV), achieving first close of US\$295 million including co-investments.

In collaboration with Keppel Land, Alpha launched the Keppel Vietnam Fund, a Vietnam-focused real estate fund with a first closing of US\$400 million.

<sup>1</sup> Gross asset value of investments and uninvested capital commitments on leveraged basis to project fully-invested AUM.

<sup>2</sup> Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in associates with which Keppel has strategic alliance.

<sup>3</sup> Formerly known as 311 Spencer Street.

<sup>4</sup> By cash rental income.

## DATA CENTRES

Keppel DC REIT Management delivered strong performance supported by acquisitions. The REIT strengthened its European presence with the acquisitions of the remaining 999-year leasehold land interest at Keppel DC Dublin 1 in Ireland, Kelsterbach Data Centre in Germany and Amsterdam Data Centre in the Netherlands. Capitalising on strong demand for data centre space, the Manager embarked on proactive asset enhancement initiatives to improve portfolio returns, including fitout works to convert unutilised space to data centre space and improve energy efficiency at various facilities.

As at end-2020, Keppel DC REIT's portfolio occupancy remained high at 97.8% with a long WALE of 6.8 years by leased area, which will continue to provide income visibility to Unitholders.

In the private equity space, Alpha DC Fund, the Group's first data centre fund launched in 2016, continued to expand its portfolio with quality assets. During the year, Alpha DC Fund made its first foray into China's fast-growing data centre market, through the acquisition and development of a high-specification data centre in Huizhou's Tonghu Smart City in Guangdong Province for RMB 1.5 billion. By end-2020, Alpha DC Fund's portfolio spanned over 1.38 million square feet of gross floor area with investments in key economic hubs including Singapore, Malaysia, Indonesia, Germany, Australia and China.

Building on the success of Alpha DC Fund, Keppel Capital launched the US\$1 billion Keppel Data Centre Fund II (KDC Fund II), which will focus on strategic data centre investments in Asia Pacific and Europe.

KDC Fund II has attracted initial capital commitments from various financial institutional investors and achieved a first close of over US\$500 million.

## INFRASTRUCTURE

In March 2020, KIT was reclassified from an associated company to an investment of Keppel. KIT, in which Keppel retains a strategic interest, delivered resilient performance in FY 2020, driven by robust operations and growth across its portfolio of essential and highly defensive businesses and assets through the COVID-19 pandemic.

During the year, KIT announced the acquisition of Philippine Tank Storage International (Holdings) Inc., which owns Philippine Coastal Storage & Pipeline Corporation, the largest petroleum products import storage facility in the Philippines. The acquisition, which was completed in January 2021, increases KIT's exposure to essential evergreen businesses, strengthening long-term sustainability of cash flows and the Trust's growth prospects.

In the private equity space, Keppel Capital achieved rolling closes for the Keppel Asia Infrastructure Fund (KAIF), with total aggregate capital commitments close to its target fund size of US\$1 billion. KAIF will leverage Keppel Capital's fund management expertise and investor network, and amalgamate these with the Group's project development and asset management capabilities, to grow its portfolio which will include both operational assets and select greenfield projects in the Asia Pacific region. During the year, KAIF acquired an interest in the Gimi FLNG facility, which is currently undergoing conversion at Keppel Offshore & Marine.

Keppel Capital also announced a strategic cooperation with National Pension Service of Korea to explore investment opportunities for private infrastructure in Asia.

## ALTERNATIVE ASSETS

In 2020, Keppel Capital entered the private educator sector with the Keppel Education Asset Fund, raising more than half of its target commitment of US\$500 million. As its first investment, the Fund acquired a 70% stake in a premium K12 school property in China. Other education-related assets in the Fund's deal pipeline include properties located in Singapore, Australia, China, South Korea and Vietnam. Keppel Capital also completed the acquisition of a 50% interest in Watermark Retirement Communities, a US senior living operator.

Alpha, together with Manulife Financial Corporation and Mega Manunggal Property, launched a new venture focusing on Indonesia's fast-growing logistics property sector. Comprising Keppel-MMP Indonesia Logistics Fund, an Indonesian parallel fund, as well as co-investment capital from Manulife, the venture has attained an initial close of US\$100 million.

## MARKET REVIEW & OUTLOOK

As a result of the COVID-19 pandemic, which has further accelerated the growth of the digital economy, sectors such as data centres and logistics performed well in 2020. Quality and well-located office properties have also demonstrated resilience and Keppel Capital continues to see keen competition for such office assets. In the real estate space, there could be increased demand for city-fringe or metropolitan office spaces as some tenants seek cost-effective solutions or hub-and-spoke business models for both regular operations and business continuity purposes.

On the other hand, the pandemic and the disruptions that it has created may give rise to opportunities to acquire quality alternative assets at potentially attractive valuations. These include various asset classes such as infrastructure, senior living and education, which are well sought after by investors.

In line with Vision 2030, which charts the Group's growth as one integrated business providing solutions for sustainable urbanisation, Keppel Capital will work closely with business units across the Group to co-create real assets that the Group can develop, own and operate, thus pursuing growth opportunities and capturing new profit pools.

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



Keppel Capital is expanding its portfolio with new asset classes such as education assets.

# OPERATING & FINANCIAL REVIEW

## MANAGEMENT DISCUSSION & ANALYSIS



### WE WILL CREATE VALUE THROUGH OUR FOUR KEY BUSINESS AREAS, WHICH ARE PART OF A CONNECTED VALUE CHAIN.

#### KEY PERFORMANCE INDICATORS

	2020 \$ million	20 vs 19 % +/-	2019 \$ million	19 vs 18 % +/-	2018 \$ million
Revenue	<b>6,574</b>	(13)	7,580	27	5,965
Net (loss)/profit	<b>(506)</b>	n.m.f.	707	(25)	948
(Loss)/Earnings Per Share	<b>(27.8) cts</b>	n.m.f.	38.9 cts	(26)	52.3 cts
Return on Equity	<b>(4.6)%</b>	n.m.f.	6.3%	(25)	8.4%
Economic Value Added	<b>(1,368)</b>	n.m.f.	188	(29)	263
Operating cash flow	<b>202</b>	n.m.f.	(825)	n.m.f.	125
Free cash flow <sup>1</sup>	<b>497</b>	n.m.f.	(653)	n.m.f.	515
Total cash dividend per share	<b>10.0 cts</b>	(50)	20.0 cts	(33)	30.0 cts <sup>2</sup>

<sup>1</sup> Free cash flow excludes expansionary acquisitions & capital expenditure, and major divestments.

<sup>2</sup> Comprised a proposed final cash dividend of 15.0 cents per share, an interim cash dividend of 10.0 cents per share and a special cash dividend of 5.0 cents per share.

n.m.f. = No meaningful figure

#### GROUP OVERVIEW

The Group reported a net loss of \$506 million for 2020, compared to a net profit of \$707 million a year ago, after impairments of \$952 million mainly due to the offshore & marine (O&M) business. Excluding impairments in both years, the Group would have registered a net profit of \$446 million for 2020, as compared to a net profit of \$828 million for 2019. Apart from Keppel O&M, all key business units remained profitable in 2020.

Loss per share was 27.8 cents, as compared to earnings per share of 38.9 cents in 2019. Return on Equity (ROE) was negative 4.6%, compared to positive 6.3% for 2019. Economic Value Added (EVA) was negative \$1,368 million for 2020, compared to positive \$188 million for 2019.

Free cash inflow was \$497 million, compared to free cash outflow of \$653 million for 2019, mainly due to lower working capital requirements and higher proceeds from en-bloc sales. Net gearing for 2020 was 0.91 times, compared to 0.85 times for 2019.

Total cash dividend for 2020 will be 10.0 cents per share. This comprises a proposed final cash dividend of 7.0 cents per share, as well as an interim cash dividend of 3.0 cents per share paid in the third quarter of 2020.

#### SEGMENT OPERATIONS

Group revenue of \$6,574 million for 2020 was \$1,006 million or 13% lower than the preceding year. Revenue from Energy & Environment decreased by \$1,026 million

or 21% to \$3,943 million led by lower revenue in the O&M business due to slower progress from certain on-going projects as a result of COVID-19 related disruptions, the suspension of revenue recognition on Awilco contracts, fewer new contracts secured in 2020 and the deferment of some projects, which were partly offset by revenue from new projects. The lower revenue was also due to lower electricity sales, lower progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project, as well as the completion of the Keppel Marina East Desalination Plant project in the second quarter of 2020 in the infrastructure business. Major jobs delivered by the O&M business in 2020 include two jackup rigs, a dual-fuel



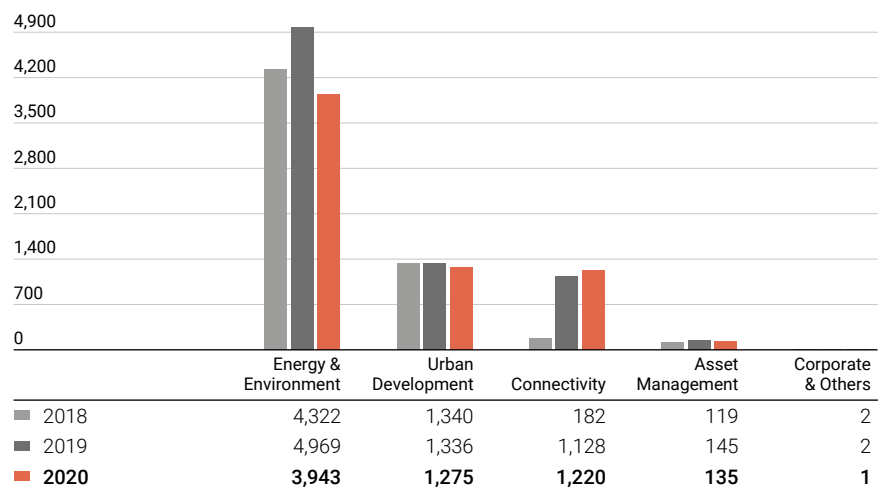
bunker tanker, a Floating Production Storage and Offloading (FPSO) vessel modification and upgrading project, a Liquefied Natural Gas (LNG) Carrier, a trailing suction hopper dredger and a production barge. Revenue from Urban Development decreased by \$61 million to \$1,275 million mainly due to lower revenue generated from hospitality and commercial properties and lower revenue from property trading projects in Singapore and Vietnam, which were partly offset by higher revenue from property trading projects in China. Revenue for Connectivity grew by \$92 million to \$1,220 million mainly due to M1, which was consolidated from March 2019. This was partly offset by lower contribution from the logistics business following the divestment of certain China logistics assets in November 2019. Revenue from Asset Management decreased by \$10 million to \$135 million mainly due to lower acquisition and divestment fees, partly offset by higher management fees.

Group net loss attributable to shareholders was \$506 million as compared to net profit of \$707 million in 2019. The net loss for 2020 included impairment provisions, largely from the O&M business, amounting to \$952 million. Excluding these impairments, the Group achieved a net profit of \$446 million which was 46% or \$382 million lower than the net profit of \$828 million (excluding impairments) for 2019.

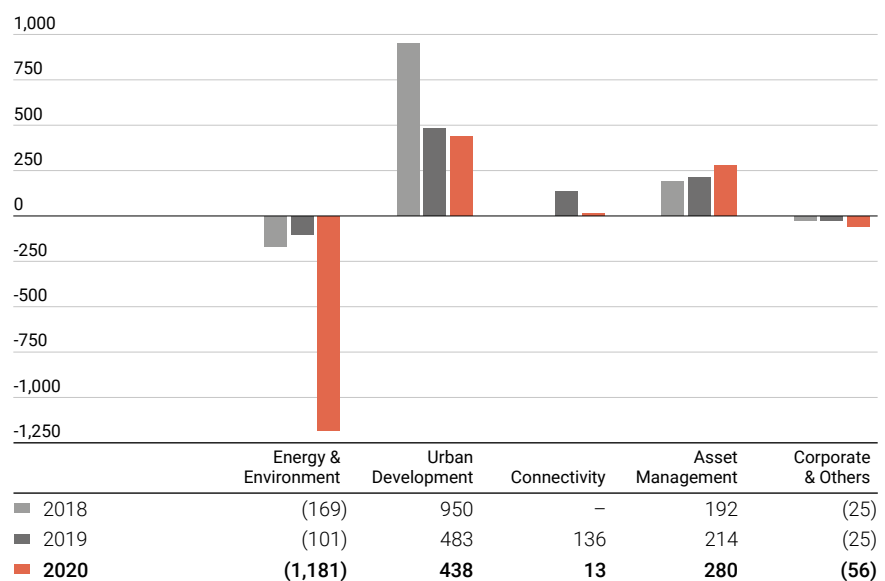
Energy & Environment's net loss was \$1,181 million as compared to net loss of \$101 million in 2019. Excluding impairments of \$908 million, the net loss was \$273 million. This was largely due to weaker performance in the O&M business, which had been impacted by slower progress on projects due principally to significant downtime as a result of COVID-19, higher share of losses from associated companies and joint ventures, higher net interest expense, and fair value loss on investment, which were partially mitigated by lower overheads and government relief measures related to the COVID-19 pandemic. These were partly offset by higher contributions from the energy infrastructure and environmental infrastructure businesses, as well as the absence of a share of loss from KrisEnergy and the fair value loss on KrisEnergy warrants as compared to 2019.

Profit from Urban Development decreased by \$45 million to \$438 million mainly due to lower write-backs of tax provision as compared to 2019, higher taxation from property trading projects in China, as well as lower contributions from associated companies and joint ventures. These were partly offset by higher fair value gains from investment properties, higher contributions from property trading projects in China, as well as higher contribution from the Sino-Singapore Tianjin Eco-City.

#### REVENUE (\$ million)



#### NET (LOSS)/PROFIT (\$ million)



Profit from Connectivity was \$13 million, which was \$123 million below that of 2019. This was mainly due to the absence of a fair value gain recognised in 2019 from the remeasurement of previously held interest in M1 at acquisition date, as well as lower contribution from M1. These were partly offset by gain from the disposal of interest in Business Online Public Company Limited, and lower losses from the logistics business.

Asset Management's profit increased by \$66 million to \$280 million mainly due to a mark-to-market gain of \$131 million recognised from the reclassification of the Group's interest in Keppel Infrastructure Trust (KIT) from an associated company to an

investment following the loss of significant influence over KIT, a gain from sale of units in Keppel DC REIT, a gain from divestment of interest in Gimi MS Corporation, as well as dividend income from KIT and higher contribution from Keppel DC REIT. These were partly offset by mark-to-market losses from investments, lower investment income and lower contributions from Keppel REIT and Alpha Data Centre Fund, as well as the absence of a dilution gain arising from Keppel DC REIT's private placement exercise in 2019.

In 2020, losses in the Energy & Environment segment were partly offset by profits from the Urban Development, Asset Management and Connectivity segments.

## WE WILL SUSTAIN VALUE CREATION THROUGH EXECUTION EXCELLENCE, TECHNOLOGY INNOVATION AND FINANCIAL DISCIPLINE.

### PROSPECTS VISION 2030

A key highlight during the year was the unveiling of Keppel's Vision 2030 in May 2020. Vision 2030 is a roadmap to guide the Group's strategy and transformation as one integrated business providing solutions for sustainable urbanisation. Building on Keppel's strengths in engineering, developing and operating specialised assets, as well as capital and asset management, the Group will focus on four key business areas, namely Energy & Environment, Urban Development, Connectivity and Asset Management – all part of a connected value chain.

As part of the Group's sharpened business focus and asset-light model, Keppel is taking a disciplined approach to capital allocation, to deploy more capital to our growth platforms and create value from more integration and synergies within the Group, while continuing to recycle capital to enhance the Group's overall return.

In September 2020, the Group embarked on further steps in the Vision 2030 roadmap, including the strategic review of the offshore & marine (O&M) business, and a \$3–5 billion asset monetisation programme over three years to free up the Group's balance sheet to pursue new growth opportunities. To this end, a transformation office was established to drive the implementation of Vision 2030 to create sustainable value for all stakeholders, while a 100-day programme was also launched to expedite execution.

Between October and December 2020, the Group announced divestments worth over \$1.2 billion, well on its way to meeting the three-year target, as well as various new initiatives to take Keppel forward on its growth trajectory.

After a tumultuous year during which the COVID-19 pandemic caused immense human suffering and battered the global economy, the recent progress in vaccine development and distribution gives hope that the end of the pandemic may be in sight. However, the situation remains volatile as COVID-19 continues to spread internationally. Keppel would need to continue to rigorously implement safe management measures to curb the further spread of the virus, and safeguard the health and well-being of our employees and stakeholders.

Notwithstanding the adverse impact of COVID-19, the pandemic has also accelerated many macro trends that the Group had identified as part of Vision 2030, including growing digitalisation and e-commerce. At the same time, international concerns about climate change continue to grow, accelerating the energy transition and spurring the need for different solutions that contribute to a more sustainable future. Together, these trends are expected to further drive the demand for solutions for sustainable urbanisation, and create new opportunities for the Group.

## BUSINESS SEGMENTS

In the Energy & Environment segment, Keppel Offshore & Marine's (Keppel O&M) net orderbook, excluding the Sete rigs, stood at \$3.3 billion as at 31 December 2020. The O&M industry continues to face severe challenges arising from the impact of COVID-19 and the fall in global demand for oil, which significantly impacted the performance of the segment. While the market for oil-related solutions remains weak, Keppel O&M has over the past few years pivoted to cleaner fossil fuels such as LNG and renewables, which together made up about 65% of the approximately \$1 billion of new orders it had secured in 2020.

On 28 January 2021, the Group announced that, amidst the global energy transition and major disruptions facing the oil industry, it will carry out a comprehensive transformation of Keppel O&M to better align it to the Group's Vision 2030 and to create a more competitive Keppel O&M that is well-placed to support the energy transition. As part of the transformation, Keppel O&M's business will be reorganised into three parts, namely a Rig Co and a Development Co (Dev Co), which will be transient entities created to hold approximately \$2.9 billion worth of completed and uncompleted rig assets, and an Operating Co (Op Co) comprising the rest of Keppel O&M. This reorganisation into distinct parts provides better clarity for Keppel O&M to focus on its plans. Keppel O&M's completed rigs will be placed under Rig Co, which will put the completed rigs to work, or sell them if there are suitable opportunities. Uncompleted rigs will come under Dev Co, which will focus on completing the rigs while prudently managing cash flow.

Op Co will progressively transit to a developer and integrator role, focusing on design, engineering and procurement. It will exit the offshore rigbuilding business and progressively exit low value-adding repairs and other activities with low bottom-line contribution. Op Co will seek opportunities in floating infrastructure and infrastructure-like projects that can deliver predictable streams of cash flow, including renewables projects such as offshore wind farms and solar farms, gas solutions, production assets and new energy solutions such as hydrogen and tidal energy. The reorganisation has commenced and the transformation is expected to be executed over the next two to three years. Reflecting its new focus, Keppel O&M will carry out a rebranding exercise and refine its vision and purpose.

Meanwhile, Keppel Infrastructure will continue to develop opportunities in its target markets with a focus on value-enhancing energy and environmental projects.

Keppel Infrastructure will further strengthen its retail and marketing capabilities, and also expand its district cooling business in Singapore and overseas. It will also leverage MET Group, in which it has a 20% stake, to grow its European presence.

With the goal of growing the Group's renewable energy portfolio to 7GW by 2030, a new business unit, Keppel Renewable Energy, was set up to explore opportunities as a developer and operator of renewable energy assets. In December 2020, Keppel Renewable Energy announced the planned development of a 500MW solar farm in Australia, and will continue to seek other opportunities in renewables.

In the Urban Development segment, Keppel Land sold about 3,340 homes in 2020, which comprised about 2,110 in China, 370 in Singapore, 550 in Vietnam, 140 in Indonesia and 170 in India. It will remain focused on its key markets such as China, Singapore and Vietnam, and scale up in other markets such as India and Indonesia, while actively seeking opportunities to unlock value and recycle capital. Keppel Urban Solutions will harness opportunities as an end-to-end master developer of smart, sustainable cities. Starting with Saigon Sports City in Ho Chi Minh City, Vietnam, Keppel Urban Solutions will also explore opportunities in other cities across Asia. The Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd will continue to drive the further development of the Sino-Singapore Tianjin Eco-City (Eco-City), including selling land parcels to accelerate the Eco-City's development.

In the Connectivity segment, M1 will complement the Group's mission as a solutions provider for sustainable urbanisation. Through a multi-year transformation plan, M1 seeks to develop and implement new strategic and operational plans to sharpen its competitive edge, increase its momentum in digital transformation and undertake growth initiatives. It will focus on strengthening its consumer business to meet changing customer needs and expectations, developing platforms and initiatives to support enterprise customers, collaborating actively with other Keppel entities to create smarter and future-ready offerings, and working closely with Singapore government agencies, industry players and enterprises to co-develop 5G use cases. With the award of the 5G network licence to M1 and Starhub Limited by the Infocomm Media Development Authority (IMDA), M1 is starting to rollout its 5G standalone network coverage across Singapore.

## FREE CASH INFLOW

# \$497m

As compared to outflow of \$653 million for FY 2019.

## TOTAL CASH DIVIDEND PER SHARE

# 10.0cts

This comprises a proposed final cash dividend of 7.0cts/share, as well as an interim cash dividend of 3.0cts/share paid in 3Q 2020.

Keppel Telecommunications & Transportation (Keppel T&T) will, in collaboration with Keppel Capital, continue to actively pursue new development opportunities to grow its data centre footprint beyond its traditional areas of operation, while concurrently exploring innovative new solutions to reduce the environmental footprint of its data centres and strengthen its market position. Following a strategic review of the logistics business, Keppel T&T has decided to divest its logistics portfolio in Southeast Asia and Australia, and has launched the sale process through its financial advisor.

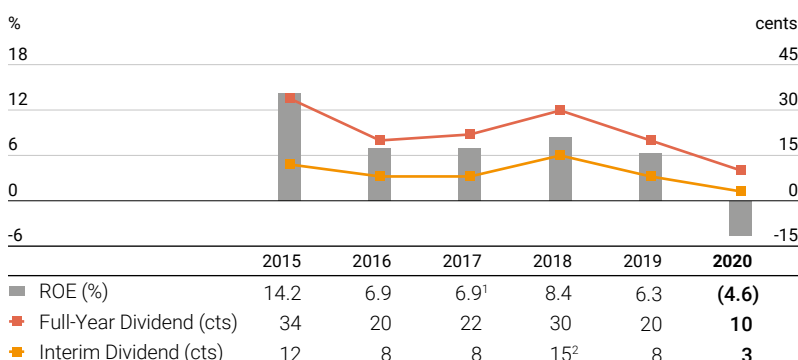
In the Asset Management segment, Keppel Capital continues to leverage the Group's core competencies to create innovative investment solutions and connect investors with quality real assets in fast-growing sectors fuelled by urbanisation trends. This includes seizing growth opportunities across our chosen sectors, as well as expanding into new markets and alternative asset classes. During the year, Keppel Capital launched and achieved two closings for the Keppel Asia Infrastructure Fund, as well as first close for several funds, namely the Keppel-Pierfront Private Credit Fund, the Keppel MMP-Indonesia Logistics Fund, the Keppel Education Asset Fund and the Keppel Vietnam Fund. Riding on the success of the earlier funds, Keppel Capital also launched and achieved first close for the follow-on Alpha Asia Macro Trends Fund IV and Keppel Data Centre Fund II. The listed REITs and Trust also continued to grow through strategic acquisitions during the year.

The Keppel Group will continue to execute its integrated business strategy to provide solutions for sustainable urbanisation by deepening collaboration across business units, being agile and innovative as it invests in the future.

## OPERATING & FINANCIAL REVIEW

### FINANCIAL REVIEW & OUTLOOK

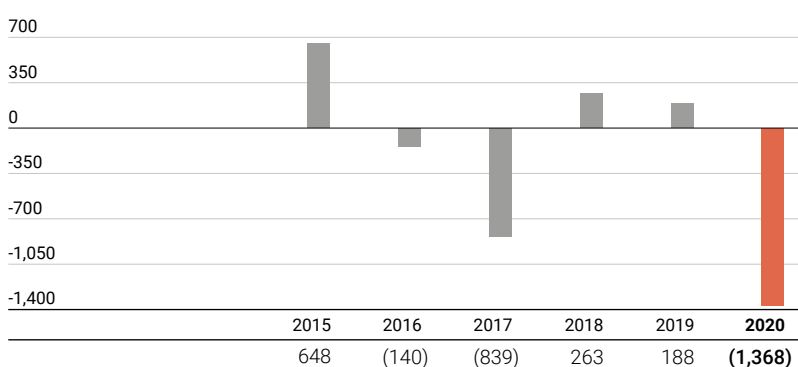
#### ROE & DIVIDEND



<sup>1</sup> Excludes one-off financial penalty from global resolution & related costs.

<sup>2</sup> Includes special cash dividend of 5.0cts/share.

#### EVA (\$ million)



#### EVA

	2020 \$ million	20 vs 19 + / (-)	2019 \$ million	19 vs 18 + / (-)	2018 \$ million
Profit/(loss) after tax (Note 1)	(732)	(1,526)	794	(103)	897
Adjustment for:					
Interest expense	292	(21)	313	108	205
Interest expense on non-capitalised leases	-	-	-	(20)	20
Tax effect on interest expense adjustments (Note 2)	(50)	3	(53)	(14)	(39)
Provisions, deferred tax, amortisation & other adjustments	125	3	122	46	76
<b>Net Operating Profit After Tax (NOPAT)</b>	<b>(365)</b>	<b>(1,541)</b>	<b>1,176</b>	<b>17</b>	<b>1,159</b>
Average EVA Capital Employed (Note 3)	20,254	2,188	18,066	1,533	16,533
WACC (%) (Note 4)	4.95	(0.52)	5.47	0.05	5.42
<b>Capital Charge</b>	<b>(1,003)</b>	<b>(15)</b>	<b>(988)</b>	<b>(92)</b>	<b>(896)</b>
<b>EVA</b>	<b>(1,368)</b>	<b>(1,556)</b>	<b>188</b>	<b>(75)</b>	<b>263</b>

#### Notes:

- Profit/(loss) after tax excludes net revaluation gain on investment properties.
- The reported current tax is adjusted for statutory tax impact on interest expenses.
- Average EVA Capital Employed is derived from the averages of net assets, interest-bearing liabilities, timing of provisions and other adjustments.
- WACC is calculated in accordance with the Keppel Group EVA Policy as follows:
  - Cost of Equity using Capital Asset Pricing Model with market risk premium set at 5.0% (2019: 5.0%);
  - Risk-free rate of 1.75% (2019: 2.27%) based on yield-to-maturity of Singapore Government 10-year Bonds;
  - Unlevered beta at 0.72 (2019: 0.72); and
  - Pre-tax Cost of Debt at 1.48% (2019: 2.09%) using 5-year Singapore Dollar Swap Offer Rate plus 60 basis points (2019: 60 basis points).

#### SHAREHOLDER RETURNS

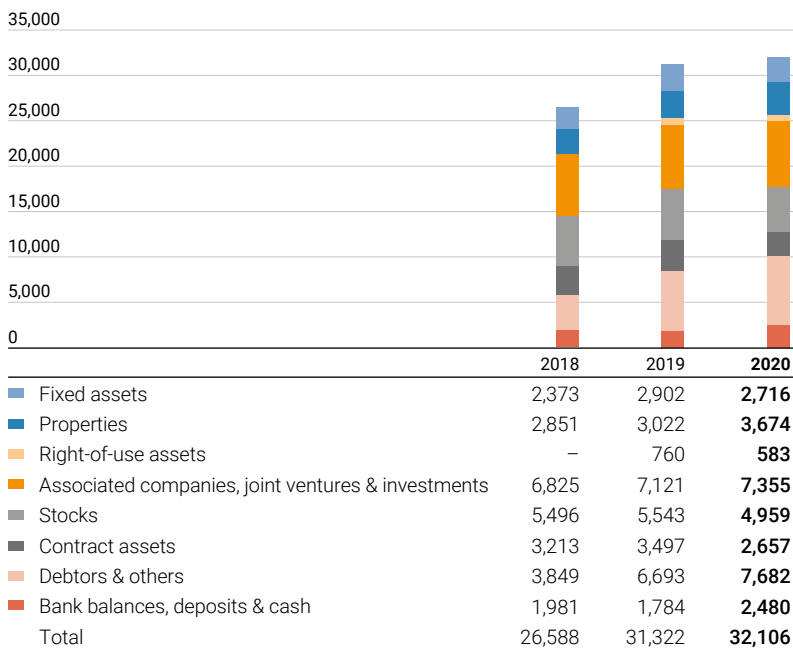
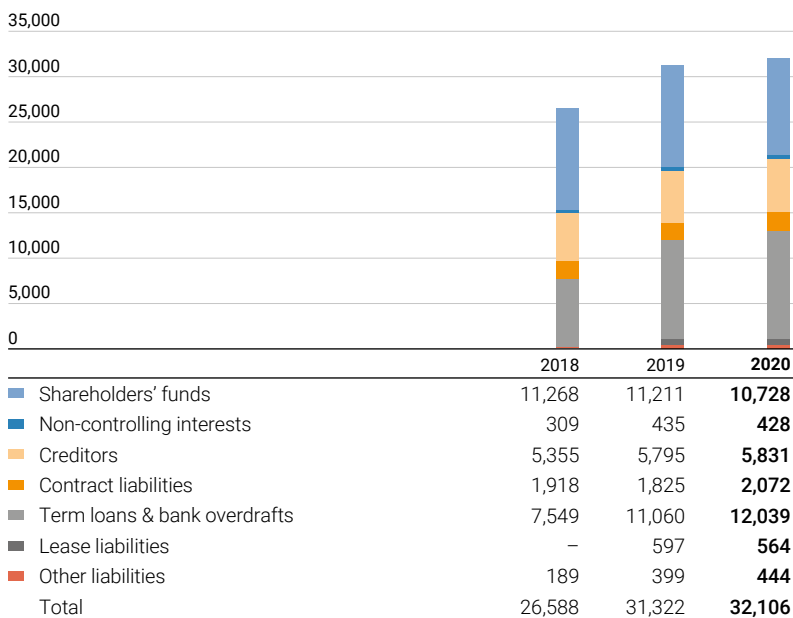
Return on Equity (ROE) was negative 4.6%, compared to positive 6.3% in the previous year, mainly due to net loss recorded as compared to net profit in the previous year.

The Company will be distributing a total cash dividend of 10.0 cents per share for 2020, comprising a proposed final cash dividend of 7.0 cents per share as well as the interim cash dividend of 3.0 cents per share distributed in the third quarter of 2020. On a per share basis, it translates into a gross yield of 1.9% on the Company's last transacted share price of \$5.38 as at 31 December 2020.

#### ECONOMIC VALUE ADDED

In 2020, Economic Value Added (EVA) decreased by \$1,556 million to negative \$1,368 million. This was attributable to net operating loss after tax and higher capital charge.

Capital charge increased by \$15 million as a result of higher Average EVA Capital, partly offset by lower Weighted Average Cost of Capital (WACC). WACC decreased from 5.47% to 4.95% mainly due to a decrease in risk-free rate and lower Cost of Debt. Average EVA Capital increased by \$2,188 million from \$18.07 billion to \$20.25 billion mainly due to higher borrowings.

**TOTAL ASSETS OWNED** (\$ million)**TOTAL LIABILITIES OWED AND CAPITAL INVESTED** (\$ million)**FINANCIAL POSITION**

Group shareholders' funds decreased by \$0.48 billion to \$10.73 billion at 31 December 2020. The decrease was mainly attributable to retained losses for 2020, payment of final dividend of 12.0 cents per share in respect of financial year 2019, payment of interim dividend of 3.0 cents per share in respect of the half year ended 30 June 2020 and fair value losses from cash flow hedges, partly offset by foreign exchange translation gains.

In 4Q 2020, the Group announced the divestment of interests in Chengdu Hilltop Development Co Ltd (Chengdu Hilltop), Dong Nai Waterfront City LLC (Dong Nai Waterfront), Keppel Bay Tower Pte Ltd (Keppel Bay Tower), and First King Properties Limited (First King Properties). These divestments would be completed upon the fulfillment of certain conditions precedent. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of Keppel Bay Tower and First King Properties, as well as the investments in Chengdu Hilltop and Dong Nai Waterfront that are accounted for as associated companies, have been presented separately as assets classified as held for sale and liabilities directly associated with assets classified as held for sale as at 31 December 2020.

Group total assets were \$32.11 billion as at 31 December 2020, \$0.78 billion higher than the previous year-end. Non-current assets increased mainly due to a reclassification from stocks to investment properties, fair value gains in investment properties and an increase in investments and long-term assets, partly offset by a decrease in investments in associated companies, joint ventures and fixed assets, as well as the reclassification of investment properties, fixed assets, right-of-use assets and investments in associated companies to assets classified as held for sale in relation to the divestments mentioned above. The increase in current assets was due mainly to increases in bank balances and deposits & cash, partly offset by a reclassification from stocks to investment properties and decrease in contract assets.

Group total liabilities of \$20.95 billion as at 31 December 2020 were \$1.27 billion higher than the previous year-end. This was largely attributable to the increase in term loans and contract liabilities, partly offset by the decrease in amounts due to associated companies and joint ventures.

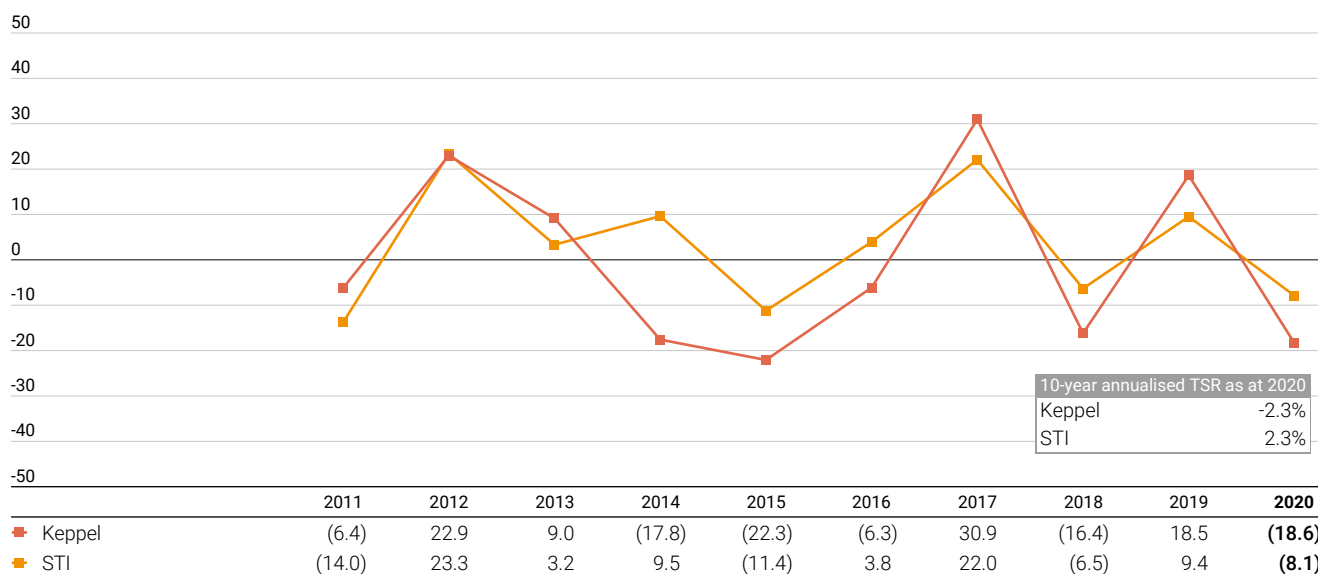
Group net debt increased by \$0.25 billion to \$10.12 billion as at 31 December 2020.

Group net gearing ratio increased from 85% as at 31 December 2019 to 91% at 31 December 2020. This was largely driven by the impact from lower equity due to the

## OPERATING & FINANCIAL REVIEW

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#### TOTAL SHAREHOLDER RETURN (%)



10-year annualised TSR as at 2020	
Keppel	-2.3%
STI	2.3%

Source: Bloomberg

#### CASH FLOW

	2020 \$ million	20 vs 19 + / (-)	2019 \$ million	19 vs 18 + / (-)	2018 \$ million
Operating profit	8	(869)	877	(178)	1,055
Depreciation, amortisation & other non-cash items	30	(87)	117	611	(494)
Cash flow provided by operations before changes in working capital	38	(956)	994	433	561
Provisions made for stocks, contract assets and doubtful debts	701	662	39	(84)	123
Working capital changes	(107)	1,369	(1,476)	(1,157)	(319)
Interest receipt and payment & tax paid	(430)	(48)	(382)	(142)	(240)
<b>Net cash from/(used in) operating activities</b>	<b>202</b>	<b>1,027</b>	<b>(825)</b>	<b>(950)</b>	<b>125</b>
Investments & capital expenditure	(451)	(113)	(338)	112	(450)
Divestments & dividend income	687	274	413	(644)	1,057
Advances from/(to) associated companies & joint ventures	59	(38)	97	314	(217)
<b>Net cash from investing activities</b>	<b>295</b>	<b>123</b>	<b>172</b>	<b>(218)</b>	<b>390</b>
<b>Free cash flow<sup>1</sup></b>	<b>497</b>	<b>1,150</b>	<b>(653)</b>	<b>(1,168)</b>	<b>515</b>
Dividend paid to shareholders of the Company & subsidiaries	(297)	133	(430)	116	(546)

<sup>1</sup> Free cash flow excludes expansionary acquisitions & capital expenditure, and major divestments.

significant impairments recorded in the current year, as well as increase in net debt arising from investments made, working capital requirements and dividend payments.

#### TOTAL SHAREHOLDER RETURN

Keppel is committed to delivering value to shareholders through earnings growth. Guided by Vision 2030, the Group will leverage our business model and harness our unique strengths, as well as the synergies of the Group, to seize opportunities.

Our 2020 Total Shareholder Return (TSR) of negative 18.6% was 10.5 percentage points below the benchmark Straits Times Index's

(STI) TSR of negative 8.1%. Our 10-year annualised TSR growth rate was negative 2.3% as compared to STI's positive 2.3%.

#### CASH FLOW

To better reflect our operational free cash flow, the Group had excluded expansionary acquisitions (e.g. investment properties) and capital expenditure (e.g. building of new data centre facilities), meant for long-term growth for the Group and major divestments.

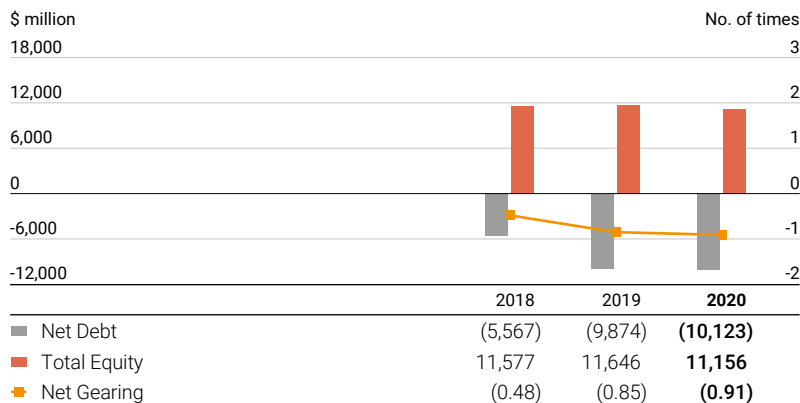
Net cash from operating activities was \$202 million for 2020 as compared to net cash used in operating activities of \$825 million for 2019. This was due mainly to lower working capital requirements.

After excluding expansionary acquisitions, capital expenditure and major divestments, net cash from investment activities was \$295 million. The Group spent \$451 million on investments and operational capital expenditure. After taking into account the proceeds from divestments, dividend income of \$687 million and net advances from associated companies and joint ventures of \$59 million, the free cash inflow was \$497 million.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to \$297 million.

## NET CASH/(GEARING)

$$\text{Net Gearing} = \frac{\text{Borrowings} + \text{Lease Liabilities} - \text{Cash}}{\text{Total Equity}}$$



## FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by Keppel's Group Treasury department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

The Group's financial risk management is discussed in more detail in the notes to the financial statements. In summary:

- The Group has receivables and payables denominated in foreign currencies with the largest exposures arising from US dollars, Brazilian Real and Renminbi. Foreign currency exposures arise mainly from the exchange rate movements of these foreign currencies against the Singapore dollar, which is the Group's measurement currency. The Group utilises forward foreign currency contracts to hedge its exposure to specific currency risks relating to receivables and payables. The bulk of these forward foreign currency contracts are entered into to hedge any excess US dollars arising from the O&M contracts based on the expected timing of receipts. The Group does not engage in foreign currency trading.
- The Group hedges against price fluctuations arising from the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of

natural gas is indexed to the benchmark fuel price indices of High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent.

- The Group hedges against fluctuations in electricity prices arising from its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts.
- The Group maintains a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks. These may include cross currency swaps, interest rate swaps, swaptions and interest rate caps.
- The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.
- The Group adopts stringent procedures on extending credit terms to customers and the monitoring of credit risk.

## BORROWINGS<sup>1</sup>

The Group borrows from local and foreign banks in the form of short-term and long-term loans and project loans. The Group also taps the debt capital market via issuance of primarily Singapore dollar bonds. Total Group borrowings excluding lease liabilities as at end-2020 were \$12.0 billion (2019: \$11.1 billion and 2018: \$7.5 billion). As at end-2020, 37% (2019: 41% and 2018: 20%) of Group borrowings were repayable within one year, with the balance largely repayable more than three years later.

Unsecured borrowings constituted 94% (2019: 96% and 2018: 92%) of total borrowings with the balance secured by properties and other assets. Secured borrowings are mainly for financing of investment properties and

project finance loans for property development projects. The net book value of properties and assets pledged/mortgaged to financial institutions amounted to \$2.22 billion (2019: \$0.96 billion and 2018: \$1.07 billion).

Fixed rate borrowings constituted 62% (2019: 63% and 2018: 67%) of total borrowings after taking into account the effect of derivative financial instruments with the balance at floating rates. The Group has cross currency swap and interest rate swap agreements with notional amounts totalling \$4,681 million whereby it receives foreign currency fixed rate or variable rate equal to EURIBOR (in the case of the cross-currency swaps) and variable rates equal to SOR and LIBOR (in the case of the interest rate swaps) and pays fixed rates of between 0.19% and 3.62% on the notional amount. Details of these derivative financial instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 73% (2019: 78% and 2018: 75%) of total borrowings after taking into account the effect of derivative financial instruments. The balance was mainly in US dollars. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables that were denominated in foreign currencies.

The weighted average tenor of the Group's debt was about three years at end-2019 and at end-2020 with a decrease in average cost of funds as compared to end-2019.

## CAPITAL STRUCTURE & FINANCIAL RESOURCES

The Group maintains a strong balance sheet and an efficient capital structure to maximise returns for shareholders.

New investments are evaluated against strict criteria including return on investment, cash flow generation, risk management as well as environmental, social and governance considerations. New investments will be structured with an appropriate mix of equity and debt after careful evaluation and management of risks.

## CAPITAL STRUCTURE

Total equity as at end-2020 was \$11.16 billion as compared to \$11.65 billion as at end-2019 and \$11.58 billion as at end-2018. The Group was in a net debt (including lease liabilities) position of \$10,123 million as at end-2020, which was above the \$9,874 million as at end-2019 and the \$5,567 million as at end-2018. The Group's net gearing ratio was 0.91 times as at end-2020, compared to 0.85 times as at end-2019.

<sup>1</sup> Borrowings exclude lease liabilities.

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Interest coverage decreased from 5.99 times in 2018 to 3.77 times in 2019 before decreasing to 0.11 times in 2020. Interest coverage in 2020 was lower due to lower Earnings before Interest expense and Tax (EBIT).

Cash flow coverage decreased from 1.52 times in 2018 to -1.46 times in 2019 before increasing to 1.60 times in 2020. This was mainly due to operational cash inflow in 2020, as compared to an outflow in 2019.

At the annual general meeting in 2020, shareholders gave their approval for the mandate to buy back shares. During the year, 3,866,628 shares were bought back and held as treasury shares. The Company also transferred 2,829,890 treasury shares to employees upon vesting of shares released under the KCL Share Plans. As at end-2020, the Company had 3,051,474 treasury shares. Except for the transfer, there was no other sale, transfer, disposal, cancellation and/or use of treasury shares during the year.

#### FINANCIAL RESOURCES

The Group continues to be able to tap into the debt capital market at competitive terms.

As part of its liquidity management, the Group has built up adequate cash reserves as well as sufficient undrawn banking facilities and capital market programmes. Funding of working capital requirements, capital expenditure and investment needs was made through a mix of short-term money market borrowings, bank loans as well as medium/long-term bonds via the debt capital market.

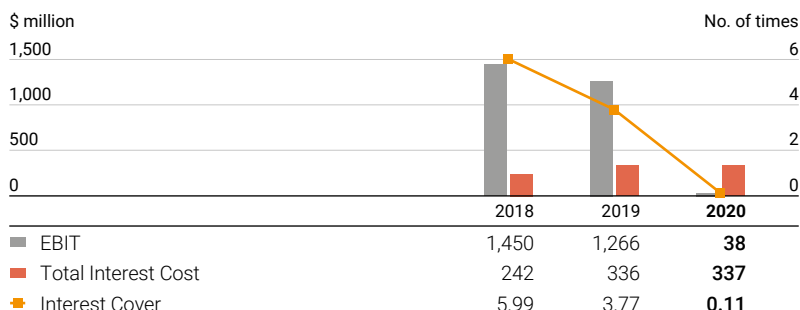
The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time. Cash flow, debt maturity profile and overall liquidity position are actively reviewed on an ongoing basis.

As at end-2020, total available credit facilities, including cash at Corporate Treasury and bank guarantee facilities, amounted to \$6.53 billion (2019: \$8.19 billion).

#### INTEREST COVERAGE

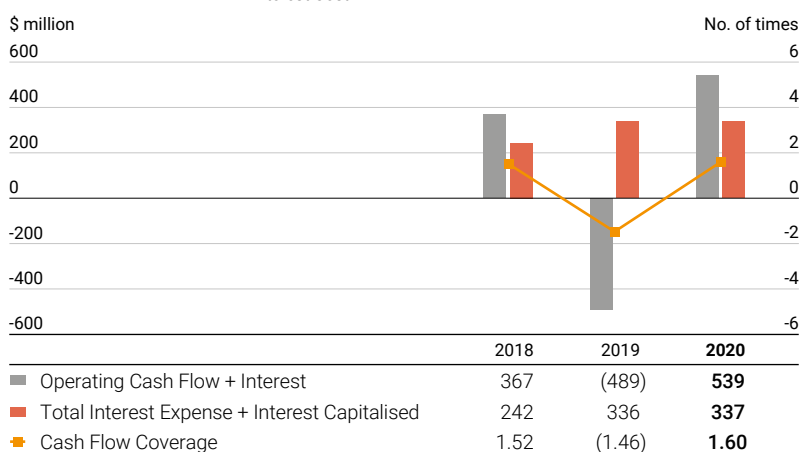
$$\text{Interest Coverage} = \frac{\text{EBIT}}{\text{Interest Cost}}$$

Note: EBIT = Profit before tax + Interest expense

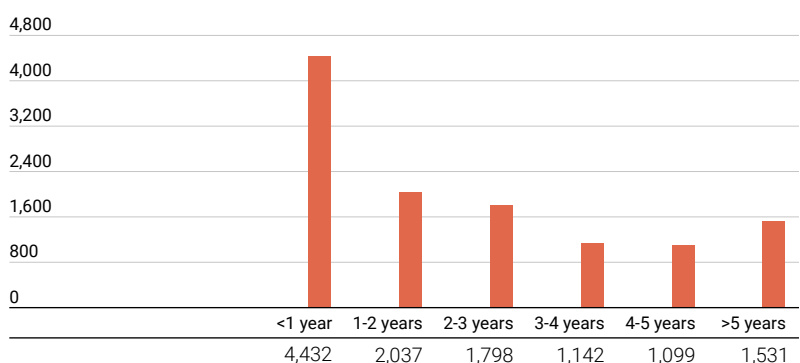


#### CASH FLOW COVERAGE

$$\text{Cash Flow Coverage} = \frac{\text{Operating Cash Flow} + \text{Interest Cost}}{\text{Interest Cost}}$$



#### DEBT MATURITY (\$ million)



Note: The borrowings exclude lease liability.



## FINANCIAL CAPACITY

	\$ million	Remarks
Cash at Corporate Treasury	728	29% of total cash of \$2.48 billion
Available credit facilities to the Group	5,806	Credit facilities of \$12.08 billion, of which \$6.28 billion was utilised
<b>Total</b>	<b>6,534</b>	

### CRITICAL ACCOUNTING JUDGMENTS & ESTIMATES

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of financial statements requires management to exercise its judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. Critical accounting judgments and estimates are described below.

#### COVID-19 and volatility in oil prices

The evolving situation of the COVID-19 pandemic and volatility in oil prices, including the sharp reduction in global oil demand, could impact the assessment of the carrying amounts of the Group's assets and liabilities. As these events and conditions have significant financial reporting implications, Accounting and Corporate Regulatory Authority of Singapore (ACRA) had published financial reporting practice guidance notes in May and December 2020 highlighting key focus areas when preparing and reviewing the financial statements, especially in areas where estimates, assumptions and judgment are required. In the assessment for the current year, management has carried out a review to assess the assumptions used in the assessment of the carrying values of certain assets of the Group. Management has exercised judgment in determining the significant assumptions used and has relied on information currently available, including the COVID-19 official updates from the authorities, experts' consensus on global oil prices and the work performed by independent advisors on certain assets, in the assessment of the appropriateness of the carrying values of the Group's assets, including but not limited to the following assets as at 31 December 2020:

- Recoverability of contract assets and receivable balances in relation to offshore & marine construction contracts with Sete Brasil and other customers
- Valuation of investment properties
- Estimation of net realisable value of stocks

- Impairment of non-financial assets
- Investments in associated companies and joint ventures, including KrisEnergy Limited (KrisEnergy) and Floatel International Limited (Floatel) and related exposures

As the COVID-19 situation continues to evolve, the Group will proactively implement measures to mitigate the potential impact on the Group. Should the COVID-19 situation take a longer than expected period to recover and/or the recovery of long-term oil prices, dayrates or utilisation rates take a longer period or fall to a lower level than expected, the assessment of the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial years.

#### Recoverability of contract assets and receivable balances in relation to offshore & marine construction contracts Contracts with Sete Brasil (Sete)

The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd (Magni) to purchase four Sete subsidiaries, two of which are special-purpose entities (SPEs) for uncompleted rigs constructed by the Group, were approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of the remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. The Engineering, Procurement and Construction (EPC) contracts and related agreements entered into in relation to these four rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US\$260 million

from Sete and this amount has been included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.

In December 2019, Petrobras issued a press release to communicate their Board's approval on the continuation of four charter agreements, and for Magni and their operator Etesco to step in as the new party to the agreements. Since then, the Group has been in constructive discussions with Magni to finalise the construction contracts for the two rigs and with Sete to close out the condition precedents in the Settlement Agreement. As a result of the global COVID-19 pandemic and the extended time required for Magni to secure financing, finalisation of the agreements between the various parties has been delayed. On 12 November 2020, Petrobras issued a press release stating that their mediation agreement deadline with Sete had been extended to 31 January 2021 for Sete to conclude their sale transaction. As of the date of these financial statements, Magni had yet to secure the full financing required to complete the sale transaction with Sete.

On 26 January 2021, Petrobras issued a media release to inform that it had received notification from Sete that it would not be able to comply with the conditions in the mediation agreement by the extended due date of 31 January 2021 and Sete had requested to begin a new negotiation with Petrobras. The Executive Board of Petrobras has authorised this request from Sete, in search of a joint solution with Sete.

Notwithstanding that the deadline to complete the mediation agreement has not been extended, the Group believes that Petrobras, in approving a new negotiation, will continue to seek solutions for these rigs with the relevant stakeholders which may yield several other alternative arrangements between the stakeholders. The Group will also be in active discussions with Sete and Magni, as Sete enters into the new negotiation with Petrobras.

Management estimated the net present value of the cash flows relating to the construction contract for two rigs with Magni. In addition, management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts with Sete, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan.

Arising from the above assessment, the loss allowance for trade debtors of

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\$183,000,000 (2019: \$183,000,000) and the provision for related contract costs of \$245,000,000 (2019: \$245,000,000) made in prior years remain adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to EPC contracts with Sete.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to \$476,000,000 as at 31 December 2020 (31 December 2019: \$476,000,000).

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

- i. Petrobras will continue to require the rigs for execution of its business plans and will charter them at the dayrates and tenure previously agreed with Sete;
- ii. Magni will be able to secure financing to complete the purchase of the rigs with Sete and complete the construction contract with the Group at the terms previously discussed with Magni; and
- iii. The future costs of construction of the rigs are not materially different from management's current estimation.

At the date of these financial statements, the commencement of a new negotiation between Petrobras and Sete has been authorised by the Executive Board of Petrobras. Should the conclusion of the negotiation result in significant changes to the key assumptions above, additional material provision may be required,

including adjustments to the net carrying amounts (net of total cumulative losses as described above) relating to the Sete contracts amounting to \$113,645,000 as at 31 December 2020.

#### Other contracts

As at 31 December 2020, the Group had several rigs that were under construction for customers, where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks. In the event that the customers are unable to fulfil their contractual obligations, the Group can exercise the right to retain payments received to date and retain the titles to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue had been deferred under certain financing arrangements, amounting to \$848,117,000 as at 31 December 2020 (2019: \$778,734,000) of which \$772,443,000 (2019: \$638,973,000) is secured on the rigs and \$75,674,000 (2019: \$139,761,000) is unsecured but the Group has obtained parental guarantee from the customers.

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

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

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

Management has engaged independent professional firms to assist in their assessment on whether the VIU of the rigs would exceed the carrying values of contract assets and trade receivables as at 31 December 2020. The VIU model used by the independent firm is consistent with prior years and is based on Discounted Cash Flow calculations that cover each class of rig. In addition to the independent firm responsible for the valuation based on VIU calculations, management has also engaged a separate industry expert to independently provide a view of the market outlook, assumptions and parameters

	Contract assets \$'000	Financing to customers		Total \$'000
		Secured \$'000	Unsecured \$'000	
<b>As at 31 December 2020</b>				
Gross balance	2,933,715	871,605	138,595	3,943,915
Less: Expected credit loss				
Balance, 1 January	21,000	–	–	21,000
Currency alignment	–	(4,634)	(2,894)	(7,528)
Impairment charged	430,842	103,796	65,815	600,453
Reclassification (Note 15)	(19,301)	–	–	(19,301)
Balance, 31 December	432,541	99,162	62,921	594,624
Net balance	2,501,174	772,443	75,674	3,349,291
<b>As at 31 December 2019</b>				
Gross balance	3,345,020	638,973	139,761	4,123,754
Less: Expected credit loss				
Balance, 1 January and 31 December	21,000	–	–	21,000
Net balance	3,324,020	638,973	139,761	4,102,754

which are used in the valuations based on the estimation of VIU. Key inputs into the estimation of the VIU include dayrates and cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the rigs would decrease if the expected income from operating the rigs decline, or discount rates were higher, or the estimated commencement of deployment was delayed.

Management has also appointed an independent advisor to conduct an assessment of the recoverability of unsecured receivables as at 31 December 2020.

Accordingly, the Group recognised an expected credit loss allowance of \$430,842,000 (2019: \$nil) on contract assets, and \$169,611,000 (2019: \$nil) on long-term receivables during the financial year ended 31 December 2020, as shown in the table on page 72.

The valuations of the rigs based on estimated VIU are most sensitive to discount rates and dayrates.

- A discount rate of 7% has been used in the valuation as at 31 December 2020 (31 December 2019: 6.8%). An increase of 1% of the discount rate would increase the expected credit loss by approximately \$7,000,000 (31 December 2019: \$nil).
- A decrease in dayrates of US\$5,000 per day across the entire asset useful life of 25 years would not result in any further expected credit loss (31 December 2019: \$nil).

#### Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units (CGUs). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. Management performed impairment tests on fixed assets (Note 6), investments in subsidiaries (Note 9), investments in associated companies and joint ventures (Note 10), and intangibles (Note 13) as at 31 December 2020.

Management has performed the impairment assessment of its investments in KrisEnergy and Floatel and related exposures on the basis of the restructuring steps taken by these investees. Refer to Note 10(c) and Note 10(f) respectively for more details on the impairment assessment of Group's investments in KrisEnergy and Floatel.

Management has also performed an impairment assessment of the goodwill arising from acquisition of M1. Details of the impairment testing is disclosed in Note 13.

#### KrisEnergy

On 14 August 2019, KrisEnergy made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50). It has also requested a suspension of trading of its securities on Singapore Exchange Securities Trading Ltd (SGX). At the date of these financial statements, the moratorium has been further extended to 16 April 2021.

In April 2020, the Group entered into a credit facility agreement with two wholly-owned indirect subsidiaries of KrisEnergy (the Borrowers), with the Group agreeing to grant a project financing loan in two or more tranches for an aggregate principal amount not exceeding US\$87 million (the CBA Loan Facility) to the Borrowers. As at 31 December 2020, the total aggregate amount of funds drawn down by the Borrowers through the CBA Loan Facility was US\$57,700,000.

KrisEnergy published an initial restructuring proposal on 16 June 2020, followed by the publication of the final restructuring proposal on 21 August 2020. The final restructuring proposal is to be implemented via four inter-conditional processes that require the consent of the requisite majority of each respective group of creditors and shareholders:

- reaching an agreement for an extension of secured Revolving Credit Facility (RCF) with the lender;
- conversion of debts and claims into equity for unsecured creditors under the Scheme of Arrangement (Scheme);
- partial conversion of claims into equity for Zero Coupon Noteholders under the Consent Solicitation Exercise (CSE)
- requisite approval from the shareholders for the issuance of new shares in the restructuring proposal in Extraordinary General Meeting (EGM)

On 30 December 2020, the RCF maturity date was extended for an initial period of 6 months to 30 June 2021 with a further extension to 30 June 2024 upon successful completion of restructuring. A Scheme was released by KrisEnergy on 20 November

2020 setting out the details of the proposed restructuring terms. On 14 January 2021, the unsecured creditors of KrisEnergy approved the Scheme through a Singapore court supervised process. The Scheme was effective on 15 February 2021, following the lodgment of a copy of the order of the Court approving the Scheme with the Registrar of Companies. The CSE process for KrisEnergy's zero coupon noteholders that was launched on 20 January 2021 has been approved on 11 February 2021. As at the date of these financial statements, the final component of the restructuring, which is the EGM to seek KrisEnergy shareholders' approval for the issuance of new shares pursuant to the Scheme and the CSE, had not yet taken place.

Management performed an impairment assessment to estimate the recoverable amount of the Group's exposures in KrisEnergy as at 31 December 2020. Management reviewed the cash flow projections prepared by its financial advisor who estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights. The cash flow estimates were based on forecasted oil prices, determined by taking reference from external information sources, ranging from US\$50 to US\$62 per barrel for 2021 to 2029 (2019: US\$63 to US\$70 per barrel for 2020 to 2028). The impairment assessment has taken into consideration the terms of restructuring.

Based on the impairment assessment, an impairment provision of \$39,200,000 was recognised for the year ended 31 December 2020, and the carrying amount of the Group's investment in the zero-coupon notes was reduced to \$35,084,000. No impairment allowance was made against the loan receivable and contract assets, and no liabilities were recorded for the Group's guarantee given to the bank for the loan granted to KrisEnergy as the Group has priority over the cash flows on the assets of KrisEnergy. In the financial year ended 31 December 2019, management had performed a similar assessment and recognised an impairment charge of \$37,000,000 on the equity investment.

The estimates and assumptions used are subject to risk and uncertainty. If the oil prices were to decrease by 2% across the forecasted period of 2021 to 2029, the estimated cash available from producing assets and forecasted production from assets under development would decrease, and this would result in an additional impairment of \$34,400,000.

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#### **Floatel**

In February 2020, Floatel reported that its financial situation was unsustainable as liquidity was under pressure. There was a material uncertainty as to whether Floatel would be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which cast significant doubt on Floatel's ability to continue as a going concern. The long-term viability of Floatel's business depends on it finding a solution to its financial situation.

On 5 December 2020, at the expiry of the forbearance under a Forbearance Agreement entered into between Floatel and certain bondholders, Floatel entered into a Lock-Up Agreement with FELS Offshore Pte Ltd (the member of the Group with the equity interest in Floatel), an ad hoc group (the AHG) of holders of Floatel's 9% senior secured 1L Bondholders, and other consenting 1L Bondholders holding in aggregate over 56% by value of the 1L Bonds and 2L Bondholders holding in aggregate close to 13% of the 2L Bonds (the Lock-Up Agreement). The Lock-Up Agreement commits Floatel, the Group, the AHG and any acceding 1L Bondholders and 2L Bondholders to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group (the Restructuring). As part of the Lock-Up Agreement, FELS Offshore Pte Ltd has committed to use reasonable endeavours to procure the provision and funding of a new US\$100,000,000 Revolving Credit Facility (RCF) for Floatel and another member of the Group may provide credit support for the RCF in the form of a risk participation.

On 16 December 2020, Floatel announced an increased level of support of the Lock-Up Agreement by the 1L (more than  $\frac{2}{3}$ ) and 2L Bondholders. In addition, the terms of new warrants to be issued were also agreed in a revised Lock-Up Agreement on 14 December 2020. On 8 January 2021, bank lenders of Floatel agreed to accept a cash settlement of US\$46,000,000 less Lenders' advisory fees for full settlement of amounts owing to them and release of the charge on one of the five vessels owned by Floatel. On 12 February 2021, the 2L Bondholders approved the restructuring.

As the loan from the relevant member of the Group to Floatel is considered as part of the Group's net investment in Floatel (i.e. settlement is neither planned nor foreseen), management has continued to equity account for its share of loss in Floatel's results against the carrying value of the loan to Floatel, after reducing the carrying value of the equity investment in Floatel to zero as of 30 June 2020. For the financial year ended 31 December 2020,

the Group has recognised a total share of operating loss from Floatel of \$82,779,000 and share of impairment loss of vessels of \$228,107,000. The latter was estimated based on industry parameters provided by an independent industry advisor and adopted in the VIU calculation of the vessels. In addition, the carrying value of preference shares, based on the fair value assessment conducted by an independent financial advisor using the dividend discount model had similarly been written down to nil as at 31 December 2020.

The Group has considered that the recovery of its net investment in Floatel is dependent on Floatel successfully carrying out the Restructuring and continuing operation of its fleet of vessels. Management has retained an independent financial advisor to support the review of Floatel's business plan and cash flow projections. In the event that the Restructuring of Floatel fails to go through, Floatel would not have adequate cash from its operations and cash on hand to continue as a going concern beyond year 2021 and in this scenario the Group's investment in Floatel is not expected to be recoverable.

As at the date of these financial statements, the Restructuring is progressing positively and the Group is in advanced stages of discussion with financial institutions to provide the US\$100,000,000 RCF.

#### **Revenue recognition and contract cost**

The Group recognises contract revenue and contract cost over time by referencing the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the physical proportion of the contract work completed for the contracts; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 24.

#### **Income taxes**

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these

matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determinations are made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

#### **Claims, litigations and reviews**

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

#### ***EIG Energy Fund XIV, L.P., et al. v. Keppel Offshore & Marine Ltd., (United States District Court, Southern District of New York)***

In February 2018, the Company's subsidiary, Keppel Offshore & Marine Ltd (Keppel O&M) was served a summons by eight investment funds (Plaintiffs) managed by EIG Management Company, LLC (EIG) where a civil action was commenced by the Plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act (RICO) in the United States District Court, Southern District of New York. The Plaintiffs sought damages for its loss of investment of US\$221 million in Sete, trebled under RICO to US\$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

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

In March 2018, Keppel O&M submitted a letter pursuant to the Court's rules seeking permission to file a motion to dismiss the Complaint. In April 2018, in response to Keppel O&M's letter, the Plaintiffs filed the First Amended Complaint which added, among other things, a state law claim for aiding and abetting fraud.

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

In May 2020, the Court issued an order granting in part and denying in part Keppel O&M's

motion to dismiss. The Court dismissed the Plaintiffs' civil RICO conspiracy claim but found that the First Amended Complaint adequately pleaded an aiding and abetting fraud claim under New York state law and denied Keppel O&M's motion to dismiss that claim.

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

Management is of the view that the remaining claim for aiding and abetting fraud is without merit and Keppel O&M will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of this remaining claim and hence, the potential amount of loss cannot currently be assessed.

**Termination of two mid-water semisubmersible drilling rig contracts**

As disclosed in Note 2.28(b)(ix), a subsidiary of Keppel Offshore & Marine Ltd (KOM subsidiary) terminated two contracts with subsidiaries of a customer for the construction of two mid-water semisubmersible drilling rigs for harsh environment use:

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

approximately US\$43 million and to seek reimbursement of the KOM subsidiary's costs of the project to the date of termination.

Subsequent to the issuance of this notice of termination, the KOM subsidiary has received a notice from the buyer purporting to terminate the Second Contract, alleging breaches under the Second Contract. As it had already terminated the Second Contract, the KOM subsidiary's position is that the notice of termination can have no effect. In any event, the KOM subsidiary refutes the abovementioned allegations by the buyer in the notice.

The Group is working with legal advisors to enforce its rights and will continue to evaluate the potential financial impact in consultation with its advisors. Based on currently available information, no provision was made in respect of the recovery of the payments already made to the Group by the two buyers.

**Global resolution with criminal authorities in relation to corrupt payments**

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

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

Keppel O&M has successfully complied with its obligations under the DPA and the DPA has accordingly concluded. Keppel O&M has also been in compliance with its obligations under the Conditional Warning issued by the CPIB and the Leniency Agreement entered into with the MPF. As part of the applicable fines payable under the global resolution, a

## OPERATING & FINANCIAL REVIEW

### FINANCIAL REVIEW & OUTLOOK

sum of US\$52,777,122.50 (less any penalties that Keppel O&M may pay to specified Brazilian authorities) was payable to CPIB within three years from the date of the Conditional Warning and has been included in accrued expenses since FY 2017. The discussions with the specified Brazilian authorities remain ongoing, and CPIB has agreed to extend this three-year period for a further 12 months until 22 December 2021.

In June 2020, the Company announced that it was brought to the Company's attention that the Office of the Comptroller General of Brazil (CGU) has published a notice in the Official Gazette (Notice) to the effect that CGU has initiated an administrative enforcement procedure (AEP) against Keppel O&M, Prismatic Services Ltd., Keppel FELS Ltd., Keppel FELS Brasil S.A., and BrasFELS S.A., in relation to alleged irregularities under the Brazilian Anti-Corruption Statute, and appointed two CGU officials to form a panel to preside over the proceedings. The Company has been advised that, following the issuance of the Notice, the CGU would carry out further internal investigations, and the panel has to thereafter decide whether any summons is to be served on the defendants, and if so, the defendants will then have 30 days thereafter to file a defence. Neither the Notice nor any summons has been served on any of the foregoing entities to-date.

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

Over the course of the DPA reporting period, Keppel Group continued its remediation efforts and implemented significant compliance enhancements across its businesses. Keppel O&M's successful completion of the DPA reflects Keppel Group's ongoing commitment to ethics, integrity and robust controls in all its business operations. In 2019, Keppel O&M successfully achieved global certification for the ISO 37001 Anti-Bribery Management System, and Keppel is progressively implementing the same standard throughout the Group.

Anti-bribery and corruption compliance audits were also performed on entities within the Keppel O&M Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended. The results of the audits performed in 2020 were satisfactory with no adverse findings requiring follow-up actions.

Based on currently available information, no additional provision was made in relation to the ongoing discussions with the specified Brazilian authorities.

#### Useful lives of network and related application systems

The cost of network and related application systems is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimated the useful lives of these fixed assets to be within five to 25 years. These are common life expectancies applied in the telecommunications industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amounts of the Group's network and related application systems at the end of the reporting period are disclosed in Note 6 to the financial statements.

#### Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in profit and loss account, 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 2020, valuations were obtained from the valuers for the Group's investment properties, and the resultant fair value changes were recognised in the profit and loss account.

In determining the fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, price of comparable plots and properties, net initial yield and discount rate. The valuation reports obtained from independent valuers for certain properties have highlighted the heightened uncertainty of the COVID-19 outbreak and material valuation uncertainty where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.

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

value of the investment properties are disclosed in Notes 7 and 34.

#### 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.

As at 31 December 2020, stocks under work-in-progress amounted to \$1,072,890,000 (after a provision of \$41,508,000 recognised in FY 2020 and \$50,000,000 in prior years). This amount included a balance of \$447,337,000 which were transferred from contract assets during FY 2020 as described in Note 2.28(b)(vi) – Termination of Two Mid-Water Semisubmersible Drilling Rig Contracts.

The assessment of the carrying value of these stocks were performed in conjunction with the recoverability assessment of contract assets based on a VIU approach as described in Note 2.28(b)(ii).

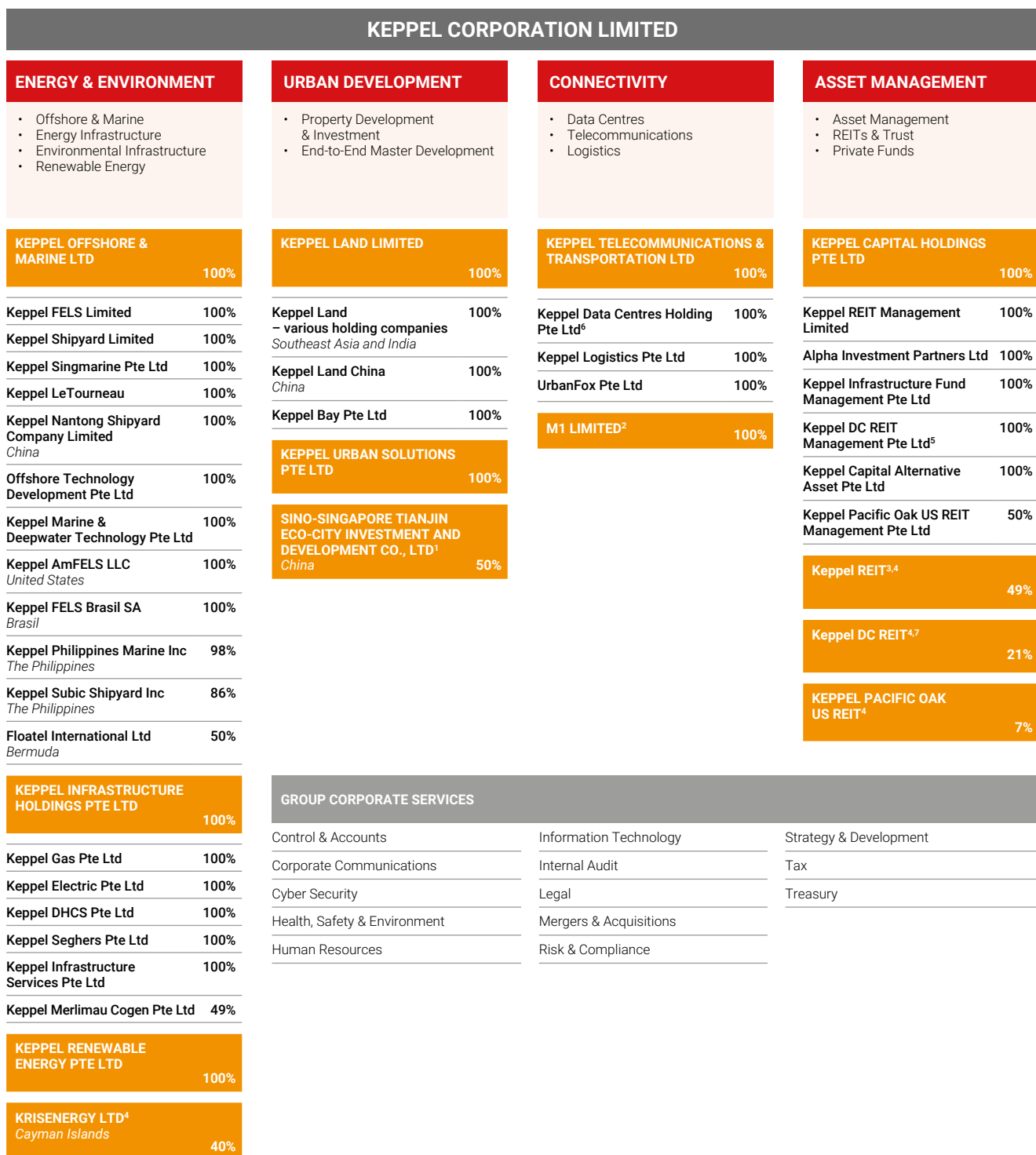
Based on the results of the assessments, the Group recognised an impairment provision of \$41,508,000 on stocks under work-in-progress during the financial year ended 31 December 2020.

The valuation of these stocks under work-in-progress based on estimated VIU are most sensitive to discount rates and dayrates.

- An increase of 1% of the discount rate would result in an impairment of approximately \$158,000,000 (31 December 2019: \$nil).
- A decrease in dayrates of US\$5,000 per day across the entire asset life of 25 years would result in an impairment of approximately \$21,000,000 (31 December 2019: \$nil).

For properties held for sale, provision is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimates and assumptions used are subject to risk and uncertainty in view of the economic uncertainty brought about by the COVID-19 pandemic. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

**OPERATING & FINANCIAL REVIEW**  
GROUP STRUCTURE



Notes:

- Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.
- Owned by Keppel Telecommunications & Transportation Ltd (19%), a wholly-owned subsidiary of Keppel Corporation, and Connectivity (81%), a company jointly owned by Keppel Corporation and Singapore Press Holdings.
- Owned by Keppel Land Limited (43%) and Keppel Capital Holdings Pte Ltd (6%).
- Public listed company.
- Owned by Keppel Capital Holdings Pte Ltd (50%) and Keppel Telecommunications & Transportation Ltd (50%).
- Owned by Keppel Telecommunications & Transportation Ltd (70%) and Keppel Land Limited (30%).
- Owned by Keppel Telecommunications & Transportation Ltd (20.6%) and Keppel DC REIT Management Pte Ltd (0.4%).

Updated as at 10 March 2021. The complete list of subsidiaries and significant associated companies is available at <https://www.keppcorp.com/annualreport2020>.

# CORPORATE GOVERNANCE

The Board and management of Keppel Corporation Limited (“KCL”, or the “Company”) firmly believe that a genuine commitment to good corporate governance is essential to the sustainability of the Company’s business and performance, and directors must at all times act objectively in the best interests of the Company.

This report sets out an overview of our corporate governance practices and adheres to the principles of the Code of Corporate Governance 2018 (the “2018 CG Code”), with references to the accompanying Practice Guidance.

## BOARD’S CONDUCT OF AFFAIRS

### PRINCIPLE 1:

*The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.*

### PRINCIPLE 3:

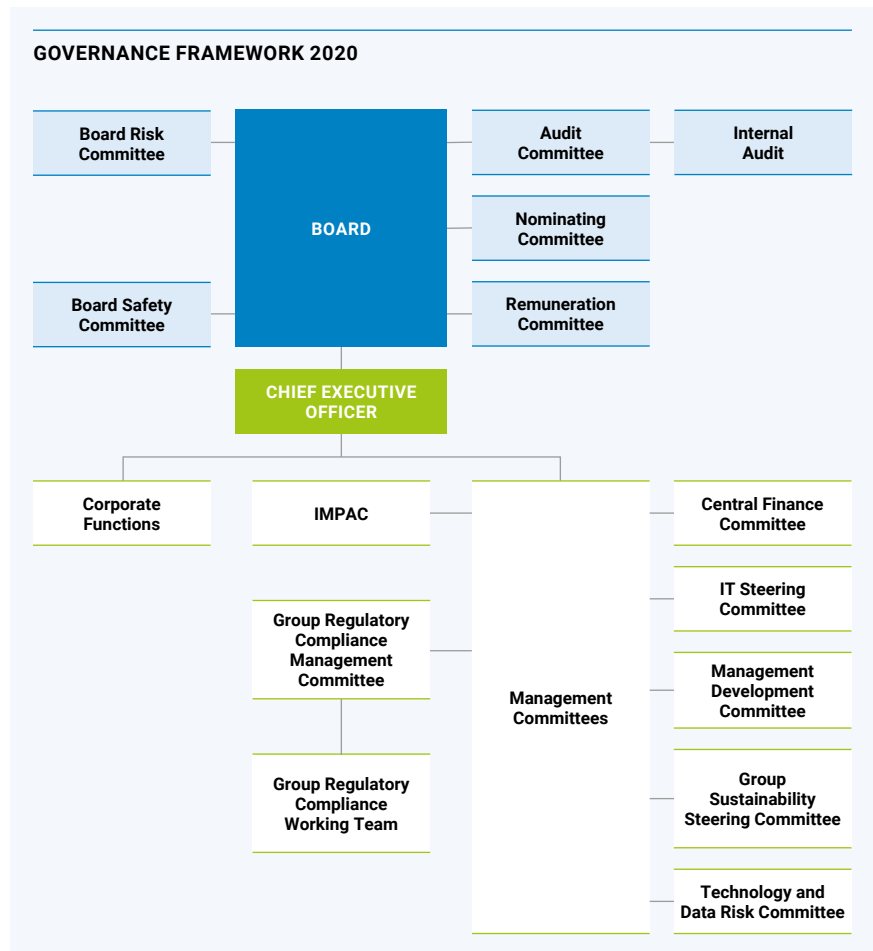
*There is a clear division of responsibilities between the leadership of the Board and management, and no one individual has unfettered powers of decision-making.*

Dr Lee Boon Yang is the non-executive and independent Chairman of the Company. Mr Loh Chin Hua is the Chief Executive Officer (“CEO”) of the Company.

The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly, having regard to the flow of the Company’s operations. He sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information are provided in a timely manner to the Board for the Board to make good decisions. He also encourages constructive relations between the Board and management, and between the executive and non-executive directors (“NEDs”). At board meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting. At annual general meetings and other shareholders’ meetings, the Chairman ensures constructive dialogue between shareholders, the Board and management. The Chairman sets the right ethical and behavioural tone and takes a leading role in the Company’s drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company Secretaries and management.

To assist the Board in the discharge of its oversight function, various board committees, namely the Audit, Board Risk, Nominating, Remuneration and Board Safety Committees, have been constituted with clear written terms of reference. All the Board committees

**Governance Framework:** KCL’s governance structure is as follows:



are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group, and the Board is kept updated on discussions of the committees via circulation of minutes and regular updates by the respective chairmen of the committees at Board meetings. The terms of reference are reviewed on an annual basis, along with the board committees’ structures and membership, to ensure their continued relevance and effectiveness. The composition and terms of reference of the respective board committees setting out their responsibilities and authority are in Appendix 1.

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and constructive board discussion, executes the agreed strategy, manages and develops the Group’s businesses and implements the Board’s decisions. He is supported by management committees that direct and guide management on operational policies and activities, which include:

1. *Investments & Major Projects Action Committee (“IMPAC”), which guides the*

Group in exercising a spirit of enterprise as well as prudence to earn optimal risk adjusted returns on invested capital for its chosen lines of business, taking into consideration the relevant risks in a controlled manner;

2. *Management Development Committee (“MDC”), which nominates candidates as nominee directors to the boards of each unlisted company or entity that the Company is invested in (“Investee Company”) so as to safeguard the Company’s investment. In respect of Investee Companies that are (a) listed on a stock exchange, (b) managers or trustee managers of any collective investment schemes, business trusts or any other trusts which are listed on a stock exchange, or (c) parent companies of the Company’s core businesses, the Committee recommends the candidates for the approval of the Nominating Committee (“NC”). The MDC also provides inputs, guidance and direction on operational policies and human resources/organisational matters;*



3. *Central Finance Committee*, which reviews, guides and monitors financial policies and activities of Group companies;
  4. *Group Regulatory Compliance Management Committee ("Group RCMC")*, which articulates the Group's commitment to regulatory compliance, directs and supports the development of overarching compliance policies and guidelines, and facilitates the implementation and sharing of policies and procedures across the Group;
  5. *Group Regulatory Compliance Working Team ("Group RCWT")*, which supports the Group RCMC and oversees the development and review of overarching compliance policies and guidelines for the Group, as well as review training and communication programmes;
  6. *Keppel IT Steering Committee*, which provides strategic information technology ("IT") leadership and ensures IT strategy alignment in achieving business strategies;
  7. *Group Sustainability Steering Committee*, which sets sustainability strategy and leads performance in key focus areas; and
  8. *Technology and Data Risk Committee*, which operationalises the Technology and Data Risk Management operating standards programme that enhances the Group's safeguards, resilience and responses to cyberthreats.
- BOARD MATTERS**
- Each Board member has equal responsibility to oversee the business and affairs of the Company. Management, on the other hand, is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategy set by the Board.

The Company has adopted internal guidelines setting forth matters that require Board approval. Material items that require Board approval include strategic directions, annual budget, financial results and dividend declaration. Further, all transactions exceeding \$150 million by any Group company (not separately listed) require the approval of the Board. For transactions between \$30 million and \$150 million, IMPAC will determine if Board approval is required, depending on the individual considerations for each case.

**Role:** The principal functions of the Board are to:

- provide entrepreneurial leadership and decide on matters in relation to the Group activities which are of a significant nature, including decisions on strategic directions and guidelines and

the approval of periodic plans and major investments and divestments;

- oversee the business and affairs of the Company, establish, with management, the strategies and financial objectives to be implemented by management (including appropriate focus on value creation, innovation and sustainability), monitor the performance of management and ensure that the Company has the necessary resources to meet its strategic objectives;
- set the Company's values, standards (including ethical standards), appropriate tone-from-the-top and desired organisational culture, and put in place policies, structures and mechanism to ensure such values, standards and culture are complied with;
- constructively challenge management and hold them accountable for performance and ensure proper accountability within the Group;
- oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy and effectiveness of such processes;
- be responsible for the governance of risk and ensure that management maintains a sound system of risk management and internal controls, to effectively monitor and manage risks so as to safeguard the interests of the Company and its stakeholders, and achieve an appropriate balance between risks and company performance; and
- assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

**Independent Judgment:** All directors are expected to exercise independent judgment in the best interests of the Company. This is one of the performance criteria for the peer assessment of the individual directors. Based on the result of the peer assessment carried out by the directors for FY 2020, all directors have discharged this duty well.

**Conflicts of Interest:** Each director must promptly disclose conflicts of interest, whether direct or indirect, in relation to any transaction or proposed transaction. In this connection, the Company has in place a "Keppel Group – Directors' Conflict of Interest Policy" to guide directors in identifying, disclosing and managing situations of actual or potential conflicts, as well as situations which may be perceived to be conflicts of interest. Every director is required to

promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company as soon as is practicable after the relevant facts have come to his/her knowledge, and recuse himself/herself when the conflict-related matter is discussed unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussions, and abstain from voting in relation to conflict-related matters. On an annual basis, each director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions.

**Board Strategic Review:** The Board periodically reviews and approves the Group's strategic plans.

A two-day off-site board strategy meeting is organised annually for in-depth discussion on strategic issues and the direction of the Group, to give the NEDs a better understanding of the Group and its business, and to provide an opportunity for the NEDs to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme.

In FY 2020, the focus of the strategy meeting was on Vision 2030, a long-term roadmap to guide the Group's strategy and transformation, which was announced via SGXNet in May 2020. From a conglomerate of diverse parts, the Company will refocus its portfolio to be an integrated business, providing end-to-end solutions for sustainable urbanisation, with sustainability placed at the core of its strategy. Building on the Group's strengths in engineering, developing and operating specialised assets, as well as capital and asset management, the Company will focus on four key business areas, namely Energy & Environment, Urban Development, Connectivity and Asset Management – all part of a connected value chain. As part of the Group's sharpened business focus and asset-light model, the Company is also taking a disciplined approach to capital allocation, to deploy more capital to its growth platforms and unlock value from more integration and synergies within the Group, while continuing to recycle capital to enhance the Group's overall return.

In September 2020, the Group embarked on further steps in the Vision 2030 roadmap, including the strategic review of the offshore & marine business, and a \$3–5 billion asset monetisation programme over three years to free up the Group's balance sheet to pursue new growth opportunities. To this end, a transformation office was established to drive the implementation of Vision 2030 and create sustainable value for all stakeholders. The Transformation Office provides regular updates to the Board.

## CORPORATE GOVERNANCE

**Meetings:** The Board meets six times a year and as warranted by particular circumstances. Board meetings are scheduled and the schedule is circulated to the directors prior to the start of the financial year to allow directors to plan ahead to attend such meetings, so as to maximise participation. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's constitution ("Constitution"). Further, the NEDs meet without the presence of management from time to time and on a needs basis, and any relevant feedback would be shared and discussed with the executive director. The attendance of each Board member at the annual general meeting and the board and board committee meetings held in FY 2020, are disclosed in the table below:

## ATTENDANCE

	2020 annual general meeting <sup>4</sup>	Board Meetings	Board Committee Meetings				
			Audit	Nominating	Remuneration	Safety	Risk
Lee Boon Yang	1	10	–	4	4	4	–
Loh Chin Hua	1	10	–	–	–	4	–
Alvin Yeo Khirn Hai	1	9	6	4	–	–	–
Tan Ek Kia	1	9	6	–	–	4	4
Danny Teoh	1	10	6	–	4	–	4
Till Vestring	1	10	–	4	4	–	–
Veronica Eng	1	10	6	–	–	–	4
Jean-François Manzoni	1	10	–	4	–	–	4
Teo Siong Seng <sup>1</sup>	1	10	–	–	3	–	–
Tham Sai Choy <sup>2</sup>	1	10	5	–	–	3	3
Penny Goh <sup>3</sup>	1	10	5	–	–	–	3
<b>No. of Meetings Held</b>	<b>1</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>

## Notes:

<sup>1</sup> Mr Teo Siong Seng was appointed as a member of the Remuneration Committee and Board Safety Committee with effect from 1 February 2020.

<sup>2</sup> Mr Tham Sai Choy was appointed as a member of the Audit Committee and Board Risk Committee with effect from 1 February 2020.

<sup>3</sup> Mrs Penny Goh was appointed to the Board as a non-executive and independent director with effect from 2 January 2020, and was appointed as a member of the Audit Committee and Board Risk Committee with effect from 1 February 2020.

<sup>4</sup> Refers to the annual general meeting held on 2 June 2020.

If a director was unable to attend a board or board committee meeting, he/she would still receive all the papers and materials for discussion at that meeting. He/she would review them and advise the Chairman or board committee chairman of his/her views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting.

**Non-executive Directors' Meetings:** The NEDs meet as needed at the end of each scheduled quarterly meeting without the presence of management to discuss matters such as board processes, risk and compliance matters, succession planning and leadership development, and performance management and remuneration matters.

**Company Secretaries:** The Company Secretaries administer, attend and prepare minutes of board proceedings. They assist the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and board committees, and between senior management and the NEDs, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of

the Board, and that the Constitution and relevant rules and regulations, including requirements of the Companies Act, Securities & Futures Act and Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX") are complied with. They also assist the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. They are also the primary channel of communication between the Company and the SGX.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

**Access to Information:** The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, and that for this to happen, the Board must be kept well informed of the Company's business and affairs, and be knowledgeable about the industry in which the business units operate. The Company has therefore adopted initiatives to put in place processes to ensure that the NEDs are well supported

by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

As a general rule, board papers are required to be distributed to the directors at least seven days before the board meeting so that the members may better understand the matters prior to the board meeting and discussion may be focused on questions that the directors may have. Directors are provided with tablet devices to facilitate their access to and review of board materials. However, sensitive matters may be tabled at the meeting itself and discussed. Managers who can provide additional insights into the matters at hand would be present at the relevant time during the board meeting. The directors are also provided with the names and contact details of the Company's senior management and the Company Secretaries to facilitate direct access.

Regular informal meetings are held for management to brief the directors on prospective deals and potential developments

at an early stage before formal board approval is sought, and relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates is circulated to the directors from time to time. Management is also expected to provide the Board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

The Board also reviews the budget on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. Management also provides the Board members with management accounts on a monthly basis and as the Board may require from time to time, to keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

**Orientation:** A formal letter is sent to newly-appointed directors upon their appointment explaining their roles, duties, obligations and responsibilities as a board director. All newly-appointed directors receive a director tool-kit and undergo a comprehensive orientation programme which includes site visits and management presentations on the Group's business, strategic plans and objectives.

**Training:** Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as Board or board committee members. A training programme is also in place for directors in areas such as accounting, finance, corporate social responsibility, risk governance and management, the roles and responsibilities of a director of a listed company and industry-specific matters. In FY 2020, some KCL directors attended talks on topics relating to the digital economy, macroeconomic trends, sustainable urbanisation, energy transition, innovation investments, and corporate governance. E-training was also conducted on the Group's policies on anti-corruption, personal data protection, competition law and cyber security. Site visits are also conducted periodically to familiarise directors with the operations of the various business units so as to enhance their performance as board or board committee members. All induction, training and development costs are at the Company's expense.

## BOARD COMPOSITION AND SUCCESSION PLANNING

### PRINCIPLE 2:

*The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.*

### PRINCIPLE 4:

*The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

### NOMINATING COMMITTEE

The NC comprises entirely non-executive and independent directors, namely:

- Prof Jean-François Manzoni  
Independent Chairman
- Dr Lee Boon Yang  
Independent Member
- Mr Alvin Yeo  
Independent Member
- Mr Till Vestring  
Independent Member

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

The detailed terms of reference of this Committee are disclosed on page 100 herein.

### BOARD SUCCESSION PLANNING

The Board believes that orderly succession and renewal are achieved as a result of careful planning, where the appropriate composition of the Board is continually under review. In this regard, the Board has put in place a formal process for the renewal of the Board and the selection of new directors so that the experience of longer serving directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation. The NC leads the process and makes recommendations to the Board on the appointment of new directors and re-nomination of directors.

As announced on 24 February 2021, Dr Lee Boon Yang will retire as non-executive

#### Process for appointment of new directors

- a. The NC reviews annually the balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, and the size of the Board which would facilitate decision-making. In this review, the NC would also take into account the needs of the Group, the collective skills and competencies of the Board and service tenure spread of the directors.
- b. In the light of such review and in consultation with management, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
- c. The NC will, in all cases, take into consideration the following objective criteria identified as necessary for the Board and board committees to be effective:
  - i. Integrity
  - ii. Independent mindedness
  - iii. Ability to commit time and effort to carry out duties and responsibilities effectively
  - iv. Track record of making good decisions
  - v. Experience in high-performing companies
  - vi. Financial literacy
- d. External help (for example, Singapore Institute of Directors and search consultants) may be used to source for potential candidates if need be. Directors and management may also make recommendations.
- e. The NC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- f. The NC makes recommendations to the Board for approval.

#### Process for re-nomination of retiring directors

- a. Pursuant to the Constitution, one-third of the directors shall retire from office at the Company's annual general meeting every year, and a director appointed after the last annual general meeting shall only hold office until the next annual general meeting. If eligible, these directors may submit themselves for re-election.
- b. The NC reviews each director's eligibility, contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his/her peers and his/her tenure.
- c. NC makes recommendations to the Board for approval.

**CORPORATE GOVERNANCE**

and independent Chairman and Director of the Company at the conclusion of the upcoming annual general meeting. Mr Danny Teoh, who is currently the Chairman of the Audit Committee and a member of the Remuneration and Board Risk Committees, will succeed Dr Lee Boon Yang as non-executive and independent Chairman.

In addition to Dr Lee Boon Yang, Mr Alvin Yeo and Mr Tan Ek Kia, who have both similarly served for more than nine years on the Board, have indicated their intention to retire at the conclusion of the upcoming annual general meeting. Dr Lee Boon Yang, Mr Alvin Yeo and Mr Tan Ek Kia will therefore be retiring by rotation pursuant to the Constitution, and although eligible, will not be seeking re-election.

Prof Jean-François Manzoni will also be retiring by rotation pursuant to the Constitution but being eligible, will be seeking re-election. The NC has reviewed his eligibility, contribution and performance, and taking into account the results of his recent peer assessment, is of the view that Prof Jean-François Manzoni has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as director effectively. The Board, at the recommendation of NC, had therefore approved the re-nomination of Prof Jean-François Manzoni at the upcoming annual general meeting.

**ALTERNATE DIRECTOR**

The Company has no alternate directors on the Board.

**ANNUAL REVIEW OF BOARD DIVERSITY**

The Company recognises that diversity in relation to composition of the Board provides a range of perspectives and insights needed to support good decision-making for the benefit of the Group, and is committed to ensuring that the Board comprises directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity (such as gender and age) so as to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure that the Company has the opportunity to benefit from all available talent. In identifying suitable candidates for new appointments to the Board, the NC would ensure that female candidates were included for consideration. The final decision on the appointment of directors would be based on and driven by merits against the objective criteria set by the Board from time to time on the recommendation of the NC, after having regards to the benefits of diversity and the needs of the Board.

The Company has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving these objectives.

**Objectives identified under Board Diversity Policy**

The objectives identified in FY 2019 to be fulfilled by the end of FY 2021, and the progress towards achieving such objectives, are set out below:

Objectives	Progress
Appoint at least two additional independent directors with some of the core competencies already present on the Board, by end-FY 2020 for succession planning purposes.	Mr Tham Sai Choy was appointed as a non-executive and independent director with effect from 1 November 2019. Mr Tham was Managing Partner of KPMG Singapore and then Chairman of KPMG Asia Pacific before he retired in 2017. He was a member of KPMG’s global board, and had served on its executive committee and risk committee, and chaired its compensation and nominations committee. As a member of the executive committee, Mr Tham was responsible for KPMG’s global strategies and planning, including developing the firm’s capabilities in cyber security, data analytics and digital transformation. Mr Tham also worked with many of Singapore’s listed companies in their audits and other consultancy work over his 36 years of practice. He was appointed as a board member with a view of being the successor to Mr Danny Teoh in the roles of Audit Committee Chairman and Board Risk Committee member.
Broaden the skill set of directors on the Board by appointing at least one director with the relevant expertise and experience that would complement those already on the Board and which would help drive the Group’s strategy.	Mrs Penny Goh was appointed as a non-executive and independent director with effect from 2 January 2020. Mrs Goh was Co-Chairman and Senior Partner of Allen & Gledhill LLP, where she had, for many years, headed the firm’s corporate real estate practice. She advises listed corporations, private equity property funds, sovereign wealth funds and real estate investment trusts, and has extensive experience in a broad range of corporate real estate transactions for commercial, industrial and logistics projects in Singapore and the Asia Pacific, involving investment, joint development and profit participation structures. Mrs Goh was appointed with a view to succeeding Mr Alvin Yeo as a board member with legal expertise and to enhance the gender diversity of the Board.
Improve gender diversity over a 3-year period by ensuring that at least 20% of the Board will comprise female directors by the end of FY 2021.	Mr Teo Siong Seng was appointed as a non-executive and independent director with effect from 1 November 2019 (and subsequently re-designated as non-executive and non-independent director with effect from 3 February 2021). His strong background, knowledge and experience in the China market, experience in growing businesses in frontier countries such as East and West Africa, and his knowledge and experience from serving as Chairman of the Singapore Business Federation, Honorary President of the Singapore Chinese Chamber of Commerce & Industry and as director of Business China, would enhance the balance and breadth of skills of the Board, and help drive the Group’s strategy.
	The female representation on the Board is currently 18%. This objective will be met with the appointment of an additional female director by the end of FY 2021.

The annual assessment is led by the NC as part of the process for appointment of new directors and board succession planning. To help the NC identify gaps (if any) in skills, knowledge, experience and other aspects of diversity in the board composition in any given year of assessment, each member of the Board is required to complete a Board Diversity Matrix to indicate which of the list of skills, knowledge, experience and other aspects of diversity (identified by the NC, and set out in the Board Diversity Matrix, as being able to contribute to the Company’s strategy and business) the board member possesses. The returns from the board members are then consolidated into a single Board Diversity Matrix to highlight the Board’s current mix of skills, knowledge, experience and other aspects of diversity and gaps therein if any. The Board will, taking into consideration the recommendations of the

NC, review and agree annually the qualitative and measurable quantitative objectives for achieving diversity on the Board.

The NC conducted an assessment in January 2021 and is satisfied that the Board and the board committees comprise directors who as a group provide an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity. The NC is also satisfied that the directors, as a group, possess core competencies required for the Board and the board committees to be effective, taking into account the Company’s strategy and business.

**Board Diversity Matrix (as of 31 December 2020)**  
*Directors’ Skills, Knowledge and Experience*

- Accounting/finance
- Business or management experience

- Human resource
- Risk management
- Policy/economics
- Mergers and acquisitions
- Legal
- International perspective
- Industry knowledge
- Strategic planning experience
- Customer-based experience or knowledge
- China experience

Nevertheless, the NC noted the need for new appointment of directors for succession planning purposes, given the retirement of three non-executive and independent directors at the upcoming annual general meeting. Post annual general meeting, there will be one independent director who would have served for more than nine years on the Board, and two more who would have served more than nine years in 2024. Taking into account feedback from the recent board assessment exercise, the NC was of the view that the Board could benefit from directors with strong knowledge, experience and expertise in (i) digital economy/technology, (ii) renewable energy, (iii) regional market experience, (iv) sustainability, (v) mergers and acquisitions and (vi) corporate finance. The NC will also continue to work towards fulfilling the objective of increasing female representation on the Board to at least 20% by end-FY 2021.

The Board, at the recommendation of the NC, had therefore set a new objective under the Board Diversity Policy, which was to appoint at least three to four additional independent directors by end-FY 2023, with relevant expertise and experience that would complement those already on the Board and which would help drive the Group's Vision 2030 strategy, and for succession planning.

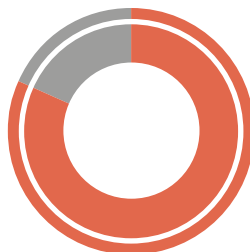
#### ANNUAL REVIEW OF BOARD INDEPENDENCE

**Board Independence:** The NC determines on an annual basis whether or not a director is independent. In January 2021, the NC carried out the review on the independence of each director based on the respective directors' self-declaration in the Directors' Independence Checklist and their actual performance on the Board and board committees, taking into account the listing rules on the circumstances in which a director will not be deemed independent and guidance in the 2018 CG Code as to the circumstances in which a director should not be deemed independent.

In this connection, the NC noted that Ms Veronica Eng had declared that she was a member of the Investment Committee of Temasek Trust, which was established by Temasek Holdings (Private) Limited ("Temasek") (a controlling shareholder of the Company) to provide financial oversight and governance

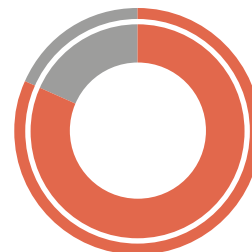
#### Other Aspects of Diversity

##### GENDER (%)



Male	81.8
Female	18.2
<b>Total</b>	<b>100.0</b>

##### RACE OR ETHNICITY (%)



Chinese	81.8
Caucasian	18.2
<b>Total</b>	<b>100.0</b>

##### AGE (%)



55-60	36.4
61-65	18.2
66-70	27.2
71-75	18.2
<b>Total</b>	<b>100.0</b>

##### LENGTH OF SERVICE (%)

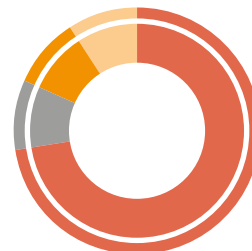


1-4 years	36.4
5-8 years	27.2
9 years and above	36.4
<b>Total</b>	<b>100.0</b>

of philanthropic endowments and gifts from Temasek and other donors. NC noted that Ms Eng did not hold any executive or management role in Temasek Trustee, which administered Temasek Trust, and would recuse herself in the event of a potential of conflict of interest. Taking these factors into consideration, along with her invaluable contributions to the Board and board committees, and the outcome of the recent peer Individual Director Performance assessment, the NC unanimously agreed that Ms Eng has at all times exercised independent judgment in the best interests of the Company in the discharge of her director's duties and should therefore continue to be deemed an independent director.

The NC also noted that Mr Teo Siong Seng had declared that he was the Executive Chairman and Managing Director of Pacific International Lines (Private) Limited ("PIL") which is in the process of implementing a restructuring. Under the restructuring, Heliconia Capital Management Pte Ltd ("Heliconia"),

##### COUNTRY OF ORIGIN, NATIONALITY OR CULTURAL BACKGROUND (%)



Singaporean	72.7
German	9.1
Malaysian	9.1
Canadian	9.1
<b>Total</b>	<b>100.0</b>

## CORPORATE GOVERNANCE

a subsidiary of Temasek, has offered a comprehensive financing package of up to US\$600 million to PIL. If the restructuring is successful, Heliconia will hold a majority interest in PIL. Although all the NC members were confident that Mr Teo would be able to continue to exercise independent judgment in the best interests of the Company, market perception might be different and the NC was therefore of the view that the prudent approach would be to re-designate Mr Teo as a non-executive and non-independent director.

The NC noted that Mr Tham Sai Choy had declared his directorship on DBS Group Holdings and DBS Bank which provided services to the Group. The NC considered that such interests had already been declared to the Board, and that Mr Tham would abstain from voting whenever there was potential conflict of interest. The NC further considered that, as DBS is a leading bank in Singapore and Southeast Asia, it was not unexpected that its services would be sought by the Group from time to time. Taking these factors into consideration, along with his invaluable contributions to the Board and board committees, and the outcome of the recent peer Individual Director Performance assessment, the NC unanimously agreed that Mr Tham has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

The NC noted that Mrs Penny Goh is a Senior Advisor of Allen & Gledhill LLP ("A&G") which provided legal services to the Group. She had declared that she did not hold a partnership interest in A&G and is not involved in the selection and appointment of legal advisors of the Group and did not regard the business relationship with A&G as something that could affect her independent judgment. The NC further considered that, as A&G was one of the top law firms in Singapore, it was not unexpected that its services would be sought by the Group from time to time. Taking these factors into consideration, along with her invaluable contributions to the Board and board committees, and the outcome of the recent peer Individual Director Performance assessment, the NC unanimously agreed that Mrs Goh has at all times exercised independent judgment in the best interests of the Company in the discharge of her director's duties and should therefore continue to be deemed an independent director.

The NC further noted that the following directors had served beyond nine years and their independence should therefore be subject to rigorous review.

Mr Alvin Yeo is Senior Partner of WongPartnership LLP, which is one of the law firms providing legal services to the Group. Mr Yeo had declared to the NC

that although he is a partner with a 5% or more stake in WongPartnership LLP, he did not involve himself in the selection and appointment of the legal advisor for the Group, and that he supported the selection of legal advisor based on objective criteria. In addition, the NC noted that, WongPartnership LLP being one of the top law firms in Singapore, it was not unexpected that its services would be sought by the Group from time to time. Taking these factors into consideration, along with his invaluable contributions on the Board and board committees, and the outcome of the recent peer Individual Director Performance assessment, the NC (save for Mr Yeo who abstained from deliberation on this matter) unanimously agreed that Mr Yeo has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

Mr Tan Ek Kia is a non-executive and independent director on the board of TransOcean Ltd and Chairman of KrisEnergy Ltd, both of which have business dealings with the Keppel Offshore & Marine ("Keppel O&M") Group from time to time. Mr Tan had declared to the NC that he recused himself whenever there was potential conflict of interest and continued to exercise independent judgment. The NC also took into account Mr Tan's invaluable contributions on the Board and board committees and the outcome of the recent peer Individual Director Performance assessment, and unanimously agreed that Mr Tan has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

Mr Danny Teoh had declared his interest in Workflow International Limited and XM Studios Pte Ltd., which could be suppliers of services to M1 Limited ("M1"). The NC considered that both the interests had already been declared to the Board and Mr Teoh has abstained from voting whenever there was potential conflict of interest. The NC further noted that Mr Teoh was a director of DBS Group Holdings which provided services to the Group, a role from which he had stepped down from on 31 March 2020. The NC nevertheless considered that, as DBS is a leading bank in Singapore and Southeast Asia, it was not unexpected that its services would be sought by the Group from time to time. Taking into account his invaluable contributions on the Board and board committees and the outcome of the recent peer Individual Director Performance assessment, the NC unanimously agreed that Mr Teoh has at all times exercised independent judgment in the best interests of

the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

Dr Lee Boon Yang has served on the Board beyond nine years. Taking into consideration, among other things, his invaluable contributions to the Board and board committees, his outstanding rating in respect of his performance as Board Chairman and director in the recent Chairman and peer Individual Director Performance assessment exercise, and that there were no other circumstances that would deem him non-independent, the NC (save for Dr Lee who abstained from deliberation on this matter) agreed unanimously that Dr Lee has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

Following the review, the NC was of the view that Dr Lee Boon Yang, Mr Alvin Yeo, Mr Tan Ek Kia, Mr Danny Teoh, Mr Till Vestring, Ms Veronica Eng, Prof Jean-François Manzoni, Mr Tham Sai Choy and Mrs Penny Goh should be deemed independent, while Mr Teo Siong Seng should be re-designated as a non-executive and non-independent director. The Board has reviewed the basis of the NC's recommendations, and concurred with the assessment of independence in respect of the above-mentioned directors. The re-designation of Mr Teo Siong Seng was with effect from 3 February 2021.

In view of the above, the Board currently comprises majority independent directors, with a total of 11 directors of whom nine are independent.

**Lead Independent Director:** The NC has deliberated and decided that it was not necessary to appoint a Lead Independent Director given the majority independence of the Board and that the Chairman was independent. Further, matters affecting the Chairman such as succession and remuneration were deliberated by the board committees where the majority of the members (including the Chairman) were independent directors, and where the Chairman was conflicted, he would recuse himself and abstain from voting.

Taking into account the independence and diversity of the Board, the NC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

**ANNUAL REVIEW OF BOARD SIZE**

The Board, in concurrence with the NC, was of the view that a Board size of 11 to 12 directors would be appropriate to facilitate effective decision-making, taking into account

the nature and scope of the operations of the Company, the requirements of the Company's business and the need to avoid undue disruptions from changes to the composition of the Board and board committees. With the retirement of three directors at the upcoming annual general meeting, the NC will continue to search for additional directors to be appointed to enhance diversity and for succession planning purposes. No individual or small group of individuals dominate the Board's decision-making.

#### **ANNUAL REVIEW OF DIRECTORS' COMMITMENTS**

The NC assesses annually whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a director of the Company. Instead of fixing a maximum number of listed company board representations and/or other principal commitments that a director may have, the NC assesses holistically whether a director is able to and has been adequately carrying out his/her duties as a director of the Company, taking into account the results of the assessment of the effectiveness of the individual director, the level of commitment required of the director's listed company board representations and/or other principal commitments, and the director's actual conduct and participation on the Board and board committees, including availability and attendance at regular scheduled meetings and ad hoc meetings. The NC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the directors.

The NC conducted an assessment in January 2021 and is of the view that each director has given sufficient time and attention to the affairs of the Company and has been able to discharge his/her duties as director effectively. The NC noted that based on the attendance of board and board committee meetings during the year, the directors were able to participate in at least a substantial number of such meetings to carry out their duties. The NC also noted that, based on the Independent Co-ordinator's Report on individual director assessment for FY 2020, all the directors performed well. The NC was therefore satisfied that in FY 2020, where a director had other listed company board representations and/or other principal commitments, the director was able and had been adequately carrying out his/her duties as director of the Company.

#### **NOMINEE DIRECTOR POLICY**

At the recommendation of the NC, the Board approved the adoption of the KCL Nominee Director Policy in January 2009. For the purposes of the policy, a "Nominee Director"

is a person who, at the request of the Company, acts as director (whether executive or non-executive) on the board of another company or entity ("Investee Company") to oversee and monitor the activities of the relevant Investee Company so as to safeguard the Company's investment in the company.

The purpose of the policy is to highlight certain obligations of a person while acting in his/her capacity as a Nominee Director. The policy also sets out the internal process for the appointment and resignation of a Nominee Director. The policy would be reviewed and amended as required to take into account current best practices and changes in the law and stock exchange requirements.

#### **KEY INFORMATION REGARDING DIRECTORS**

The following key information regarding directors is set out in the following pages of this Annual Report:

Pages 28 to 31: Academic and professional qualifications, board committees served on (as a member or Chairman), date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive, whether considered by the NC to be independent, and details of their membership on board committees; and

Page 119: Shareholding in the Company and its subsidiaries.

#### **BOARD PERFORMANCE**

##### **PRINCIPLE 5:**

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*The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

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The Board has implemented formal processes for assessing the effectiveness of the Board as a whole, each of its board committees, the contribution by the Chairman and peer and self-assessment of the individual directors to the effectiveness of the Board.

**Independent Co-ordinator:** To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the board members. Mr Michael Lim, former Chairman of PricewaterhouseCoopers and Land Transport Authority, and currently Chairman of Nomura Singapore Limited, was appointed for this role. Mr Michael Lim does not have business relationships or any other connections with the Company or its directors which may affect his independent judgment.

## CORPORATE GOVERNANCE

**Formal Process and Performance Criteria:**

The evaluation processes and performance criteria are disclosed in Appendix 1 to this report. The performance criteria were substantially similar to that adopted in the previous years.

**Objectives and Benefits:**

The board assessment exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes allowed him/her to discharge his/her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or board committees. The assessment exercise also helped the directors to focus on their key responsibilities. The individual director assessment exercise allows for peer review with a view to raising the quality of board members. It also assisted the NC in determining whether to re-nominate directors who are due for retirement at the next annual general meeting, and in determining whether directors with multiple board representations were nevertheless able to and had adequately discharged their duties as directors of the Company.

Based on feedback from the directors, the Board and board committees continued to perform and fulfil its duties and responsibilities.

**REMUNERATION REPORT****PRINCIPLE 6:**

*The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his/her own remuneration.*

**PRINCIPLE 7:**

*The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

**PRINCIPLE 8:**

*The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

**REMUNERATION COMMITTEE**

For FY 2020, the Remuneration Committee ("RC") comprised entirely non-executive and independent directors, namely:

- Mr Till Vestring  
Independent Chairman
- Dr Lee Boon Yang  
Independent Member
- Mr Danny Teoh  
Independent Member
- Mr Teo Siong Seng  
(from 1 February 2020)  
Independent Member (re-designated as Non-Executive and Non-Independent Member with effect from 3 February 2021)

With Mr Teo's re-designation as a non-executive and non-independent director with effect from 3 February 2021, the RC currently comprises entirely non-executive directors, three out of four of whom (including the Chairman) are independent.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, thereby maximising shareholder value. The RC recommends to the Board, for endorsement, a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, share-based incentives and awards, benefits-in-kind and termination payments) and the specific

remuneration packages for each director and the key management personnel. The RC also reviews the remuneration of senior management and administers the KCL Share Option Scheme in respect of the outstanding options granted prior to the termination of the KCL Share Option Scheme in end-2010, the KCL Restricted Share Plan (the "KCL RSP") and the KCL Performance Share Plan (the "KCL PSP"). In addition, the RC reviews the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The detailed terms of reference of this Committee are disclosed on page 101 herein.

**Access to Expert Advice:** The RC has access to expert advice from external remuneration consultants where required. In FY 2020, the RC sought views from external remuneration consultants, Aon Hewitt, on market practice and trends, and benchmarks against comparable organisations. The RC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no relationships with the Company which would affect their independence and objectivity.

**POLICY IN RESPECT OF NON-EXECUTIVE DIRECTORS' REMUNERATION**

Each NED's remuneration comprises a basic fee and an additional fee for services performed on board committees. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office. The directors' fee structure is regularly benchmarked with comparable listed companies to ensure that their remuneration is fair and appropriate.

The directors' fee structure, which remained unchanged from FY 2017, is set out in the table below.

**DIRECTORS' FEE STRUCTURE**

	<b>Basic Fee (per annum)</b>	
Board Chairman	\$750,000 (all-in)	
Board Member	\$108,000	
	<b>Additional Fees for Membership in Board Committees (per annum)</b>	
	<b>Chairman</b>	<b>Member</b>
Audit Committee	\$67,000	\$36,000
Board Risk Committee	\$67,000	\$36,000
Remuneration Committee	\$47,000	\$31,000
Board Safety Committee	\$47,000	\$31,000
Nominating Committee	\$40,000	\$24,000



The NEDs participated in additional ad hoc meetings with management during the year and are not paid for attending such meetings. Executive directors are not paid directors' fees.

Shareholders' approval for the payment of directors' fees will be sought at each annual general meeting. If approved, each of the NEDs (including the Chairman) will receive 70% of his/her total directors' fees in cash ("Cash Component") and 30% in the form of shares in the Company ("Remuneration Shares") (both amounts are subject to adjustment as described below). The Cash Component is paid half-yearly in arrears. The Remuneration Shares are paid after the next annual general meeting has been held. The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the next annual general meeting provided that it does not fall within any applicable restricted period of trading ("Trading Day") for delivery to the respective NEDs, will be based on the market price of the Company's shares on the SGX on the Trading Day. In the event that the first trading day after the date of the next annual general meeting falls within a restricted period of trading, the Remuneration Shares will be purchased on the first trading day immediately after the end of the restricted period of trading. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash. Such incorporation of an equity component in the total remuneration of the NEDs is intended to align the interests of the NEDs with those of the shareholders' and the long-term interests of the Company. An NED who steps down before the payment of the Remuneration Shares will receive all of his/her directors' fees for FY 2021 (calculated on a pro-rated basis, where applicable) in cash.

The aggregate directors' fees for NEDs for FY 2021 are subject to shareholders' approval at the upcoming annual general meeting. The amount of directors' fees has been computed taking into consideration the number of board committee representations by the NEDs and also caters for additional fees (if any) which may be payable due to the formation of additional Board Committees, or additional Board or Board Committee members being appointed in the course of FY 2021. In the event that the amount proposed is insufficient, approval will be sought at the next annual general meeting before payments are made to the NEDs for the shortfall amount. The Chairman and the NEDs will abstain from voting and will procure their respective associates to abstain from voting in respect of this resolution.

The RC is of the view that the remuneration of NEDs is appropriate to their level of contribution, taking into account factors such

as effort, time spent and responsibilities, and to attract, retain and motivate the directors to provide good stewardship of the Company.

#### **REMUNERATION POLICY IN RESPECT OF EXECUTIVE DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL**

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, the Company's, business unit's and individual employee's performance, and is aligned with shareholders' and other stakeholders' interests.

The RC periodically reviews the Company's scorecard and remuneration structure to ensure that it supports the Group's vision and long-term strategy. In designing the remuneration structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term remuneration, and between cash versus equity incentive remuneration, and appropriate to attract, retain and motivate key management personnel to successfully manage the Company for the longer term.

The total remuneration structure reflects the following four key objectives:

- a. **Shareholder Alignment:** To incorporate performance measures that are aligned to shareholders' interests;
- b. **Long-term Orientation:** To motivate employees to drive sustainable long-term growth;
- c. **Simplicity:** To ensure that the remuneration structure is easy to understand and communicate to stakeholders; and
- d. **Synergy:** To facilitate talent mobility and enhance collaboration across business units.

The total remuneration structure comprises three components; that is, annual fixed cash, annual performance bonus and the KCL Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances, which the Company benchmarks with the relevant industry market median. The size of the Company's annual performance bonus pot is determined by the Group's financial and non-financial performance and is distributed to employees based on their individual performance. The KCL Share Plans are in the form of two share plans approved by shareholders, the KCL RSP and the KCL PSP. A portion of the annual performance bonus is granted in the form of deferred shares that are awarded under the KCL RSP. The KCL PSP comprises performance targets determined on an annual basis. The KCL RSP and KCL PSP are long-term incentive plans which vest

over a longer-term horizon. Executives who have a greater ability to influence Group outcomes have a greater proportion of their overall remuneration at risk. The Company performs regular benchmarking reviews on employees' total remuneration to ensure market competitiveness.

The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. This link is achieved in the following ways:

- a. by placing a significant portion of executives' remuneration at risk ("At Risk component") and subject to a vesting schedule;
- b. by incorporating appropriate key performance indicators ("KPIs") for awarding of annual performance bonus:
  - i. For FY 2020, there were four scorecard areas that the Company has identified as key to measuring the performance of the Group – (i) Financial and Business Drivers; (ii) Process; (iii) Stakeholders; and (iv) People. Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, environmental sustainability, employee engagement, talent development and succession planning;
  - ii. To more closely align the annual scorecard targets with the Company's Vision 2030 goals, the FY 2021 scorecard has been further finetuned to reflect the following key focus areas– (i) Financial; (ii) Vision 2030 Value Creation and Transformation; (iii) Process and Stakeholders; and (iv) People. The emphasis on the Company's Vision 2030 targets in the annual scorecard ensures the longer-term targets are cascaded in the form of annual KPIs;
  - iii. The scorecard areas have been chosen because they support how the Group achieves its strategic objectives. The framework provides a link for employees to understand how they contribute to each area of the scorecard, and therefore

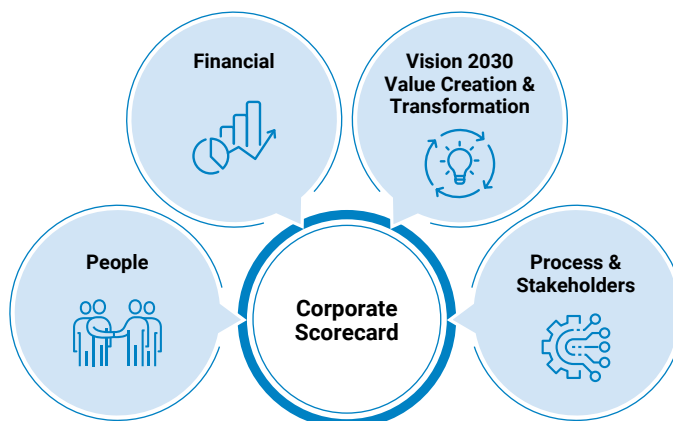
**CORPORATE GOVERNANCE**

to the Company's overall strategic goals. This is designed to achieve a consistent approach and understanding across the Group. The RC reviews and approves the scorecard each year and the annual performance bonus is determined thereafter based on the scorecard achievement. The annual performance bonus comprises both cash bonus and deferred shares awards that vest equally over three years, thereby aligning employees with shareholders' interests;

- c. by selecting performance conditions for the KCL PSP awards, namely Total Shareholder Return, Return on Capital Employed and Net Profit that are aligned with shareholders' interests;
- d. by requiring those conditions to be met in order for the At Risk components of remuneration to be awarded or vested; and
- e. by forfeiting the At Risk components of remuneration when those conditions are not met at a satisfactory level.

The RC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk-taking. Therefore, in determining the remuneration structure, the RC takes into account the risk policies and risk tolerance of the Group as well as the time horizon of risks, and incorporates risk-adjustments into the remuneration structure through several initiatives, including but not limited to:

- a. prudent funding of annual performance bonus;
- b. granting a portion of the annual performance bonus in the form of deferred shares, to be awarded under the KCL RSP;
- c. vesting of contingent share awards under the KCL PSP being subject to performance conditions being met;
- d. potential forfeiture of variable incentives in any year due to misconduct;
- e. requiring the executive director and key management personnel to hold a minimum number of shares under the share ownership guideline; and
- f. exercising discretion to ensure that remuneration decisions are aligned to the Company's long-term strategy and performance and discourage excessive risk-taking.



The RC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Group's risk profile.

In determining the actual quantum of variable component of remuneration, the RC had taken into account the extent to which the performance conditions, set forth above, has been met. The RC is therefore of the view that remuneration is aligned to performance during FY 2020.

In order to align the interests of the executive director and key management personnel with that of shareholders, the executive director and key management personnel are remunerated partially in the form of shares in the Company and are encouraged to hold such shares while they remain in the employment of the Company. The executive director and key management personnel are required to hold at least two times of their annual fixed pay in the form of shares in the Company, while other key senior

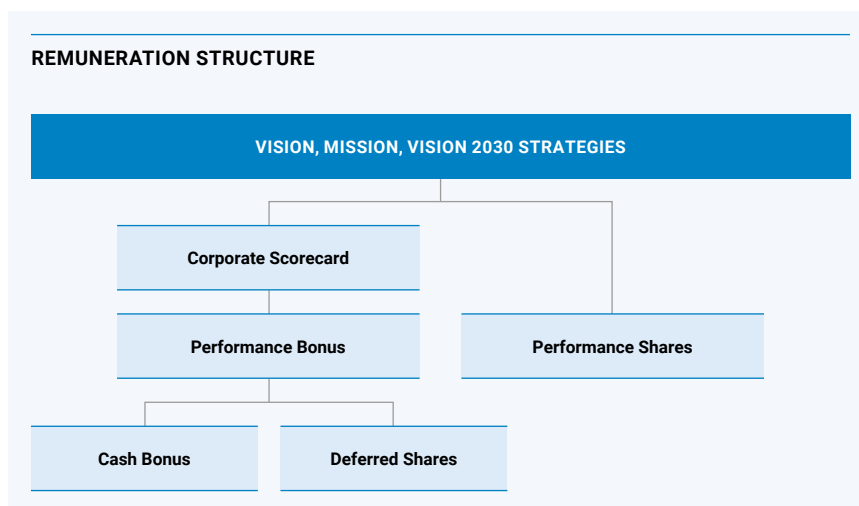
management are required to hold at least 1.5 times of their annual fixed pay under the share ownership guideline so as to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The directors, the CEO and the key management personnel (who are not directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

**LONG-TERM INCENTIVE PLANS**

**KCL Share Plans**

The KCL Share Plans are put in place to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term shareholder value. The KCL Share Plans also aim to strengthen the Group's competitiveness in attracting and retaining talented key senior management and employees. The KCL RSP applies to



a broader base of employees while the KCL PSP applies to a selected group of key management personnel. The range of performance targets to be set under the KCL PSP emphasises stretched or strategic targets aimed at sustaining longer-term growth.

The RC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements, in misconduct resulting in restatement of financial statements, or in misconduct resulting in financial loss to the Company. Outstanding performance bonuses, KCL RSP and KCL PSP are also subject to the RC's discretion before further payment or vesting can occur.

Details of the KCL Share Plans are set out on page 161.

#### LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2020

In March 2020, the Company announced a COVID-19 package to help the Singapore community weather COVID-19. The CEO and senior executive management of the Company contributed one month of their base salaries to the package to support national efforts to combat COVID-19, while other members of the Company's senior management contributed half a month of their salaries. All NEDs contributed 8% of their total fees to support this effort.

In recognition of the required rightsizing of Keppel O&M, the CEO, senior executive management of the Company and

management of Keppel O&M volunteered to take a base salary reduction of between 5% and 10% with effect from 1 September 2020 as a demonstration of collective resolve and to set the tone from the top. Mr Loh Chin Hua volunteered to adjust his monthly base salary down by 10% with effect from 1 September 2020. In solidarity with the management team, the directors of the Company and Keppel O&M volunteered for an additional 10% reduction in their FY 2020 annual fees.

Based on the NEDs' fee structure set out earlier, the total FY 2020 fees would have amounted to \$2,473,258. However, after excluding the voluntary 8% contribution to the COVID-19 package and the 10% NEDs' voluntary fee reduction, the resulting directors' total fees for FY 2020 are \$2,028,071.

The level and mix of each of the directors' remuneration are set out below:

Remuneration & Name of Director	Base/Fixed Salary (\$)	Performance-Related Cash Bonuses Earned <sup>1</sup> (\$)	Directors' Total Fees <sup>2</sup> (\$)		Benefits- in-Kind (\$)	Contingent Awards of Shares <sup>3</sup> (\$)		Total Remuneration (\$)
			Cash component <sup>4</sup>	Shares component <sup>4</sup>		PSP	RSP	
Loh Chin Hua	1,123,360	1,404,298	–	–	n.m. <sup>5</sup>	1,346,850	1,299,133	5,173,641 <sup>6</sup>
Lee Boon Yang	–	–	430,500	184,500	–	–	–	615,000
Alvin Yeo Khirn Hai	–	–	96,432	41,328	–	–	–	137,760
Tan Ek Kia	–	–	130,298	55,842	–	–	–	186,140
Danny Teoh	–	–	138,908	59,532	–	–	–	198,440
Till Vestring	–	–	102,746	44,034	–	–	–	146,780
Veronica Eng	–	–	121,114	51,906	–	–	–	173,020
Jean-François Manzoni	–	–	105,616	45,264	–	–	–	150,880
Teo Siong Seng <sup>7</sup>	–	–	94,566	40,528	–	–	–	135,094
Tham Sai Choy <sup>8</sup>	–	–	99,820	42,780	–	–	–	142,600
Penny Goh <sup>9</sup>	–	–	99,650	42,707	–	–	–	142,357

#### Notes:

- The RC is satisfied that the quantum of performance-related cash bonuses earned by the executive director was fair and appropriate taking into account the extent to which his KPIs for FY 2020 were met.
- Based on the NEDs' fee structure set out earlier, the total fees amount to \$2,473,258. After excluding the voluntary contribution to the COVID-19 package and the 10% NEDs' fee reduction, the resulting directors' total fees is \$2,028,071. This amount is within the sum of up to \$2,480,000 approved at the annual general meeting held on 2 June 2020.
- Shares awarded under the KCL PSP are subject to pre-determined performance targets over a three-year performance period. As at 31 March 2020, being the grant date for the contingent awards under the KCL PSP, the estimated value of each share was \$3.69. As at 15 February 2021, being the grant date for the contingent deferred shares award under the KCL RSP, the estimated value of each share was \$4.98. For the KCL PSP, the figures are based on the value of the PSP shares at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.
- The amounts stated may be adjusted as indicated on page 87 of this report.
- n.m. – not material
- Total remuneration shown above for Mr Loh Chin Hua does not include vested share of carried interests for funds created during the time he was Managing Director at Alpha Investment Partners. These carried interests are only earned at the end of the fund life and depends entirely on the actual performance of the funds after they have been liquidated.
- Mr Teo Siong Seng was appointed as a member of the Remuneration and Board Safety Committees with effect from 1 February 2020. Fees are prorated accordingly.
- Mr Tham Sai Choy was appointed as a member of the Audit and Board Risk Committees with effect from 1 February 2020. Fees are prorated accordingly.
- Mrs Penny Goh was appointed to the Board with effect from 2 January 2020 and as a member of the Audit and Board Risk Committees with effect from 1 February 2020. Fees are prorated accordingly.

## CORPORATE GOVERNANCE

PSP and RSP Shares granted and vested for the Executive Director are shown below:

Name of Executive Director	PSP Awards	Vesting Date	Contingent Awards of PSP Shares	Number of PSP Shares Vested	Value of PSP Shares Vested (\$) <sup>1</sup>	RSP Awards	Vesting Date	Contingent Awards of RSP Shares	Number of RSP Shares Vested	Value of RSP Shares Vested (\$) <sup>1</sup>
Loh Chin Hua	2016 Awards	28 Feb 2022	0 to 1,125,000 <sup>2</sup>	–	–	2018 Awards	28 Feb 2018	272,352	90,784	714,470
							28 Feb 2019		90,784	565,584
	2017 Awards	28 Feb 2020	0 to 495,000	201,300	1,287,434		28 Feb 2020		90,784	580,618
	2018 Awards <sup>3</sup>	26 Feb 2021	0 to 480,000	–	–	2019 Awards	28 Feb 2019	262,403	87,467	544,919
							28 Feb 2020		87,467	559,404
							26 Feb 2021		–	–
2019 Awards	28 Feb 2022	0 to 547,500	–	–	2020 Awards	28 Feb 2020	301,887	100,629	643,583	
						26 Feb 2021		–	–	
						28 Feb 2022		–	–	
2020 Awards	28 Feb 2023	0 to 547,500	–	–	2021 Awards	26 Feb 2021	260,870	–	–	
						28 Feb 2022		–	–	
						28 Feb 2023		–	–	

Notes:

- The value of the shares vested under KCL PSP and RSP is computed based on the market price of the shares when the shares are credited to the employee's CDP account. The RC is satisfied that the value of the shares vested under the KCL PSP and RSP to the executive director was fair and appropriate taking into account the extent to which his KPIs and performance conditions for FY 2020 were met.
- Refers to one-time contingent shares awarded under the KCL PSP – Transformation Incentive Plan.
- As the targets of the 2018 PSP award were set before the onset of the COVID-19 pandemic, the RC decided to extend the performance period of the award for one more year. The achievements in Year 2018, 2019 and 2021 will be used to determine the vesting level of the award at the end of the extended performance period.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY 2020 was \$13,424,874. The level and mix of each of the key management personnel (who are not also directors or the CEO) in bands of \$250,000 are set out below:

Remuneration Band & Name of Key Management Personnel	Base/Fixed Salary (%)	Performance-Related Cash Bonuses Earned <sup>1</sup> (%)	Benefits-in-Kind (%)	Contingent Awards of Shares	
				PSP (%)	RSP (%)
<b>Above \$2,500,000 to \$2,750,000</b>					
Chan Hon Chew	25	29	n.m. <sup>3</sup>	20	26
Ong Tiong Guan	22	31	n.m. <sup>3</sup>	19	28
<b>Above \$2,000,000 to \$2,250,000</b>					
Tan Hua Mui, Christina <sup>2</sup>	26	27	n.m. <sup>3</sup>	22	25
<b>Above \$1,500,000 to \$1,750,000</b>					
Tan Swee Yiow	35	24	n.m. <sup>3</sup>	20	21
<b>Above \$1,250,000 to \$1,500,000</b>					
Ong Leng Yeow, Chris	36	–	n.m. <sup>3</sup>	29	35
Pang Thieng Hwi, Thomas	32	27	n.m. <sup>3</sup>	17	24
Manjot Singh Mann	44	21	6	14	15

Notes:

- The RC is satisfied that the quantum of performance-related bonuses earned by the key management personnel was fair and appropriate taking into account the extent to which their KPIs for FY 2020 were met.
- Total remuneration shown above for Ms Tan Hua Mui, Christina does not include vested share of carried interests for funds created during the time she was Managing Director at Alpha Investment Partners. These carried interests are only earned at the end of the fund life and depend entirely on the actual performance of the funds after they have been liquidated.
- n.m. – not material

**REMUNERATION OF EMPLOYEES WHO ARE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY OR ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR OR THE CHIEF EXECUTIVE OFFICER OR A SUBSTANTIAL SHAREHOLDER OF THE COMPANY**

No employee of the Company and its subsidiaries is a substantial shareholder of the Company or an immediate family member of a director, the CEO or a substantial shareholder of the Company and whose remuneration exceeded \$100,000 during the financial year ended 31 December 2020. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

**AUDIT COMMITTEE**

**PRINCIPLE 10:**

*The Board has an Audit Committee which discharges its duties objectively.*

The Audit Committee ("AC") comprises entirely non-executive and independent directors, namely:

- Mr Danny Teoh  
Independent Chairman
- Mr Alvin Yeo  
Independent Member
- Ms Veronica Eng  
Independent Member
- Mr Tan Ek Kia  
Independent Member
- Mr Tham Sai Choy  
(from 1 February 2020)  
Independent Member
- Mrs Penny Goh  
(from 1 February 2020)  
Independent Member

The AC's primary role is to assist the Board with ensuring the integrity of financial reporting and the adequacy and effectiveness of the system of internal controls and risk management. The AC has explicit authority to investigate any matter within its responsibilities, full access to and co-operation by management, full discretion to invite any director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to properly discharge its responsibilities.

Mr Danny Teoh, Ms Veronica Eng and Mr Tham Sai Choy have recent, relevant and in-depth experience in accounting and related financial management. Mr Alvin Yeo has in-depth knowledge of the responsibilities of the AC, and practical experience and knowledge of the issues and considerations affecting the Committee gained from serving on audit committee(s) of other listed companies. Mr Tan Ek Kia has significant experience in the oil and gas

and petrochemicals businesses, having held senior positions in an industry leading organisation, and has sufficient financial management knowledge and experience to discharge his responsibilities as a member of the Committee. Mrs Penny Goh has extensive experience in a broad range of corporate real estate transactions for commercial, industrial and logistics projects in Singapore and Asia Pacific, involving investment, joint development and profit participation structures, and has the practical knowledge of the issues and considerations affecting the Committee to discharge her responsibilities as a member of the Committee. Mr Danny Teoh, Mr Tan Ek Kia, Ms Veronica Eng, Mr Tham Sai Choy and Mrs Penny Goh are also members of the Board Risk Committee ("BRC"), with Ms Veronica Eng being the Chairperson. None of the members of the AC were partners or directors of the Company's current external auditors within the last two years and none of the members of the AC hold any financial interest in the auditing firm.

The detailed terms of reference of the Committee are set out on page 99 herein.

**AUDIT**

The AC met with the external auditors five times during the year and at least one of these meetings was without the presence of management and the internal auditors. The AC also met with the internal auditors five times during the year, and at least one of these meetings was conducted without the presence of management and the external auditors.

The AC reviewed and approved the Group external auditor's audit plan for the year and assessed the quality of the work carried out by the external auditors in accordance with the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("ACRA") and is satisfied with the performance. Taking into account the requirements under the Accountants Act (Chapter 2) of Singapore, the AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the audit and non-audit fees awarded to them and has confirmed that the non-audit services performed by the external auditors would not affect their independence. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 26 of the Notes to the Financial Statements on page 188.

The Company has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

The Company also has an in-house internal audit function ("Group Internal Audit"), which together with the external auditors, report their findings and recommendations to the AC independently. The role of Group Internal Audit is to provide independent assurance to the AC to ensure that the Company maintains a sound system of internal controls. In this aspect, Group Internal Audit conducts regular reviews of the adequacy and effectiveness of the Group's key internal controls, including financial, operational, compliance and IT controls, and risk management. Any significant non-compliance or failures in internal controls together with recommendations for improvements are reported to the AC. Group Internal Audit also undertakes investigations as directed by the AC.

Group Internal Audit has direct access to the AC and unfettered access to all the documents, records, properties and personnel of the Group. The AC approves the hiring, removal, evaluation and compensation of the Head of Group Internal Audit, whose primary line of reporting is to the Chairman of the AC, with an administrative reporting line to the CEO of the Company. The AC reviewed the adequacy and effectiveness of Group Internal Audit and is satisfied that the team is independent, effective and adequately resourced with persons with relevant qualifications and experience, and has appropriate standing within the Company. Group Internal Audit attends the Company's and the Group's key strategy sessions and executive meetings, and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls, and other relevant disciplines. The AC also reviewed the training costs and programmes attended by Group Internal Audit to ensure that their technical knowledge and skill sets remain current and relevant.

As a member of the Institute of Internal Auditors ("IIA"), Group Internal Audit is guided by the International Professional Practices Framework set out by the IIA. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016 and the next to be conducted in 2021. The results re-affirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing. Group Internal Audit staff perform a yearly declaration of independence and confirm their adherence to the Keppel Group Code of Conduct as well as the Code of Ethics established by the IIA, from which the principles of objectivity, competence, confidentiality and integrity are based.

## CORPORATE GOVERNANCE

The purpose, authority and responsibility of Group Internal Audit are formally defined in an internal audit charter, which is approved by the AC. The internal audit charter establishes Group Internal Audit's position within the organisation, including the nature of its functional reporting relationship with the AC; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. The Charter mandates Group Internal Audit to maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity, including the evaluation of its conformance with the Standards, and an evaluation of whether internal auditors apply the IIA's Code of Ethics.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on key risks, including financial, operational, compliance and IT risks. An annual audit plan is developed using a structured risk and control assessment framework, and this plan is reviewed and approved by the AC to ensure that the risk-based plan sufficiently covered the effectiveness of controls to mitigate the significant financial, operational, compliance and IT risks of the Company. Audits are planned based on the results of the assessment, with priority given to auditing the areas of highest risk within the Company. All Group Internal Audit's reports are submitted to the AC for deliberation with copies of these reports extended to the Chairman, CEO and relevant senior management personnel. In addition, significant audit findings and recommendations put up by the internal and the external auditors are reported to the AC and discussed at AC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors.

#### FINANCIAL MATTERS

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their quarterly meetings with the AC. In addition, the AC members are also invited to the Company's finance seminars held from time to time where relevant changes to the accounting standards that will impact the Keppel Group of Companies are shared by and discussed with accounting practitioners from one of the leading accounting firms.

During the year, the AC performed an independent review of the financial statements of the Company before the announcement

of the Company's first quarter, second quarter and full-year results. In the process, the Committee reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.

In its review of the financial statements of the Group and the Company for FY 2020, the AC reviewed the key areas of management's judgment and estimates applied for key financial issues, including valuation of investment properties and development properties held for sale, assessment of impairment of investments in KrisEnergy Limited and Floatel International Limited, recoverability of contract assets, material receivables and stocks, financial exposure in relation to contracts with Sete Brasil, global resolution with criminal authorities in relation to corrupt payments, revenue recognition, and the impairment assessment of goodwill arising from the acquisition of M1, that might affect the integrity of the financial statements. The AC also considered the report from the external auditors, including their findings on the key audit matters as set out in the independent auditor's report for the financial year ended 31 December 2020.

In addition to the findings of the external auditors, the AC took into consideration the methodology applied in determining the valuation and value-in-use of different asset classes, including the reasonableness of the estimates and key assumptions used. The AC also reviewed management's assessment of recoverability of contract assets, material receivables and stocks, as well as financial exposure in relation to contracts with Sete Brasil, including cash flow estimates relating to the settlement agreement between the Group and Sete Brasil as well as a proposal by Magni Partners (Bermuda) Ltd, assessment on whether there was a potential for any additional provision in relation to the corrupt payments, as well as estimates of the total costs and physical proportion of work completed in determining the stage of completion. Furthermore, external independent valuations as well as opinions from internal and external legal counsel, where applicable, were considered when reviewing management's assessment.

The AC concurs with the methodology, accounting treatment and estimates adopted, as well as the disclosures made in the financial statements for each of the key audit matters set out by the external auditors in their report.

#### WHISTLE-BLOWER POLICY

The AC has reviewed the Keppel Whistle-Blower Policy (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise

concerns about possible improprieties in business conduct, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence. Significant matters raised through the whistle-blowing channel are reported to the Board.

The details of the Policy are set out on page 104 hereto. The AC reviews the Policy yearly to ensure that it remains current.

#### INTERESTED PERSON TRANSACTION

The Company has established policies and procedures for reviewing and approving interested person transactions ("IPTs") in accordance with the general mandate from shareholders that such transactions are made on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. Management reported the IPTs to the AC in accordance with the mandate. These IPTs were reviewed by the internal auditors, and all findings were reported during AC meetings.

Details of IPTs entered into by the Group in FY 2020 are set out on page 217 of this Annual Report.

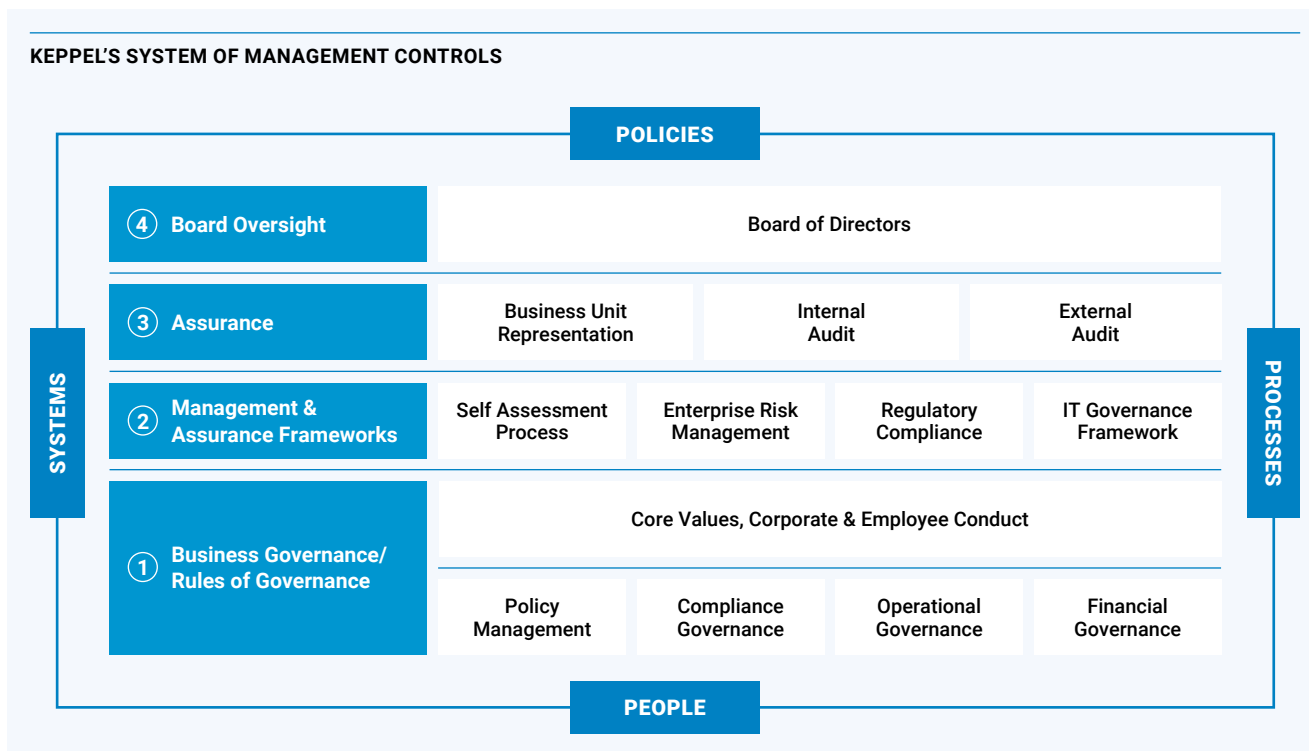
#### RISK MANAGEMENT AND INTERNAL CONTROLS

##### PRINCIPLE 9:

*The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.*

The BRC comprises entirely non-executive and independent directors, namely:

- Ms Veronica Eng  
Independent Chairperson
- Mr Danny Teoh  
Independent Member
- Mr Tan Ek Kia  
Independent Member
- Prof Jean-François Manzoni  
Independent Member
- Mr Tham Sai Choy  
(from 1 February 2020)  
Independent Member
- Mrs Penny Goh  
(from 1 February 2020)  
Independent Member



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

The detailed terms of reference of this Committee are disclosed on page 99 herein.

The Group Risk and Compliance department, working in conjunction with the business teams, has supported management in applying the Enterprise Risk Management (“ERM”) Framework to ensure significant risks across the Group are assessed and adequately mitigated. This is performed through the monitoring of risk matters across the Group, conduct of training, site visits, participation at IMPAC meetings, and implementation of risk related policies and standards. The ERM Framework was established to guide Group entities in managing risks and also facilitate the Board’s assessment of the adequacy and effectiveness of the Group’s system and processes in managing risks. It lays out the governance mechanisms and principles, policies and processes, and system pertaining to how Group entities should identify, assess, mitigate, communicate and monitor or escalate significant risk matters.

Risk assessments are performed at each business unit and agreed with senior management before being consolidated to form the Group Risk Assessment. Further assessments are performed at the Group and articulation of each key risk area, grouped by sub-groups within Strategic, Operational, Compliance and Financial risk, and the mitigation plans where applicable, are provided to the Board and BRC at quarterly meetings. This is complemented by education and awareness, resources and expertise, and assessment or feedback, which are ongoing in nature.

The Group’s approach to risk management and the key risks of the Group are set out in the “Risk Management” section on page 110 of this Annual Report. The Group is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 110.

The Group also has in place the Keppel’s System of Management Controls Framework (the “Framework”) outlining the Group’s internal control and risk management processes and procedures. The Framework comprises the Three-Lines Model towards ensuring the adequacy and effectiveness of the Group’s system of internal controls and risk management.

Under the First Line, management is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Group’s business scope and environment. Such policies

and procedures govern financial, operational (including IT) and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the respective regulatory compliance management committees and working teams. Employees are also guided by the Group’s Core Values and expected to comply strictly with the Keppel Group Code of Conduct.

Under the Second Line, significant business units and entities scoped in for control self assessment (“CSA entities”) are required to conduct a self-assessment exercise on an annual basis (“CSA”). This exercise requires such business units and CSA entities to assess the status of their respective risk management processes and internal controls via self-assessment. Where required, action plans are developed to remedy identified control gaps. The CSA programme was enhanced in FY 2020 through the refresh of group baseline controls, optimisation of controls automation, continuous monitoring and digitisation of CSA. As described under the Group’s ERM Framework, relevant and material risk areas of the Group are also identified and assessed, with systems, policies and processes put in place to manage and mitigate identified risk areas should they exceed beyond internal thresholds of appetite. It includes the reporting and oversight structure involving both boards and management of the Group and business divisions and seeks to embed sound risk management practice in business decisions and operations across Group entities. Regulatory Compliance

## CORPORATE GOVERNANCE

supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed. The IT Governance Framework aims to strengthen IT controls and manage IT risks by providing the necessary security and resilience towards effective business continuity. The framework was further strengthened in January 2021 through the formalisation of a Keppel Cybersecurity governance structure and the establishment of a Keppel Cybersecurity Service Centre.

Under the Third Line, to assist the Group to ascertain the adequacy and effectiveness of the Group's internal controls, business units' CEOs and Chief Financial Officers ("CFO") are required to provide the Group with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Such assurances are also sought from the Group's internal and external auditors based on their independent assessments.

#### ENHANCEMENTS TO COMPLIANCE PROGRAMME IN FY 2020

At Keppel, accountability is a core value. As our Keppel Group Code of Conduct states, "we care how results are achieved, not just that they are attained." Implementing that core value through enhancing our regulatory compliance process and by reminding every Keppelite of that value is a focus of attention for us, our boards, and officers and line managers across the globe.

This section provides an overview of the improvements and enhancements that have been made to strengthen Keppel's compliance programme over the past year. Further details of our compliance initiatives are set out on pages 114 to 116 of this Annual Report. The Company is committed to a continuous review and, where necessary and appropriate, further improvements and enhancements to the Group's compliance programme will be made.

The Group has taken the following steps over the past year to further enhance its internal controls, policies and procedures:

- i. introducing a Group-wide Sanctions Compliance Policy in accordance with The US Department of the Treasury's Office of Foreign Assets Control's compliance guidelines including tailor-made compliance procedures calibrated based on each business unit's risk profile, and conducting training sessions by external counsel to provide business units with more clarity and appreciation of sanctions risk and enhance their ability to identify and escalate sanctions issues in the course of carrying out business;
- ii. updating and adopting several standard operating procedures ("SOP") and guidance at Keppel O&M, including: updating guidance on controls for commercial agents; standardising its ISO 37001 Anti-Bribery Management Systems controls; enhanced due diligence procedures with regard to false positives; issuing an SOP requiring due diligence on potential clients prior to initial meetings; and adopting enhanced controls assurance processes, including enhanced procedures for dealing with scrap at Keppel O&M's business units;
- iii. conducting training – primarily by video conference or internet-based training including: new hire training, anti-bribery and corruption refresher training, diligence and screening training, third-party risk training for commercial functions, supplier training, compliance training for agents, internal audit training, gifts and hospitality training, business associate training, and other training programmes in Singapore, USA, Brazil, Philippines, China, Bulgaria, India, UAE, and elsewhere;
- iv. conducting due diligence upon and reviewing all potential third-party associates, declining or removing them where appropriate, and revalidating third-party associates in accordance with prescribed periodic risk-cycles;
- v. enhancing monitoring of gifts and hospitality with a dashboard and instituting local currency limits for Keppel O&M's overseas operations;
- vi. digitalisation of due diligence processes through a Group-wide internet sharepoint, facilitating a centralised repository, as well as better information sharing and access across the Group;
- vii. enhancing processes and procedures for the declaration of conflicts of interest in key projects and tenders, implementing contemporaneous declarations as part of the project workflow (in addition to the annual certification);
- viii. strengthening processes and procedures for oversight of commercial agents and intermediaries. These include a more systematic and continual oversight over the activities and work of commercial agents and intermediaries on an ongoing basis with regular activity reports, including those relating to proper books and records keeping, and training on ethical expectations and interactions with end-customers and other end-parties;
- ix. improving screening databases through reputable specialist database screening tools and generally available public domain sources of entities, including state-owned enterprises ("SOE"), to assist employees in identifying higher-risk entities;
- x. instituting Group-wide information sharing and lessons learned at Regulatory and Compliance Management Committee ("RCMC") and Regulatory and Compliance Working Team ("RCWT") sessions;
- xi. producing in-house videos on compliance topics for use in training programmes; and
- xii. making the Keppel Group Code of Conduct and Anti-Bribery Policy publicly available across the Group's websites, including <https://www.keppcorp.com/en/sustainability/our-focus-areas/#tab-corporate-governance>.

In 2019, Keppel O&M also completed the ISO 37001 (Anti-Bribery Management System) certification for its global operations in the USA, Brazil, Middle East, China, the Philippines, India and Bulgaria, thus completing the attainment of ISO 37001 certification at all Keppel O&M operating entities in Singapore and globally. In 2020, Keppel Land and Keppel Data Centres also obtained ISO 37001 (Anti-Bribery Management System) certification of its operating entities in Singapore.

#### THE GROUP'S COMPLIANCE PROGRAMME

The Group's compliance programme also includes the following:

- i. a compliance governance structure that is overseen by RCMC and RCWT, bringing together senior management, compliance personnel, and other core function leads to discuss compliance enhancements and address compliance issues as they arise;
- ii. a Supplier Code of Conduct, to integrate Keppel's sustainability principles across our supply chain, and positively influence the environmental, social and governance performance of our suppliers. Suppliers of the Group are expected to abide by the Supplier Code of Conduct, which covers areas pertaining to business conduct (including specific anti-bribery provisions), labour practices, safety and health, and environmental management;
- iii. risk-based due diligence process for all third-party associates who represent the Group in business dealings, including our joint venture partners, to assess the compliance risk of the business partner; and
- iv. the dedicated independent Group-wide compliance function has reporting lines independent of business divisions. The



Head of the Group's compliance function has a primary line of reporting to the Chairman of the BRC, with an administrative reporting line to the CFO of the Company.

The Group's compliance programme is and will be subjected to a periodic review to ensure it meets the following standards, i.e. that:

#### 1. Board and Senior Management Commitment

The Group's senior management, including members of the Board, provide continuous, clear and explicit support to the compliance programme.

#### 2. Policies and Procedures

The Group continuously implements and communicates its corporate policy against violations of any anti-corruption laws. This policy has been and will continue to be documented in writing, include appropriate measures to reduce the prospect of violations of anti-corruption laws, and encourage and support the observance of compliance policies and procedures by personnel at all levels of the Group. These anti-corruption policies and procedures apply to all directors, officers and employees and, where necessary and appropriate, outside parties acting on behalf of Keppel, including but not limited to, agents and intermediaries, consultants, representatives, partners and suppliers.

Individuals at all levels of Keppel comply with the Keppel Group Code of Conduct and its compliance policies and procedures. Such policies and procedures address, among other areas:

- a. gifts;
- b. hospitality, entertainment and expenses;
- c. agent fees;
- d. political contributions;
- e. donations and sponsorships;
- f. facilitation payments; and
- g. solicitation and extortion.

The Group ensures that:

- a. books, records and accounts are in reasonable detail, and accurately and fairly reflect the transactions and disposition of assets; and
- b. the Group develops and maintains a system of internal accounting controls, sufficient to provide reasonable assurance that:
  - i. transactions are performed in accordance with the Group's general guidelines or specific authorisation;
  - ii. transactions are recorded as necessary to permit preparation

of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;

- iii. access to assets shall only be permitted in accordance with the Group's general guidelines or specific authorisation; and
- iv. the recorded accountability for assets shall be compared with the existing assets at reasonable intervals and appropriate action be taken with respect to any differences.

#### 3. Periodic Risk-based Review

The Group continues to enhance its compliance policies and procedures on the basis of a periodic risk assessment to ensure their continued effectiveness, taking into account relevant developments such as international and industry standards, and addressing the individual circumstances of the Group, and in particular corruption risks, including but not limited to its geographical organisation and sectors of industrial operation.

#### 4. Training and Orientation

The Group continuously ensures that its compliance policies and procedures are communicated effectively to all employees, including officers, directors, and where necessary and appropriate, agents and business partners. These mechanisms include:

- a. periodic focused 'gate-keeper' training for senior management members (including directors), employees in positions of leadership, and targeted training for employees in positions otherwise exposed to corruption risks, and where necessary and appropriate, compliance training for agents and business partners; and annual e-training for directors, officers and employees; and
- b. corresponding certifications by such senior management members (including directors), employees, agents and business partners, acknowledging their understanding of policies and conformity with training requirements.

#### 5. Internal Reporting, Communications and Investigation

The Group maintains a system for the internal reporting/communication of potential violations of compliance policies and procedures and applicable laws, that ensures as far as possible

confidentiality to the whistle-blower and investigation subjects.

The Group maintains a process for receiving internal reports/communications with sufficient resources to respond and document allegations of violations of compliance policies and procedures and applicable law. When necessary, the Group undertakes independent investigations of the alleged violations. Due to travel restrictions imposed in light of COVID-19, in 2020, key investigations into whistle-blower complaints alleging misconduct (of any kind) have been conducted by local third-party forensic and investigations specialists.

#### 6. Enforcement and Discipline

The Group maintains and, where necessary, improves its mechanisms designed to effectively enforce its compliance policies and procedures including, where appropriate, the imposition of disciplinary measures in the case of violations.

The Group institutes disciplinary measures with reference to, among other things, violations of compliance policies and procedures and applicable law by its senior management (including directors) and employees. Such procedures are applied consistently and fairly, regardless of the position held by, or the perceived importance of the senior management member (including directors) or employee. Where misconduct is discovered, measures are taken promptly to cease the misconduct or irregularities, and remedy the harm resulting from such misconduct.

#### 7. Third-party Relationships

The Group continues to implement the following procedures with reference to its agents and business partners:

- a. due diligence relating to the hiring of third-parties;
- b. appropriate oversight of third-parties; and
- c. seeking reciprocal commitments regarding ethical conduct from third-parties, associates and business partners.

When necessary, the Group includes in contracts with third-parties, agents and business partners, anti-corruption provisions, which may include the following:

- a. commitment to act in accordance with applicable laws;
- b. right to conduct audits of the books and records of third-parties, agents or business partners; and

## CORPORATE GOVERNANCE

- c. right to terminate a contract due to violations of compliance policies and procedures or any applicable anti-corruption law by any third-party, agent or business partner.

The Group also communicates its Sanctions Compliance Policy to all counterparties of the Group as relevant, to ensure that in all dealings with such counterparties, they are made aware of, and agree to comply with, all applicable sanctions and export control laws and regulations.

In addition, risk-based screening of counterparties to identify sanctions-related risks is also conducted. Where appropriate on a risk-based consideration, contracts with such counterparties would contain sanctions and export control compliance clauses.

#### 8. Mergers, Acquisitions and Corporate Restructuring

The Group implemented a Mergers and Acquisitions Compliance Due Diligence process which gives guidance and sets out requirements for compliance due diligence checks and steps to be performed on potential merger and acquisition target entities.

The Group applies its compliance codes, policies and procedures in a speedy and efficient manner to newly acquired businesses or entities, and conducts training for new employees, senior management (including directors), agents and business partners.

#### 9. Monitoring and Developments

The Group conducts continuous monitoring of its compliance programme to enhance its effectiveness in preventing and detecting violations of its compliance policies.

#### ANNUAL ASSURANCE

The Board has received assurance:

- a. from the CEOs and CFOs of each of the Group's business divisions and the CEO and CFO of the Company that, as of 31 December 2020, the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2020 give a true and fair view of the Group's operations and finances; and
- b. from the CEO and CFO of the Company, CEOs and CFOs of each of the Group's business divisions, and other key management personnel responsible for risk management and internal control systems that, as of 31 December 2020, the Group's internal controls (including

financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which the Group considers relevant and material to its operations.

Based on the internal controls and enterprise-wide risk management framework established and maintained by the Group, work performed by internal and external auditors, and reviews performed by management, the AC and BRC, as well as the assurances set out above, the Board is of the view that, as of 31 December 2020, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud and other irregularities.

The AC and BRC concur with the Board's view that, as of 31 December 2020, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which the Group considers relevant and material to its operations.

#### SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

##### PRINCIPLE 11:

*The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

##### PRINCIPLE 12:

*The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.*

##### PRINCIPLE 13:

*The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.*

The Board is responsible for providing a balanced and understandable assessment of the Company's and Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNet, press releases, the Company's website, public webcast and media and analyst briefings. The Company's Annual Report is accessible on the Company's website, and can be viewed at or downloaded from <https://www.kepcorp.com/en/investors/annual-general-meeting>, and shareholders are encouraged to read the Annual Report on the Company's website. Shareholders may, however, request for a physical copy at no cost.

The Company adopts a stakeholder engagement framework developed in accordance with the AA1000 Accountability Stakeholder Engagement Standard, whereby stakeholders are defined to be individuals, groups of individuals or organisations that affect and/or could be affected by Keppel's activities, products or services and associated performance. The Company engages its stakeholders regularly in the determination of its material areas of focus. Materiality assessments are important components of the Company's sustainability strategy and reporting. The Company's materiality assessments are based on the AA1000 Accountability Principles of Inclusivity and Materiality, as well as the Global Reporting Initiative ("GRI") Principles for Defining Report Content – stakeholder inclusiveness, sustainability context, materiality and completeness. Materiality with respect to sustainability reporting, as defined by GRI Standards, includes topics and indicators that reflect the organisation's significant economic, environmental and social impacts; and would substantively influence the assessments and decisions of stakeholders.

The Company has identified and prioritised its material environmental, social and governance issues. An overview of the Company's approach to sustainability management can be found on page 22 of this report. More details of the Company's



Senior management of Keppel addressed questions from media and the investment community at the Company's 2H & FY 2020 results webcast.

management approach, priorities, targets and performance reviews in key areas will be made available through its externally audited Sustainability Report, prepared in accordance with the GRI Standards, published annually in May.

The Company's Corporate Communications department (with assistance from other departments as required) regularly communicates with shareholders and receives and attends to their queries and concerns.

The Company treats all its shareholders fairly and equitably and keeps all its shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business, which would be likely to materially affect the price or value of its shares, on a timely basis.

The Company has in place an Investor Relations Policy which sets out the principles and practices that the Company applies to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on the Company's website at [www.keppcorp.com](http://www.keppcorp.com), and sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. This is to allow for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

On 7 February 2020, the SGX's regulation on risk-based quarterly reporting came into effect, whereby listed companies may, unless otherwise required by the SGX, report their results semi-annually. The Company has moved to semi-annual reporting in FY 2020, but continues to provide voluntary business updates in between its half-yearly financial reports. The Company stands committed to engaging shareholders and the investment community through clear, timely and consistent communications.

The Company employs various platforms to effectively engage the investment community and other stakeholders, with an emphasis on timely, accurate, fair and transparent disclosure of information. Engagement with stakeholders takes many forms, including "live" webcasts of financial results and presentations, email communications, publications and content on the Company's corporate website, as well as through facility visits when possible, where shareholders may raise any queries or concerns that they may have. Presentation materials of the Company's half-yearly financial statements and voluntary business updates are made available on its website on the same day they are released on SGXNet, while a transcript of the questions and answers session held with media and analysts is also released on SGXNet and posted on the Company's website before the start of the next trading day.

The Company's mobile-responsive website is regularly updated with the latest information. These include latest

updates on business and operations, half-yearly financial statements, voluntary business updates and dividend information, materials provided at analysts and media briefings, annual reports, as well as information on general meetings including presentations and minutes. Contact details of the Investor Relations department (email: [investor.relations@keppcorp.com](mailto:investor.relations@keppcorp.com)) are also set out on the website to facilitate any queries from investors.

In addition to shareholder meetings, senior management engages investors, analysts and the media, as well as attends roadshows and industry conferences organised by major brokerage firms to solicit and understand the views of the investment community. In FY 2020, most physical roadshows and meetings were replaced by virtual engagements due to COVID-19 related safe management measures. The Company hosted about 210 virtual meetings and conference calls with institutional investors, including virtual non-deal roadshows with investors from Hong Kong, Malaysia, Singapore, the UK and the US, and participated in an online conference organised by SGX and Credit Suisse. In 2020, the Company organised briefings for media and analysts, as well as calls with investors, to help the media and investment community better understand the Company's performance, including how Keppel was responding to the pandemic, the Company's Vision 2030, as well as the subsequent 100-day plan to accelerate the execution of the Vision.

The Company has, since 2017, been collaborating with the Securities Investors Association (Singapore) to hold briefings for retail shareholders. In FY 2020's virtual session, the Company's CEO and CFO engaged about 120 retail shareholders on the Company's strategy and performance.

All materials presented on these occasions are also made available on the SGXNet and the Company's website in a timely manner, to ensure fair disclosure of information for the benefit of all shareholders.

#### **ANNUAL GENERAL MEETING**

In view of the COVID-19 situation, the Company's annual general meeting in 2020 was convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 (Temporary Measures)"). Alternative arrangements relating to attendance at the annual general meeting via electronic means (including arrangements by which the meeting can be electronically accessed

## CORPORATE GOVERNANCE

via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the annual general meeting, addressing of substantial and relevant questions at, or prior to, the annual general meeting and voting by appointing the Chairman of the Meeting as proxy at the annual general meeting, were put in place for the annual general meeting. The notice of meeting and documents relating to the business of the annual general meeting (which included the rules governing the annual general meeting) were circulated to shareholders by electronic means via publication on SGXNet and the Company's website. Further, responses to questions submitted by shareholders prior to the meeting were uploaded to SGXNet and the Company's website prior to the event and addressed at the annual general meeting itself.

The COVID-19 (Temporary Measures) will continue to apply to the Company at the upcoming annual general meeting to be held in respect of FY 2020.

Prior to the pandemic and the COVID-19 (Temporary Measures) coming into effect, the Company's general meetings were generally held physically in central locations which are easily accessible by public transportation, ensuring that shareholders have the opportunity to participate effectively and vote at such meetings. Shareholders are informed of the meetings through notices published in the newspapers and via SGXNet, and reports or circulars sent or made available to all shareholders. If any shareholder is unable to participate at the physical meeting, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. Specified intermediaries, such as banks and capital markets services licence holders which provide custodial services, may appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in the physical meetings. Such indirect investors, where so appointed, will have the same rights as direct investors to vote at the physical meeting.

To ensure transparency, the Company conducts electronic poll voting for shareholders/proxies present at the physical meeting for all the resolutions proposed at the general meeting. Shareholders are also informed of the rules, including voting procedures, governing such general meetings. Votes cast for and against and

the respective percentages, on each resolution will be displayed "live" to shareholders/proxies immediately after each poll conducted.

Regardless whether a general meeting is held physically or via electronic means, shareholders are invited to put forth any questions they may have on the motions to be debated and decided upon, and vote on the resolutions at general meetings. Each distinct issue is proposed as a separate resolution. Such resolutions include matters of significance to shareholders such as, where applicable, proposed amendments to the Constitution, the authorisation to issue additional shares, the transfer of significant assets, re-election of directors, and the remuneration of non-executive directors. The rationale for the resolutions to be proposed at the meeting is set out in the notices to the meeting or their accompanying appendices. However, where the issues are interdependent and linked so as to form one significant proposal, the Company may propose "bundled resolutions" and will set out the reasons and material implication in the notices to the meeting or its accompanying appendices. A scrutineer will be appointed to count and validate the votes cast at the meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXNet. Each share is entitled to one vote.

Where possible, all directors will attend the general meetings. The chairmen of the Board and each board committee are required to be present to address questions at general meetings. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The Constitution of the Company allows for absentia voting at general meetings. However, the Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of general meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and management. These minutes are available to shareholders upon their requests. All minutes of general meeting will be published on the Company's website as soon as practicable. Minutes of the annual general meeting held in 2020 were

published on both the Company's website and SGXNet within one month after the meeting.

The Company is committed to rewarding shareholders fairly and sustainably, while balancing the payment of dividends with its capital requirements to ensure that the best interests of the Company are served. While it does not have a formal dividend policy, the Company has a consistent track record for distributing about 40 to 50% of its annual net profit as dividends. Any payment of interim dividend or, upon receipt of shareholders' approval at annual general meetings, final dividend, will be paid to all shareholders in an equitable and timely manner. For FY 2020, the Company will be paying out a total cash dividend of 10.0 cents per share to shareholders.

### SECURITIES TRANSACTIONS INSIDER TRADING POLICY

The Company has a formal Insider Trading Policy and Guidelines on Disclosure of Dealings in Securities on dealings in the securities of the Company and its listed subsidiaries and associated companies, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealings with the Company's securities on short-term considerations. The policy and guidelines have been distributed to the Group's directors and officers.

Pursuant to Rule 1207(19)(c) of the Listing Manual, the Company and its officers should not deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements), or one month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements) (the "Embargo Period(s)").

The Company had issued circulars to its directors and officers informing that the Company and its officers must not deal in listed securities of the Company during the Embargo Period(s), and if they are in possession of unpublished price-sensitive information. Directors and CEO are also required to report their dealings in the Company's securities within two business days.

## APPENDIX 1 BOARD COMMITTEES – RESPONSIBILITIES

### A. AUDIT COMMITTEE

- 1.1 Review financial statements and announcements relating to financial performance, and significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
- 1.2 Review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management in relation to financial reporting and other financial-related risks (such review can be carried out internally or with the assistance of any competent third parties).
- 1.3
  - a. Review the Board's comment on the adequacy and effectiveness of the Group's internal control systems, and state whether it concurs with the Board's comments.
  - b. Where there are material weaknesses identified in the Group's internal control systems, to consider and recommend the necessary steps to be taken to address them.
- 1.4 Review the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's internal control systems.
- 1.5 Review audit plans and reports of the external auditors and internal auditors and consider the effectiveness of actions taken by management on the recommendations and observations.
- 1.6 Review the adequacy, effectiveness and independence of the external audit function and internal audit function, at least annually, and report the AC's assessment to the Board.
- 1.7 Review the scope and results of the external audit function and internal audit function, at least annually.

- 1.8 Review the nature and extent of non-audit services performed by the external auditors, to ensure their independence and objectivity.
- 1.9 Meet with external auditors (without the presence of management and internal auditors) and internal auditors (without the presence of management and external auditors), at least annually.
- 1.10 Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.
- 1.11 Ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company, at least annually.
- 1.12 Decide on the appointment, termination, evaluation and remuneration of the Head of Internal Audit, or the accounting/auditing firm or corporation to which the internal audit function is outsourced.
- 1.13 Review the Whistle-Blower Policy and the Company's procedures for detecting and preventing fraud, and other arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.
- 1.14 Report significant matters raised through the whistle-blowing channel to the Board.
- 1.15 Review IPTs to ensure they are on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders and determine methods or procedures for assessing that the transaction prices are adequate for transactions to be carried out on normal commercial terms, and that they will not prejudice the Company or its minority shareholders.
- 1.16 Investigate any matters within the AC's purview, whenever it deems necessary.
- 1.17 Report to the Board on material matters, findings and recommendations.

- 1.18 Review the AC's terms of reference annually and recommend any proposed changes to the Board for approval.
- 1.19 Perform such other functions as the Board may determine.
- 1.20 Ensure that the Head of Internal Audit and external auditors have direct and unrestricted access to the Chairman of the AC.
- 1.21 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the AC may deem fit.

### B. BOARD RISK COMMITTEE

- 1.1 Obtain recommendations on risk tolerance and strategy from management, and where appropriate, report and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the overall Group's levels of risk tolerance, risk parameters and risk policies.
- 1.2 Review and discuss, as and when appropriate, with management the Group's risk governance structure and framework including risk policies, risk strategy, risk culture, risk assessment, risk mitigation and monitoring processes and procedures.
- 1.3 Review the IT governance and cybersecurity framework to ascertain alignment with business strategy and Group risk tolerance including monitoring the adequacy of IT capability and capacity to ensure business objectives are well-supported with adequate measures to safeguard corporate information, operating assets, and effectively monitor the performance, quality and integrity of IT service delivery.
- 1.4 Receive and review quarterly reports from management on the Group's risk profile and major risk exposures, and the steps taken to monitor, control and mitigate such risks, to ensure that such risks are managed within acceptable levels.
- 1.5 Review the Group's risk management capabilities including capacity, resourcing, systems, training, communication channels as well as competencies in identifying and managing new risk types.

## CORPORATE GOVERNANCE

- 1.6 Receive and review updates from management to assess the adequacy and effectiveness of the Group's compliance framework in line with relevant laws, regulations and best practices.
- 1.7 Through interactions with the Head of Group Risk and Compliance, review and oversee performance of the Group's implementation of compliance programmes.
- 1.8 Review and monitor the Group's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.
- 1.9 Review the adequacy, effectiveness and independence of the Group's Risk and Compliance function, at least annually, and report the Committee's assessment to the Board.
- 1.10 Review and monitor management's responsiveness to the risks, matters identified and recommendations of the Group Risk and Compliance function.
- 1.11 Provide timely input to the Board on critical risk and compliance issues, material matters, findings and recommendations.
- 1.12 Review management's proposals in respect of strategic transactions and new risk focused products, focusing, in particular, on the risk and compliance aspects and implications of the proposed action for the risk tolerance of the Group, and make recommendations to the Board.
- 1.13 Review the assurance and steps taken by the CEO and other key management personnel for their relevant areas of responsibilities, regarding the adequacy and effectiveness of the Group's risk management system.
- 1.14 Review and report to the Board annually on the adequacy and effectiveness of the Group's risk management systems, including financial, operational, compliance and IT controls.
- 1.15 a. Review the Board's comment on the adequacy and effectiveness of the Group's risk management systems and state whether it concurs with the Board's comments.
- b. Where there are material weaknesses identified in the Group's risk management systems, to consider and recommend the necessary steps to be taken to address them.
- 1.16 Ensure that the Head of Group Risk and Compliance function has direct and unrestricted access to the Chairman of the Committee.
- 1.17 Perform such other functions as the Board may determine.
- 1.18 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.19 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.
- C. NOMINATING COMMITTEE**
- 1.1 Recommend to the Board the appointment and re-appointment of directors (including alternate directors, if any).
- 1.2 Annual review of the structure and size of the Board and board committees, and the balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age.
- 1.3 Recommend to the Board a Board Diversity Policy (including the qualitative, and measurable quantitative objectives (as appropriate) for achieving board diversity), and conduct an annual review of the progress towards achieving these objectives.
- 1.4 Annual review of the independence of each director, and to ensure that the Board comprises (a) majority NEDs, and (b) at least one-third, or (if Chairman is not independent) a majority of independent directors.
- 1.5 Assess, where a director has other listed company board representation and/or other principal commitments, whether the director is able to and has been adequately carrying out his/her duties as director of the Company.
- 1.6 Recommend to the Board the process for the evaluation of the performance of the Board, the board committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole, the board committees and the contribution of the Chairman and each director.
- 1.7 Annual assessment of the effectiveness of the Board as a whole, the board committees and the contribution of the Chairman and individual directors.
- 1.8 Review the succession plans for the Board (in particular, the Chairman), the CEO and other key management personnel.
- 1.9 Review talent development plans.
- 1.10 Review the training and professional development programmes for Board members.
- 1.11 Review and, if deemed fit, approve recommendations for nomination of candidates as nominee director (whether as chairman or member) to the board of directors of investee companies which are:
- listed on the SGX or any other stock exchange;
  - managers or trustee-managers of any collective investment schemes, business trusts, or any other trusts which are listed on the SGX or any other stock exchange; and
  - parent companies of the Company's core businesses which are unlisted.
- 1.12 Report to the Board on material matters and recommendations.

- 1.13 Review the NC's terms of reference annually and recommend any proposed changes to the Board for approval.
- 1.14 Perform such other functions as the Board may determine.
- 1.15 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as this Committee may deem fit.
- D. REMUNERATION COMMITTEE**
- 1.1 Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each director as well as for the key management personnel, including review of all long-term and short-term incentive plans, with a view to aligning the level and structure of remuneration to the Group's long-term strategy and performance.
- 1.2 Consider all aspects of remuneration to ensure that they are fair, and review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable, and not overly generous.
- 1.3 Consider whether directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes).
- 1.4 Review the ongoing appropriateness and relevance of the remuneration policy to ensure that the level and structure of the remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Group.
- 1.5 Monitor the level and structure of remuneration for directors and key management personnel relative to the internal and external peers and competitors, to ensure that the remuneration is appropriate to attract, retain and motivate the directors
- to provide good stewardship of the Company and key management personnel to successfully manage the Group for the long term.
- 1.6 Set performance measures and determine targets for any performance-related pay schemes.
- 1.7 Administer the Company's Restricted Share Plan and Performance Share Plan (collectively, the "KCL Share Plans"), in accordance with the rules of the KCL Share Plans.
- 1.8 Report to the Board on material matters and recommendations.
- 1.9 Review the RC's terms of reference annually and recommend any proposed changes to the Board.
- 1.10 Perform such other functions as the Board may determine.
- 1.11 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the RC may deem fit.
- Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, award of shares or any form of benefits to be granted to him/her.
- E. BOARD SAFETY COMMITTEE**
- 1.1 Ensure there is a set of Group Health, Safety and Environment ("HSE") policies and standards to guide HSE operations and performance across the Group.
- 1.2 Monitor HSE performance of the Group and its business units, analyse trends and accident root causes, and recommend or propose Group-wide initiatives for improvement where appropriate to ensure a robust HSE management system is maintained.
- 1.3 Structure an audit of business units' HSE management programmes to verify effectiveness and use its resources to lead the execution of such audits, drawing additional resources from the line where needed.
- 1.4 Ensure a process is in place to have fatalities and other major incidents investigated by an independent and competent team.
- 1.5 Review serious accident and near miss incident investigation reports in a timely manner to understand underlying root causes and introduce Group-wide initiatives or remedial measures where appropriate.
- 1.6 Ensure that each Group company complies with HSE legislation in the country in which it operates as a minimum and review any emerging or new legislation that may potentially impact the Group company.
- 1.7 Keep abreast of developments in the HSE world, discuss such developments and best practices and consider the desirability of implementation in the Group.
- 1.8 Introduce actions to enhance safety awareness and culture within the Group.
- 1.9 Ensure that the safety functions in Group companies are adequately resourced (in terms of number, qualification and budget) and have appropriate standing within the organisation.
- 1.10 Review the major changes to HSE risk profile of each Group company that has changed or will change as a result of new business, new market, new product, etc. and the steps taken to monitor, control and mitigate such risks.
- 1.11 Consider management's proposals on safety-related matters.
- 1.12 Carry out such investigations into safety-related matters as the Committee deems fit.
- 1.13 Report to the Board on material matters, findings and recommendations.
- 1.14 Perform such other functions as the Board may determine.
- 1.15 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

## CORPORATE GOVERNANCE

## NATURE OF DIRECTORS' APPOINTMENTS AND MEMBERSHIP ON BOARD COMMITTEES

The current composition of the Board Committees are as follows:

Director	Committee Membership				
	Audit Committee	Nominating Committee	Remuneration Committee	Board Risk Committee	Board Safety Committee
<b>Lee Boon Yang</b> Non-Executive and Independent Chairman and Director	–	Member	Member	–	Member
<b>Loh Chin Hua</b> Executive Director	–	–	–	–	Member
<b>Alvin Yeo</b> Non-Executive and Independent Director	Member	Member	–	–	–
<b>Tan Ek Kia</b> Non-Executive and Independent Director	Member	–	–	Member	Chairman
<b>Danny Teoh</b> Non-Executive and Independent Director	Chairman	–	Member	Member	–
<b>Till Vestring</b> Non-Executive and Independent Director	–	Member	Chairman	–	–
<b>Veronica Eng</b> Non-Executive and Independent Director	Member	–	–	Chairman	–
<b>Jean-Francois Manzoni</b> Non-Executive and Independent Director	–	Chairman	–	Member	–
<b>Teo Siong Seng</b> Non-Executive and Non-Independent Director	–	–	Member	–	Member
<b>Tham Sai Choy</b> Non-Executive and Independent Director	Member	–	–	Member	–
<b>Penny Goh</b> Non-Executive and Independent Director	Member	–	–	Member	–

Following the retirement of three non-executive and independent directors with effect from 23 April 2021, immediately after the conclusion of the upcoming annual general meeting, and assuming that there is no appointment of new directors, the Board will have eight members, the majority of whom are non-executive and independent and the board committees will continue to comprise majority non-executive and independent directors (including the Chairman).

### BOARD ASSESSMENT EVALUATION PROCESSES

#### Board

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire directly to the Independent Co-ordinator ("IC") within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based

on the returns from each of the directors, the IC prepares a consolidated report and briefs the Chairman of the NC and the Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

#### Board Committees

Each member of a board committee is required to complete a Board Committee Questionnaire and send the Questionnaire direct to the IC within five working days. Based on the returns from each of the members of a board committee, the IC prepares a consolidated report and briefs the Chairmen of the respective board committees.

#### Individual Directors

The Board differentiates the assessment of an executive director from that of an NED.

In the case of the assessment of the individual executive director, each NED is required to complete the executive

director's assessment form and send the form directly to the IC within five working days. It is emphasised that the purpose of the assessment is to assess the executive director on his/her performance on the Board (as opposed to his executive performance). The executive director is not required to perform a self, nor a peer, assessment. Based on the returns from each of the NEDs, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion. The NC Chairman will in consultation with the Board Chairman thereafter meet with the executive director, where necessary, to provide feedback to the executive director on his/her board performance with a view to improving his/her board performance and shareholder value.

As for the assessment of the performance of the NEDs, each director (both NEDs and executive director) is required to complete the NED's assessment form and send the form directly to the IC within five working



days. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion at a meeting of the NEDs. The NC Chairman will in consultation with the Board Chairman, thereafter meet with the NEDs individually where necessary, to provide feedback to the NEDs on their respective board performance with a view to improving their board performance and shareholder value.

#### Chairman

The Chairman Evaluation Form is completed by each director (both non-executive and executive) and sent directly to the IC within five working days. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion.

#### PERFORMANCE CRITERIA

The performance criteria for the board evaluation are in respect of the board size, board and board committee composition, board independence, board processes, board information and accountability, standards of conduct, board performance in relation to discharging its principal functions and ensuring the integrity and quality of financial reporting to stakeholders and board committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The performance criteria for the board committee evaluation are in respect of the committee size and composition, meeting frequency and procedures, training and resources, and board committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The executive director's performance criteria are categorised into four segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and is responsive to comments raised by the board are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, whether he/she provides valuable inputs, his/her understanding of finance and accounts, and his/her knowledge of the Company and its strategies are taken into consideration); (3) director's duties (under which factors as to whether the director provides insights on the Company's

day-to-day operation, whether the director takes his/her role of director seriously and works to further improve his/her own performance, whether the director listens and discusses objectively, whether the director provides management's view without undermining management accountability and whether he/she assists to inform NEDs of pertinent issues or developments are taken into consideration); and (4) availability (under which the director's attendance at Board and board committee meetings, whether he/she is available when needed, and his/her informal contribution via email, telephone, written notes etc are considered).

The NED's performance criteria are categorised into four segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and participates actively are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, functional expertise, whether he/she provides valuable inputs, his/her ability to analyse, communicate and contribute to the productivity of meetings, and his/her understanding of finance and accounts, are taken into consideration); (3) director's duties (under which factors as to the director's board committee work contribution, whether the director takes his/her role of director seriously and works to further improve his/her own performance, whether he/she listens and discusses objectively and exercises independent judgment, meeting preparation and whether he/she constructively challenges management and helps develop proposals on strategy are taken into consideration); and (4) availability (under which the director's attendance at board and board committee meetings, whether he/she is available when needed, and his/her informal contribution via email, telephone, written notes etc are considered).

The assessment of the Chairman of the Board is based on, among others, his leadership, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings were appropriate for effective discussion and decision-making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guided discussions effectively so that there was timely resolution of issues,

**CORPORATE GOVERNANCE**

whether he ensured that meetings were conducted in a manner that facilitated open communication and meaningful participation, whether he encouraged constructive relations between Board and management and between directors, whether he ensured constructive dialogue with shareholders and other stakeholders, whether he promoted high standards of corporate governance, and set the right ethical and behavioural tone, and whether he ensured that board committees were formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

**KEPPEL WHISTLE-BLOWER POLICY**

The Keppel Whistle-Blower Policy (the "Policy") took effect on 1 September 2004 and was enhanced on 15 February 2017 and 1 May 2019 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined and centralised processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group

or contract worker appointed by a company within the Group, which occurred in the course of his/her work (whether or not the act is within the scope of his/her employment) which in the view of a whistle-blower acting in good faith, is:

- a. dishonest, including but not limited to theft or misuse of resources within the Group;
- b. fraudulent;
- c. corrupt;
- d. illegal;
- e. other serious improper conduct;
- f. an unsafe work practice; or
- g. any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he/she knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

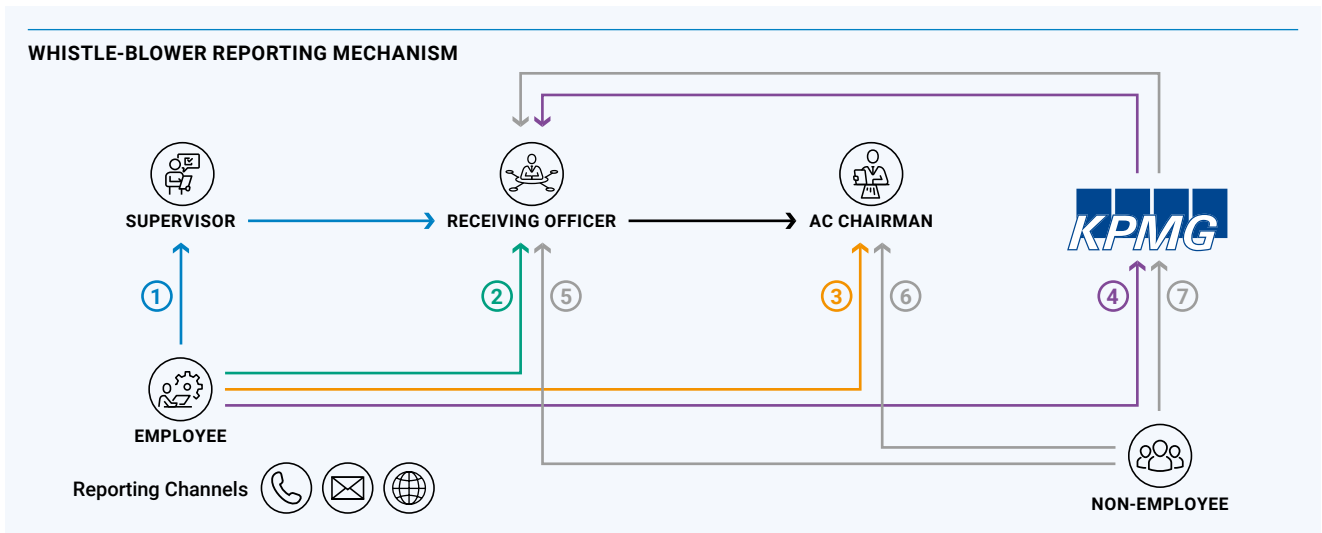
Similarly, a person may be subject to administrative and/or disciplinary action if he/she subjects (i) a person who has made or intends to make a report in

accordance with the Policy, or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have occurred if he/she did not intend to or had not made the report or be a witness.

The General Manager (Group Internal Audit) is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and oversight of ongoing compliance with the Policy. She reports directly to the AC Chairman on all matters arising under the Policy.

**REPORTING MECHANISM**

The Policy emphasises that the role of the whistle-blower is as a reporting party, and that whistle-blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted. Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be),



he/she may make the report directly to the Receiving Officer or the AC Chairman.

Other whistle-blowers may report a suspected Reportable Conduct directly to the Receiving Officer or the AC Chairman, or via the whistle-blower reporting channels that the Group has established. There is an email hotline (kpmgethicsline@kpmg.com) and local toll-free numbers in Singapore, Brazil, China, USA, Vietnam, Indonesia, the Philippines, Australia, the UK and Germany. Manning of the whistle-blower hotline has been outsourced to a third party ("KPMG") and provides for reporting in the languages listed above. KPMG also maintains the aforementioned email hotline and an on-line portal, the link to which is available on the "Contact Us" section of the Company's website at www.keppcorp.com.

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

## **INVESTIGATION**

Every Protected Report (referring to a report made in good faith that discloses suspected Reportable Conduct) received will be assessed by the Receiving Officer, who will review the information disclosed, interview the whistle-blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the AC Chairman as to whether the circumstances warrant an investigation. If the AC Chairman or the AC (if the AC Chairman consults the other AC members), determines that an investigation should be carried out, the AC Chairman or the AC (as the case may be) shall determine the appropriate investigative process to be employed and the corrective or remedial actions (if any) to be taken. The AC Chairman and the Investigation Advisory Committee (if consulted) will use their respective best endeavours to ensure that there is no conflict of interests on the part of any person involved in the

investigations. The Investigation Advisory Committee (comprising representatives from each of the Group Human Resources, Group Legal and Group Risk & Compliance departments, or such other representatives as the AC may determine) assists the AC Chairman with overseeing the investigation process and any matters arising therefrom.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. Under no circumstance should such person(s) discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of whistle-blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

## **NO REPRISAL**

No person will be subject to any reprisal for having made a report in good faith in accordance with the Policy or having participated in an investigation.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the whistle-blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he/she has cooperated as a whistle-blower or a witness in determining the suitable disciplinary measure to be taken against him/her.

## CORPORATE GOVERNANCE

## APPENDIX 2

## Rule 720(6) of the Listing Manual of the SGX-ST

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of the Director whom the Company is seeking re-election by shareholders at the upcoming annual general meeting to be held in 2021 is set out below.

<b>Name of Director</b>	<b>Jean-François Manzoni</b>
Date of Appointment	1 October 2018
Date of last re-appointment (if applicable)	23 April 2019
Age	59
Country of principal residence	Switzerland
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for the re-nomination of director to the Board, is set out in page 81 of this Annual Report.
Whether the appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive and Independent Director; Nominating Committee (Chairman); Board Risk Committee (Member)
Professional qualifications	DBA, Harvard Business School, Boston; MBA, McGill University, Montreal; Bachelor, Business Administration, l'Ecole des Hautes Etudes Commerciales de Montréal; Fellow of the Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	2016 to Present: President and Nestlé Professor, International Institute for Management Development (IMD)  2011 to 2016: Shell Chair in Human Resources and Organisational Development, and Professor of Management Practice, INSEAD Singapore
Shareholding interest in the listed issuer and its subsidiaries	108,000 (direct interests)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments including Directorships – Past (for the last 5 years)	Singapore Civil Service College; Association to Advance Collegiate Schools of Business (AACSB) International
Other Principal Commitments including Directorships – Present	President and Nestlé Professor, International Institute for Management Development (IMD), Switzerland; Member of several International Advisory panels, including Digital Switzerland and Russian Presidential Academy of National Economy and Public Administration
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c. Whether there is any unsatisfied judgment against him?	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

Name of Director	Jean-François Manzoni
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: –	No
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If yes, please provide details of prior experience.	Professor Manzoni has been a director on the Board of the Company since 2018.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	

## CORPORATE GOVERNANCE

## APPENDIX 3

## Summary of Disclosures of 2018 CG Code

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 CG Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirement under the 2018 CG Code.

Principles	Page Reference in this Report
<b>BOARD MATTERS</b>	
<b>The Board's Conduct of Affairs</b>	
<b>Principle 1</b>	
Provision 1.1	Page 79
Provision 1.2	Page 81
Provision 1.3	Page 79
Provision 1.4	Pages 81 to 96 and 99 to 101
Provision 1.5	Pages 80 and 85
Provision 1.6	Pages 80 and 81
Provision 1.7	Page 80
<b>Board Composition and Guidance</b>	
<b>Principle 2</b>	
Provision 2.1	Pages 83 and 84
Provision 2.2	Pages 83 and 84
Provision 2.3	Pages 83 and 84
Provision 2.4	Pages 82 and 83
Provision 2.5	Page 80
<b>Chairman and Chief Executive Officer</b>	
<b>Principle 3</b>	
Provision 3.1	Page 78
Provision 3.2	Page 78
Provision 3.3	Page 84
<b>Board Membership</b>	
<b>Principle 4</b>	
Provision 4.1	Pages 81 to 85 and 100
Provision 4.2	Page 81
Provision 4.3	Page 81
Provision 4.4	Pages 83 and 84
Provision 4.5	Pages 28 to 31 and 85
<b>Board Performance</b>	
<b>Principle 5</b>	
Provision 5.1	Pages 85 to 86 and 102 to 104
Provision 5.2	Pages 85 to 86 and 102 to 104
<b>REMUNERATION MATTERS</b>	
<b>Procedures for Developing Remuneration Policies</b>	
<b>Principle 6</b>	
Provision 6.1	Pages 86 and 101
Provision 6.2	Page 86
Provision 6.3	Pages 86 and 101
Provision 6.4	Page 86
<b>Level and Mix of Remuneration</b>	
<b>Principle 7</b>	
Provision 7.1	Pages 86 to 91
Provision 7.2	Pages 86 to 91
Provision 7.3	Pages 86 to 91

	<b>Page Reference in this Report</b>
<b>Disclosure on Remuneration</b>	
<b>Principle 8</b>	
Provision 8.1	Pages 89 and 90
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# RISK MANAGEMENT

## WE UNDERTAKE ONLY APPROPRIATE AND WELL-CONSIDERED RISKS, CONSIDERING THEIR IMPACT TO OUR BUSINESS, STAKEHOLDERS, AND LONG-TERM CORPORATE SUSTAINABILITY.

Keppel adopts a balanced approach to risk management to optimise business returns while considering their holistic impact on corporate sustainability. Managing risk is integral to how we develop and execute our business strategies. It is grounded in our operating principles and belief that a balanced and holistic risk-reward methodology is key to our commitment to environmental, social and governance (ESG) issues, and to delivering long-term value for our stakeholders.

Our Risk-Centric Culture and Enterprise Risk Management (ERM) Framework enable the Group to respond to the dynamic business environment and shifting business demands, and to seize new value-added opportunities.

### RISK-CENTRIC CULTURE

Mindsets and attitudes are key to effective risk management. The Group fosters a risk-centric culture through several aspects.

### ENTERPRISE RISK MANAGEMENT FRAMEWORK

Relevant and material risk issues are surfaced for discussion with the Board Risk Committee (BRC) and the Board to keep them apprised in a timely manner. Through the BRC, the Board advises management in formulating and implementing the risk management framework, policies and guidelines.

The terms of reference for the BRC are disclosed on pages 99 and 100 of this report. The Board has defined three risk tolerance guiding principles for the Group which determine the nature and extent of the significant risks which the Board is willing to take to achieve business goals.

These principles are:

1. Risk taken should be carefully evaluated, commensurate with rewards and be in line with the Group's core strengths and strategic objectives;

2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the entire Group; and
3. The Group does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

Keppel's risk governance framework, set out on pages 92 to 96 under Principle 9 (Risk Management and Internal Controls), allows management and the Board to determine the adequacy and effectiveness of the Group's risk management system.

As a group, we are cognisant of the dynamic environment in which we operate. We constantly enhance the framework and systems where necessary, to ensure risk management remains an integral part of decision-making and operations.

Keppel's ERM framework, a component of Keppel's System of Management Controls, provides the Group with a systematic approach to identify and manage risks. It outlines the requirement for each business unit (BU) to recognise key risk areas affecting its operations and to classify the impact and likelihood of these risks in a register for prioritisation and management. The ERM framework also provides the reporting structure, monitoring mechanisms, processes and tools used, as well as any policies,

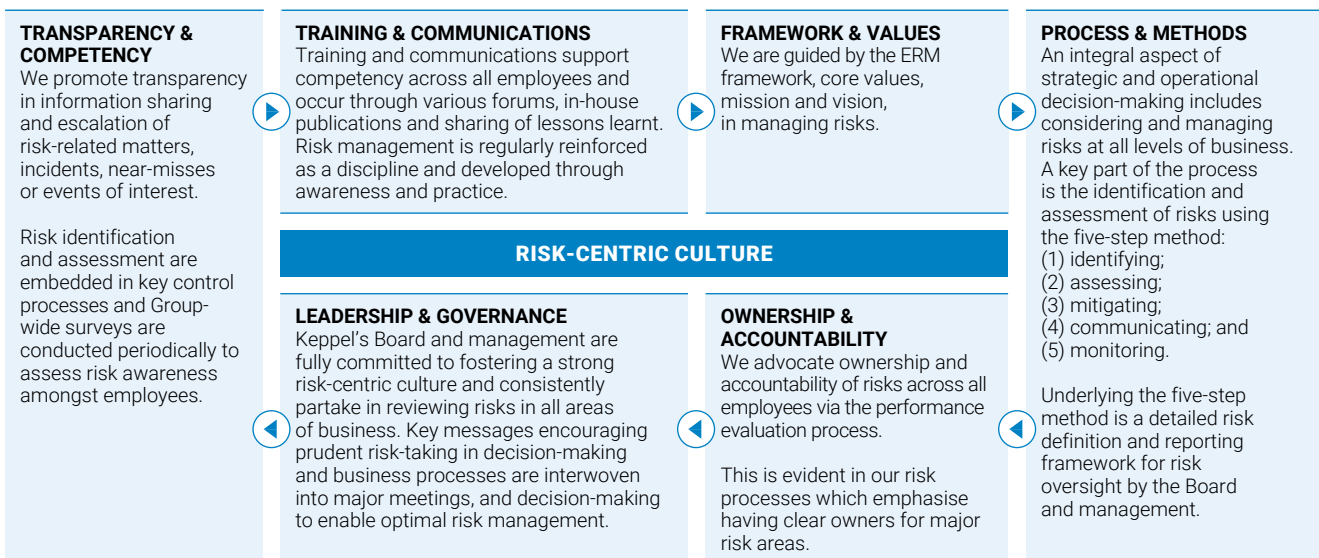




Figure 1



standards or limits to be applied in managing some of the Group's key risk areas.

Our ERM framework is also constantly refined to ensure it remains relevant in our operating environment and where required, is tailored to the requirements of each BU. The framework takes reference from the Singapore Code of Corporate Governance, the COSO Enterprise Risk Management – Integrated Framework, ISO 22301:2012, ISO 31000 and the Guidebook for Board Risk Committees.

Both management and risk leads across BUs drive and coordinate Group-wide activities and initiatives. These are facilitated by regular meetings to ensure that pertinent risks are identified, assessed and mitigated in a timely manner. Beyond operational activities, we continually improve on our risk practices taking reference from the latest industry developments and best practices.

2020 was a transformative year for Keppel. This was not only due to the impact of COVID-19, but also the launch of Vision 2030, which defines our roadmap into the next decade.

The key risks identified for FY 2020 encapsulate mainly our existing businesses and the transformation we have chosen to undertake. We remain committed to addressing each issue as they arise, in line with our philosophy of undertaking only appropriate and well-considered risks to optimise returns in a balanced and holistic manner, to deliver long-term value for all our stakeholders.

#### STRATEGIC RISKS MARKET & COMPETITION

A large part of the Group's strategic risks include market-driven forces, evolving competitive landscapes, changing customer demands and disruptive innovation. We remain vulnerable to other external factors including volatility in the global economy, implications of geopolitical developments, intense competition in core markets and disruptive technology. For example, the COVID-19 pandemic impacted the Group's operations in nearly all our key markets. Despite the many COVID-19 challenges faced by our businesses, including difficult economic and market conditions, mandated office closures and travel restrictions, the Group continued to operate resiliently, and remained focused on reviewing our business strategies, as well as formulating responses and taking pre-emptive actions against emerging risks.

During the year, the Board and management oversaw the launch and execution of Vision 2030 and the establishment of the Transformation Office to oversee and coordinate Vision 2030-related activities. As the Group transforms, risk management policies and principles will be continually refined to support our business objectives.

#### STRATEGIC VENTURES, INVESTMENTS & DIVESTMENTS

We have an established process for evaluating investment and divestment decisions including strategic ventures. We ensure that these endeavours are well monitored and aligned with the Group's strategic intent, investment objectives and desired returns. Where required, we may recalibrate some strategies in response to the changing business environment.

Together with the Board, the Investment and Major Project Action Committee guides the Group to ensure that risks taken are considered and controlled in a manner that exercises the spirit of enterprise and prudence to earn the best risk-adjusted returns on invested capital across our businesses.

The evaluation of risks for strategic ventures involves rigorous due diligence, feasibility studies and sensitivity analyses of key

assumptions and variables. Critical factors considered include alignment with the Group's strategy, financial viability, country-specific political and regulatory developments, contractual risk implications, as well as previous lessons learnt. In 2020, we introduced an internal shadow carbon pricing in the evaluation of major investment decisions. The Group's investment portfolios are constantly monitored to ensure that performance is on track to meet our strategic intent and returns.

#### SUSTAINABILITY & CLIMATE CHANGE

Sustainability covers a broad range of key material issues, many of which have been identified and managed according to the Group's ERM framework. In particular, risks and opportunities relating to sustainability, climate change and the environment are fundamental to the Group. These relate to both physical and transitional risks. The Group supports the Taskforce on Climate-related Financial Disclosures and has worked towards incorporating its recommendations in our reporting framework. Details on sustainability-related material issues to the Group can be found on pages 22 to 27 of this report.

As part of Vision 2030, we place sustainability at the core of our strategy. The Group's Sustainability Risk Management Framework is integrated with our ERM framework (Figure 1) and guides Group companies on the specific processes and methods applied in identifying, assessing and managing sustainability-related risks and opportunities. This includes third-party risks from vendors and suppliers. As part of Sustainability Risk Management, we assess opportunities for the Group in its sustainability strategy and are committed to strengthening our organisational capabilities in responding to climate-related risks and opportunities. More details will be provided in our Sustainability Report, which will be published in May 2021.

#### CUSTOMER & STAKEHOLDER EXPERIENCE

The Group operates in many geographies and has multiple customer touchpoints, including retail consumers in the telecommunications, retail electricity, e-commerce and gas businesses. Beyond customers, other stakeholders include regulators, partners, investors, employees and the local communities in which we operate. We place utmost importance on Customer and Stakeholder Experience as such matters have direct bearing on trust and brand reputation. As such, we consistently monitor our products and services for safety, quality and reliability. We respect customer/stakeholder feedback and post-sales support; and are committed to uphold personal data privacy, product safety and related matters including our responsiveness to

## RISK MANAGEMENT

inputs from stakeholders across various engagement channels.

### HUMAN RESOURCES

We place a strong emphasis on attracting and developing a wide pool of talent. To ensure we have the necessary skillsets to enable Keppel's transition into its next phase of growth, we have considered both internal and external development programmes. This includes nurturing employees, maintaining good industrial relations and fostering a conducive work environment. We are committed to strengthening succession planning and bench strength, as well as building or acquiring new organisational capabilities to drive business growth, whilst maintaining our status as an employer of choice.

In our talent development programmes, we emphasise the importance of having a risk-centric mindset to inculcate the ability to identify and assess risks, develop and implement mitigating actions, and monitor residual risks. The Keppel Leadership Institute helps to inculcate this mindset by embedding risk management in its key leadership courses.

### OPERATIONAL RISKS

#### PROJECT MANAGEMENT

From project initiation through to completion, risk management is an integral part of project management activities to facilitate early detection and proactive management of operational risks. We adopt a systematic assessment and monitoring process to help manage key project risks. Attention is given to technically challenging and high-value projects, including greenfield developments, the deployment of new technology and/or operations in new geographies.

During project execution, we conduct project reviews and quality assurance programmes to address issues involving cost, schedule and quality. Project Key Risk Indicators are used as early warning signals to determine if remedial actions are required. A Project Operational Set-up Guide detailing the key risk areas is available for BUs looking to implement large projects. We also conduct knowledge-sharing workshops to share best practices and lessons learnt across the Group.

These processes help to keep project delivery on time and within budget, without compromising on safety, quality, regulatory and contractual obligations.

### HEALTH, SAFETY & ENVIRONMENT

We uphold high standards of safety, and this translates into constant vigilance to foster a strong HSE-centric culture across

the Group, particularly at the ground level where the risks are greatest. With the outbreak of COVID-19, the Group has placed high emphasis on staff health by ensuring that measures are taken and government regulations properly followed, so as to protect employees from potential exposure. Efforts have been made across BUs to manage staff movement and ensure relevant precautions, such as the use of personal protective equipment and temperature screening.

Other key HSE initiatives include our Zero Fatality Strategy with a roadmap focused on aligning High Impact Risk Activities standards across our global operations, enhancing competency of employees performing safety-critical tasks, strengthening operational controls, deploying Root Cause Analysis investigation standards across the Group, as well as developing more proactive and leading risk indicators/matrices to monitor HSE performance standards.

Environmental management is also a major area of focus and key operating sites are closely monitored for compliance with environmental standards.

In 2020, the Group clinched 21 awards at the Workplace Safety and Health (WSH) Awards for exemplary safety performance, implementation of strong WSH management systems and efforts to create solutions that improve workplace safety.

### BUSINESS & OPERATIONAL PROCESSES

The Group is connected by common shared services and platforms which enable us to better manage our processes and costs while enhancing efficiency, productivity, compliance and controls. We have adopted ISO standards and certifications in major business areas to standardise processes and keep up with industry best practices. In addition, procedures relating to defect management, operations, project control and supply chain management continue to be refined to improve the quality of deliverables.

We continue to embark on digitalisation and automation to optimise our processes while taking a risk-based approach. We also continually evaluate procedures, policies and authority limits to ensure that they remain relevant in meeting business needs.

### BUSINESS CONTINUITY

We are committed to maintaining operational resilience with Business Continuity Management (BCM) standards that equip us with the capability to respond effectively to business disruptions. We are cognisant of major risks of natural disasters, fire, pandemics, terrorism and cyber-attacks as well as the failure of critical equipment/

systems and industrial accidents. On major incidents, the Group Incident Reporting and Crisis Management operating standard guides us in management and response, while our Business Continuity Plans address post-event mitigation. These are coordinated by management and the Group BCM Steering Committee, which provide sponsorship, direction and guidance to ensure a constant readiness-to-respond state. We continually extend and strengthen our capabilities in responding to major incidents/crises with the aim of safeguarding our people, assets, stakeholders' interests and the Company's reputation.

In 2020, the COVID-19 pandemic resulted in the activation of Group-wide business continuity plans to protect employees and other stakeholders, whilst maintaining key operations. A COVID-19 Taskforce, comprising key senior management across the Group, was formed to coordinate centralised and timely responses, as well as review scenarios to ensure stability of the Group's operations and supply chains. In 2020, the Group focused on the well-being of staff and stakeholders, ensuring that safe management measures are in place across facilities.

We also recognise cyber threat as an emerging area of potential business disruption and maintain a Group Cyber Incident Response plan, which references local and international standards, and details our response and recovery protocols. Table-top exercises are also organised to validate the effectiveness of these protocols.

We continue to monitor key disruptive threats to our business operations and adapt our plans to ensure operational resilience.

### CYBER SECURITY, DATA PROTECTION AND TECHNOLOGY

As technology increasingly dominates business activities, we recognise the importance of cyber threats globally. Technology and data security risks, including outsourced services, are an integral part of the Group's business risk. We have established a technology governance structure and risk framework to address both general technology and data security controls, covering key areas such as cyber security, business disruption, theft/loss of confidential data and data integrity.

The Group continued to implement the Technology and Data Risk Management Programme in 2020. This involves the identification, assessment and management of critical technology and data assets according to leading industry guidelines such as those by the Cyber Security Agency

of Singapore (CSA) and the US National Institute of Standards and Technology. The programme not only seeks to improve technology and data security standards but also to inculcate a culture of cyber awareness amongst employees.

In 2020, the Group also embarked on various initiatives to continually strengthen our technology security, governance and controls through the refinement and alignment of our policies, processes and systems, as well as the consolidation of servers and storage. We worked closely with industry professionals to define a cyber security governance structure and enhance our information technology policies and practices to ensure alignment with industry standards. Extensive training and assessment exercises were conducted during year to heighten overall awareness of technology and data threats. These include the safeguarding of critical corporate data assets against the loss of availability of critical systems to disruptions.

In terms of use of technology, technical teams and experts from across the Group enable us to keep abreast of evolving technology. The response is either calibrated at each BU or managed strategically at the Group with the assistance of Keppel Technology and Innovation, which drives Group-wide adoption of new technology and innovation. The Keppel Technology Advisory Panel, comprising leading academics, researchers and advisors from a wide range of related industries, also regularly advises the Group in areas of technological innovation.

## **COMPLIANCE RISKS LAWS, REGULATIONS & COMPLIANCE**

Given the geographical diversity of our businesses, we closely monitor developments in relevant laws and regulations of countries where the Group operates to ensure compliance. We regularly keep updated on changes to laws and regulations, ensuring that we can assess our exposure and risks effectively, recognising that non-compliance with laws and regulations may have a detrimental effect on both the financial performance and reputation of Keppel.

Significant risk areas, such as those relating to potential corruption, are surfaced by management and where applicable, assessed by the Board. With respect to corruption, significant risks include areas where external agents are used for business development.

We are committed to enhancing our regulatory compliance policies and procedures to ensure that the Group maintains a high level

of compliance and ethical standards in the way we conduct our business. Our emphasis is clear and consistently emphasised. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

In 2020, we continued to make improvements to our regulatory compliance programme, refining our processes, broadening employee understanding, and ensuring that compliance awareness and principles are entrenched in all activities. We also recognise the importance of sanctions risks owing to the escalation of trade and other sanctions in many countries. More details of our Compliance programme can be found on pages 114 to 116 of this report.

## **FINANCIAL RISKS FRAUD, MISSTATEMENT OF FINANCIAL STATEMENTS & DISCLOSURES**

We maintain a strong emphasis on ensuring that financial statements are accurate and presented fairly in accordance with applicable financial reporting standards and frameworks.

Regular external and internal audits are conducted to provide assurance on the accuracy of financial statements and adequacy of the internal control framework supporting the statements. Where required, we leverage the expertise of the auditors we have engaged in the interpretation of financial reporting standards and changes. We also conduct regular training and education programmes to enhance the capabilities of the Group's finance managers.

In 2020, we enhanced our internal control framework to support a more data-driven approach to control assessments. Deployment of the eCSA tool allowed all covered BUs to better review and report key control assessments and assurance activities, improving accuracy and transparency in the annual assurance process.

Keppel's System of Management Controls framework outlines our internal control and risk management processes and procedures. For more details, please refer to pages 93 and 94 of this report.

## **FINANCIAL MANAGEMENT**

Financial risk management relates to our ability to meet financial obligations and mitigate credit, liquidity, currency and interest rate risks. Details can be found on page 69 of this report. In this area, policies and financial authority limits are reviewed regularly to incorporate changes in the operating and control environment.

We are focused on financial discipline and seek to deploy our capital to optimise risk-adjusted returns for shareholders, while maintaining a strong balance sheet to seize new opportunities. In 2020, as global economies faced stresses from the economic impact of COVID-19, the Group maintained a proactive approach to liquidity management and averted short-term funding stresses that were affecting many organisations across markets.

Our procedures include the evaluation of counterparties and other related risks against pre-established internal guidelines. We conduct impact assessments and stress tests to gauge the Group's potential financial exposure to changing market situations, to enable informed decision-making and the implementation of prompt mitigating actions. We also regularly monitor our asset concentration exposure in countries where we operate, to ensure that our portfolio of assets, investments and businesses are diversified against the systemic risks of operating in a specific geography.

## **PROACTIVE MANAGEMENT OF RISKS & OPPORTUNITIES**

Effective risk management is a dynamic approach and encompasses the evaluation of both risks and opportunities. Managing risk is an inherent part of seizing opportunities. Hence, we do not fear risks but recognise the need to proactively manage them as part and parcel of business operations. The marrying of risks and opportunities allows us to take a business-centric approach to risk management, aligning business activities with risk considerations, and discussing issues in an open and transparent manner, enabling us to pursue optimal risk-return initiatives.

We continually evolve our framework and processes to ensure effectiveness and relevance. Much of these depend on our ability to remain connected and vigilant to emerging risks or opportunities. Across the Group, we identify and review these in various meetings throughout the year. Where applicable, these are further developed and discussed at various governance committees to determine action or response. We recognise that our systems and processes provide reasonable but not absolute assurance and hence continually improve to ensure that our ability to manage and respond to risks and opportunities remains relevant and effective.

# REGULATORY COMPLIANCE

## THE TONE FOR REGULATORY COMPLIANCE IS DRIVEN FROM THE TOP AND RESONATES WITH OUR EMPLOYEES AT EVERY LEVEL. WE REMAIN VIGILANT AND DETERMINED TO BUILD A DISCIPLINED AND SUSTAINABLE COMPANY.

We are guided by our core values and code of conduct. We will do business the right way and comply with all applicable laws and regulations wherever we operate. We strive to deliver outstanding performance, whilst maintaining the highest ethical standards.

We are clear with our tone for regulatory compliance, which is consistently emphasised from the top and throughout all levels of the Group. We do not tolerate fraud, bribery, corruption or any violation of laws and regulations.

### STRATEGIC OBJECTIVES

We have made significant progress in embedding a robust compliance framework and process throughout the Group. In addition to Keppel Offshore & Marine obtaining ISO 37001 Anti-Bribery Management Systems certification for all units globally in 2019, Keppel Land and Keppel Data Centres entities in Singapore have also attained ISO 37001 certification in 2020, attesting to our commitment in implementing the same standard throughout the Group. This will ensure consistency in application and operational effectiveness of the compliance programme.

Our compliance framework commensurates with the size, role and activity of each business unit (BU), with appropriate compliance control systems to effectively detect and remedy potential gaps. We are committed to forging a sustainable compliance framework that supports the Group's growth and vision.

### GOVERNANCE STRUCTURE

Our Regulatory Compliance Governance Structure is designed to strengthen corporate governance. The Board Risk Committee (BRC) supports the Board in its oversight of regulatory compliance and is responsible for driving the Group's implementation of compliance and governance systems. Group Risk & Compliance serves as a secretariat to the BRC, assessing and reporting on compliance risks, controls and mitigation.

The Group Regulatory Compliance Management Committee (Group RCMC) is chaired by Keppel Corporation's Chief Executive Officer and its members include all BU heads. The role of the Group RCMC is to articulate the Group's commitment to regulatory compliance, as well as direct and support the development and implementation of over-arching compliance policies and guidelines.

The Group RCMC is supported by the Group Regulatory Compliance Working Team (Group RCWT), which is chaired by the Head of Group Risk & Compliance. The Group RCWT oversees the development and review of pertinent regulatory compliance matters, over-arching compliance policies and guidelines for the Group, as well as reviews training and communication programmes.

Each BU has a dedicated Compliance Lead. He/she is supported by the respective risk and compliance teams and is responsible for driving and administering the compliance programme and agenda for the BU. This includes providing support to BU management with subject matter expertise, process excellence and regular reporting to ensure that compliance risks are effectively assessed, managed and mitigated. We continue to strengthen the Group's Compliance teams with additional professional and experienced officers.

Under the direction of Group RCMC and Group RCWT, BUs are responsible for implementing the Keppel Group Code of Conduct and regulatory compliance policies and procedures. They are also responsible for ensuring that risk assessments of material regulatory compliance risks are conducted, and that control measures are practical, adequate and effective.

### REGULATORY COMPLIANCE FRAMEWORK

Our regulatory compliance framework focuses on critical pillars covering the areas of culture; policies and procedures; training and communication; key compliance processes; compliance risk assessment, reviews and monitoring, and compliance resources.



A key aspect of the framework is the structure of the compliance organisation. The Head of Group Risk & Compliance reports directly to the Chairman of the BRC. Similarly, the Compliance Leads of the BUs have direct reporting lines to the respective BU Audit and Risk Committees. Furthermore, BU Compliance Leads report directly to the Head of Group Risk & Compliance. This reporting structure reinforces independence of the function and enables management and the Board to provide continuous, clear and explicit support, and credence to the Group's compliance programme.

## CULTURE

Culture and mindset are critical in ensuring effectiveness and durability of our compliance programme. Management has a key role in setting the right tone and walking the talk. This helps to embed a strong and robust regulatory compliance programme and culture that permeate all levels.

Posters on anti-bribery, anti-corruption and reporting mechanisms are displayed in our offices globally and we issue Group-wide bulletins on relevant topical issues to apprise, inform and reinforce compliance principles and messages. Key tone from the top messages are also delivered periodically by BU heads to employees. Compliance moments were introduced as part of the agenda at meetings, where pertinent compliance topics and learnings are shared. We continue to work on initiatives to foster a positive compliance-centric culture.

## POLICIES & PROCEDURES

### EMPLOYEE CODE OF CONDUCT

We have a strict Code of Conduct (Code) that applies to all employees, who are required to acknowledge and comply with the Code.

The Code sets out important principles to guide employees in executing their duties and responsibilities to the highest standards of business integrity. It covers areas from conduct in the workplace to business conduct, including clear provisions on prohibitions against bribery and corruption, and conflicts of interests amongst others. In the interest of clarity and transparency, the Code is publicly available on the Group's and BUs' websites. We continue to review and enhance the Code to ensure that it stays updated and properly instructive. Appropriate disciplinary action, including suspension/termination

of employment, is taken if an employee is found to have violated the Code.

We have procedures to ensure that disciplinary actions are carried out consistently and fairly across all levels of employees. All third parties who represent Keppel in business dealings, including joint venture (JV) partners, are also required to comply with and follow the requirements of the Code.

### SUPPLIER CODE OF CONDUCT

The acknowledgement to abide by our Supplier Code of Conduct is mandatory for all key suppliers across the Group. The areas covered within the Supplier Code of Conduct include proper business conduct, human rights, fair labour practices, stringent safety and health standards and responsible environmental management.

### WHISTLE-BLOWER POLICY

Keppel's Whistle-Blower Policy encourages the reporting of suspected bribery, violations or misconduct through a clearly-defined process and reporting channel, by which reports can be made in confidence and without fear of reprisal. The whistle-blower reporting channels, found on page 104 of this report, are widely communicated and made accessible.

### PERSONAL DATA PRIVACY ACT (PDPA)

Guidance is provided to employees on the Personal Data Protection Commission's advisory guidelines to ensure that the Group complies with the requirements of the PDPA. Further to the amendments announced in November 2020, the Group's guidelines will be updated accordingly.

### COMPLIANCE POLICIES

We maintain a comprehensive list of policies covering compliance-related matters including anti-bribery, gifts and hospitality, agent fees, donations and sponsorships, solicitation and extortion, conflict of interest and insider trading, amongst others. These policies are reviewed periodically to ensure that they commensurate with the activities and business plans in the jurisdictions in which the Group operates. Group policies are applicable to all BUs and unless the jurisdictional regulatory requirements are more stringent, these policies represent the minimum standards for the Group. Concerted efforts are taken to ensure all compliance policies, including translated versions, are made available and accessible to employees.

## REGULATORY COMPLIANCE

In 2020, we developed a Group Sanctions Compliance policy and BU-specific sanctions programme, building on our current Regulatory Compliance programme and controls. We are now even better able to monitor updates on sanctions requirements and guide respective BUs in navigating through increasingly complex sanctions and export control laws.

### TRAINING & COMMUNICATIONS

Training is an essential component of Keppel's regulatory compliance framework. Our programmes are tailored to specific audiences and we leverage Group-wide forums to reiterate key messages.

We have a comprehensive annual e-learning training programme which is mandatory for directors, officers and employees. The content of the training covers the Keppel Group Code of Conduct and key principles underlying our compliance policies. Directors, officers and employees are required to undergo assessments to successfully complete the training. In addition, directors, officers and employees are also required to formally acknowledge their understanding of policies and declare any potential or actual conflicts of interest. Training on anti-bribery and the Keppel Group Code of Conduct in multi-languages was also carried out for industrial/general workers. In 2020, E-training outlining the principles underpinning the Group's policies and key areas to note when representing or acting on Keppel's behalf were rolled out for high-risk third-party associates (TPA).

We continue to refine our compliance training programmes and curriculum. We are also focused on developing and tailoring training content to varying target groups and training needs. Such training conducted in 2020 included Conflict of Interest and Sanction Compliance webinars.

In addition to policy-related training programmes, we conduct training focused on the line managers' responsibilities in developing the desired culture and mindset regarding compliance. These responsibilities include the need to establish and maintain effective internal controls to ensure that processes are robust, and that potential gaps are identified and mitigated in a timely manner.

Our training aims to engender positive compliance mindsets and culture, and we see this guiding our employees in critical facets of their work. Training focused on building risk and compliance competencies are also organised to ensure that we are apprised on changes in approaches, best practices and tools.

We also leverage opportunities at various management conferences and employee meetings to emphasise the importance of compliance.

To drive greater compliance awareness and knowledge throughout the Group, we issued a quarterly news bulletin on compliance, risk and control matters. We also introduced a quiz element which garnered positive feedback and responses across BUs, in part demonstrating a heightened awareness and understanding of ethics and compliance considerations amongst employees.

### KEY PROCESSES

#### DUE DILIGENCE

We continue to improve our risk-based due diligence process for all TPAs who represent the Group in business dealings, including our JV partners, to assess the compliance risk of the business partner. In addition to background checks, the due diligence process incorporates requirements for TPAs to acknowledge understanding and compliance with the Keppel Group Code of Conduct.

#### OTHER PROCESSES

As part of our ongoing review of policies and procedures, we ensure compliance oversight is embedded in key processes including areas such as gifts and hospitality, agent fees, donations and sponsorships, as well as conflicts of interest. We also actively seek opportunities for digitisation and explore the use of data analytics to enhance value and ensure efficiency of our compliance processes.

#### RISK ASSESSMENT, REVIEW & MONITORING

We continually develop compliance resources and framework. This will enable the Compliance team to conduct independent risk assessments to identify and mitigate key compliance risks. Regular discussions are held with all BUs, focusing on risk assessments including specific compliance risks identified for each BU. Separately, independent reviews of compliance risks are executed within the scope of internal audits, including thematic reviews of the effectiveness of key aspects of our compliance programmes. These reviews provide valuable insights and opportunities for us to improve our processes and programmes.

ISO 37001 processes also assist in risk assessment exercises, providing even more systematic coverage and evaluations.

### RESOURCES

We recognise the need for an experienced compliance team to effectively support compliance advisory, as well as to ensure that compliance programmes and controls are effectively implemented. The Board and management are committed to ensuring that we sustain a strong compliance function.

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**DIRECTORS' STATEMENT**

For the financial year ended 31 December 2020

The Directors present their statement together with the audited consolidated financial statements of the Group, and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

In the opinion of the directors, the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company as set out on pages 134 to 216, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and the financial performance, changes in equity and the cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

**1. Directors**

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

Lee Boon Yang (Chairman)  
 Loh Chin Hua (Chief Executive Officer)  
 Alvin Yeo Khirn Hai  
 Tan Ek Kia  
 Danny Teoh  
 Till Bernhard Vestring  
 Veronica Eng  
 Jean-François Manzoni  
 Teo Siong Seng  
 Tham Sai Choy  
 Penny Goh

**2. Audit Committee**

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

Danny Teoh (Chairman)  
 Alvin Yeo Khirn Hai  
 Tan Ek Kia  
 Veronica Eng  
 Tham Sai Choy  
 Penny Goh

The Audit Committee carried out its function in accordance with the Singapore Companies Act, including the following:

- Reviewed financial statements and announcements relating to financial performance, and significant financial reporting issues and judgments contained in them;
- Reviewed the adequacy and effectiveness of financial, operational, compliance and information technology controls, as well as risk management in relation to financial reporting and other financial-related risks;
- Reviewed the Board's comment on the adequacy and effectiveness of the Group's internal control systems, and state whether it concurs with the Board's comments; and if there are material weaknesses identified in the Group's internal controls, to consider and recommend the necessary steps to be taken to address them;
- Reviewed the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's internal control systems;
- Reviewed audit scopes, plans and reports of the Company's external and internal auditors and considered effectiveness of actions taken by management on the recommendations and observations;
- Reviewed the adequacy, effectiveness, independence and objectivity of the external auditors and internal auditors annually;
- Reviewed the scope and results of the external audit function and internal audit function;
- Reviewed the nature and extent of non-audit services performed by external auditors;
- Met with external auditors and internal auditors, without the presence of management, at least annually;
- Ensured that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company, at least annually;
- Reviewed the whistle-blower policy and the Company's procedures for detecting and preventing fraud and other arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- Reviewed interested person transactions;
- Investigated any matters within the Audit Committee's terms of reference, whenever it deemed necessary;
- Reported to the Board on material matters, findings and recommendations;
- Reviewed the Audit Committee's terms of reference annually and recommended proposed changes to the Board for approval; and
- Ensured the Head of Internal Audit and external auditors have direct and unrestricted access to the Chairman of the Audit Committee.

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



### 3. Arrangements to enable directors to acquire shares or debentures

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

### 4. Directors' interests in shares and debentures

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

	Holdings At		
	1.1.2020 or date of appointment, if later	31.12.2020	21.1.2021
<b>Keppel Corporation Limited</b>			
<i>(No. of ordinary shares)</i>			
Lee Boon Yang	322,000	358,000	358,000
Loh Chin Hua	1,310,592	1,860,772	1,860,772
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Alvin Yeo Khirn Hai	51,225	59,225	59,225
Alvin Yeo Khirn Hai (deemed interest)	42,000	42,000	42,000
Tan Ek Kia	51,825	62,825	62,825
Danny Teoh	83,825	94,825	94,825
Till Bernhard Vestring	81,000	89,000	89,000
Veronica Eng	28,000	38,000	38,000
Jean-François Manzoni	1,000	108,000	108,000
Tham Sai Choy	155,570	155,570	155,570
Penny Goh	30,000	30,000	30,000
<b>Keppel Corporation Limited</b>			
<i>(Unvested restricted shares to be delivered after 2017)</i>			
Loh Chin Hua	90,784	-	-
<i>(Unvested restricted shares to be delivered after 2018)</i>			
Loh Chin Hua	174,936	87,469	87,469
<i>(Unvested restricted shares to be delivered after 2019)</i>			
Loh Chin Hua	-	201,258	201,258
<i>(Contingent award of performance shares issued in 2017 to be delivered after 2019)<sup>1</sup></i>			
Loh Chin Hua	330,000	-	-
<i>(Contingent award of performance shares issued in 2018 to be delivered after 2020)<sup>1</sup></i>			
Loh Chin Hua	320,000	320,000	320,000
<i>(Contingent award of performance shares issued in 2019 to be delivered after 2021)<sup>1</sup></i>			
Loh Chin Hua	365,000	365,000	365,000
<i>(Contingent award of performance shares issued in 2020 to be delivered after 2022)<sup>1</sup></i>			
Loh Chin Hua	-	365,000	365,000
<i>(Contingent award of performance shares – Transformation Incentive Plan issued in 2016 to be delivered after 2021)<sup>1</sup></i>			
Loh Chin Hua	750,000	750,000	750,000

<sup>1</sup> Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

## DIRECTORS' STATEMENT

**5. Share options of the Company**

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

No options to take up Ordinary Shares ("Shares") were granted during the financial year. There were no Shares issued by virtue of exercise of options and options to take up 910,900 Shares were cancelled during the financial year. At the end of the financial year, there were no Shares under option as follows:

Date of grant	Number of Share Options			Balance at 31.12.2020	Exercise Price	Date of expiry
	Balance at 1.1.2020	Exercised	Cancelled			
09.02.10	910,900	-	(910,900)	-	\$6.89	08.02.20
	910,900	-	(910,900)	-		

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

**6. Share plans of the Company**

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

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

**Contingent awards:**

Date of Grant	Number of Shares					Balance at 31.12.2020
	Balance at 1.1.2020	Contingent awards granted	Adjustments upon release	Released	Cancelled	
<b>KCL PSP</b>						
28.4.2017	1,070,000	-	(417,300)	(652,700)	-	-
30.4.2018	1,180,000	-	-	-	-	1,180,000
30.4.2019	1,635,000	-	-	-	(50,000)	1,585,000
31.3.2020	-	1,585,000	-	-	(50,000)	1,535,000
	3,885,000	1,585,000	(417,300)	(652,700)	(100,000)	4,300,000
<b>KCL PSP-TIP</b>						
29.4.2016	3,585,967	-	-	-	(119,197)	3,466,770
28.4.2017	2,000,000	-	-	-	(124,599)	1,875,401
28.2.2020	-	1,280,000	-	-	(100,000)	1,180,000
	5,585,967	1,280,000	-	-	(343,796)	6,522,171
<b>KCL PSP-M1 TIP</b>						
17.2.2020	-	127,900	-	-	-	127,900
17.2.2020	-	295,600	-	-	-	295,600
	-	423,500	-	-	-	423,500

**Awards:**

Date of Grant	Number of Shares					Balance at 31.12.2020
	Balance at 1.1.2020	Awards granted	Adjustments upon release	Released	Cancelled	
<b>KCL RSP-Deferred shares</b>						
17.2.2020	-	5,318,164	(1,709)	(5,316,455)	-	-
	-	5,318,164	(1,709)	(5,316,455)	-	-

**Awards released but not vested:**

Date of Grant	Number of Shares					Balance at 31.12.2020
	Balance at 1.1.2020	Released	Vested	Cancelled	Other adjustments	
<b>KCL PSP</b>						
28.4.2017	-	652,700	(652,700)	-	-	-
	-	652,700	(652,700)	-	-	-
<b>KCL RSP</b>						
31.3.2014	3,600	-	(3,600)	-	-	-
31.3.2015	7,300	-	(7,300)	-	-	-
29.4.2016	15,341	-	(14,741)	(600)	-	-
	26,241	-	(25,641)	(600)	-	-
<b>KCL RSP-Deferred shares</b>						
23.2.2018	1,214,799	-	(1,179,731)	(35,068)	-	-
15.2.2019	2,488,090	-	(1,229,719)	(100,644)	-	1,157,727
18.4.2019	209,675	-	(103,822)	(4,122)	-	101,731
17.2.2020	-	5,316,455	(1,801,864)	(104,979)	-	3,409,612
	3,912,564	5,316,455	(4,315,136)	(244,813)	-	4,669,070

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

**Contingent awards:**

	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
<b>KCL RSP</b>					
<b>Executive Director</b>					
Loh Chin Hua	-	644,757	-	(644,757)	-
<b>KCL PSP</b>					
<b>Executive Director</b>					
Loh Chin Hua	365,000	2,250,814	(752,714)	(448,100)	1,050,000
<b>KCL PSP-TIP</b>					
<b>Executive Director</b>					
Loh Chin Hua	-	750,000	-	-	750,000

**Awards:**

	Awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
<b>KCL RSP-Deferred shares</b>					
<b>Executive Director</b>					
Loh Chin Hua	301,887	836,642	-	(836,642)	-

**DIRECTORS' STATEMENT****6. Share plans of the Company (continued)****Awards released but not vested:**

	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
<b>KCL RSP</b>			
<b>Executive Director</b>			
Loh Chin Hua	644,757	(644,757)	-
<b>KCL RSP-Deferred shares</b>			
<b>Executive Director</b>			
Loh Chin Hua	836,642	(547,915)	288,727
<b>KCL PSP</b>			
<b>Executive Director</b>			
Loh Chin Hua	448,100	(448,100)	-

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

	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
<b>Executive Director</b>		
Loh Chin Hua	7.7%	6.6%

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP, KCL RSP-Deferred shares, the KCL PSP, KCL PSP-TIP and the KCL PSP-M1 TIP.

**7. Independent auditor**

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

On behalf of the Board



**LEE BOON YANG**  
Chairman



**LOH CHIN HUA**  
Chief Executive Officer

Singapore, 26 February 2021

**INDEPENDENT AUDITOR'S REPORT**

to the Members of Keppel Corporation Limited  
For the financial year ended 31 December 2020

**Report on the audit of the financial statements****Our Opinion**

In our opinion, the accompanying consolidated financial statements of Keppel Corporation Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020, the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

**What we have audited**

The financial statements of the Company and the Group comprise:

- the balance sheets of the Group and of the Company as at 31 December 2020;
- the consolidated profit and loss account of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

**Our Audit Approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT**

to the Members of Keppel Corporation Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Financial exposure in relation to contracts with Sete Brasil Participacoes S.A. ("Sete")</b> <i>(Refer to Notes 2.28 (b)(ii) and 12 to the financial statements)</i></p> <p>The Group had entered into contracts with Sete for the construction of six rigs for which payments from Sete had ceased since November 2014 and in April 2016, Sete filed for bankruptcy protection. In October 2019, Sete's creditors approved the Settlement Agreement as well as a proposal by Magni Partners (Bermuda) Ltd ("Magni") to purchase Sete's four subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group. As part of the Agreement, which is subject to fulfillment of certain conditions precedent, the Group will take over ownership of the remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. In December 2019, Petrobras approved the continuation of four charter agreements with Sete, and for Magni and their operator Etesco to step in as the new party to the agreements. As a result of the global Coronavirus Disease 2019 ("COVID-19") pandemic and the extended time required for Magni to secure financing, finalisation of the agreements between the various parties were delayed. As at the balance sheet date, the agreements were not completed and in January 2021, Sete informed Petrobras that it would not be able to comply with the conditions precedent by the extended deadline of 31 January 2021. Sete and Petrobras agreed to begin a new negotiation, in search of a joint solution.</p> <p>Management believes that Petrobras, in approving a new negotiation with Sete, will continue to seek solutions on these rigs with the relevant stakeholders which may yield several other alternative arrangements between the stakeholders. The Group will also be in active discussions with Sete and Magni in the new negotiation.</p> <p>Management estimated the net present value of the cash flows relating to the construction contract for two rigs with Magni. In addition, management performed an assessment to estimate the cost of discontinuance of related contracts with Sete, offset by possible options in extracting value from the uncompleted remaining four rigs and possible payout from the Judicial Reorganisation Plan. The loss allowance for trade debtors of \$183 million and the provision for related contract costs of \$245 million made in prior years remain adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to the contracts with Sete.</p> <p>The assessment is made with the following key assumptions:</p> <ul style="list-style-type: none"> <li>• Petrobras will continue to require the rigs for execution of its business plans and will charter them at the day rates and tenure previously agreed with Sete;</li> <li>• Magni will be able to secure financing to complete the purchase of the rigs with Sete and complete the construction contract with the Group at the terms previously discussed with Magni; and</li> <li>• The future cost of construction of the rigs are not materially different from management's current estimation.</li> </ul> <p>Should the conclusion of the negotiation result in significant changes to the key assumptions above, additional material provision may be required, including adjustments to the net carrying amounts (net of total cumulative losses recognised of \$476 million) relating to the Sete contracts amounting to \$114 million as at 31 December 2020.</p>	<p>We reviewed the term sheet with Magni and correspondences with Sete or its authorised representatives to validate the assumptions applied by management. We discussed with management on the latest developments and understood management's position on why they believe the settlement agreement will continue to progress.</p> <p>For the two impending construction contracts with Magni, we assessed the amount and timing of gross cash inflows from Magni to the term sheet. We also assessed the total cost of completing the construction of the rigs through discussions with project managers and corroborating the amounts to an approved budget plan. We obtained management's calculation of the discount rate used and evaluated its reasonableness based on our understanding of the settlement agreement with Magni.</p> <p>For the remaining four undelivered rigs, we reviewed management's computation of the provisions and corroborated the inputs against supporting documents and externally available information.</p> <p>Based on our procedures, we found management's assessment in respect of the provisions for expected credit loss and contract related costs from these contracts to be reasonable on the basis of the key assumptions made by management. The ongoing negotiations may result in significant changes to the key assumptions and additional material provision may be required, including adjustments to the net carrying amounts relating to the Sete contracts.</p> <p>We also considered the disclosures in the financial statements in respect of this matter and found that the disclosures in the financial statements in respect of this matter to be adequate.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>1. Financial exposure in relation to contracts with Sete Brasil Participacoes S.A. ("Sete") (continued)</b></p> <p>We focused on this area because the assessment of the outcome of the negotiation and the estimation of the recoverable value of the rigs and other assets relating to the Sete contracts requires management judgment in which several estimates and key assumptions are applied.</p>	
<p><b>2. Recoverability of trade receivables, contract assets and stocks (work-in-progress) in relation to Offshore and Marine ("O&amp;M") business unit</b> (Refer to Notes 2.28(b)(ii), 2.28(b)(ix), 12, 14 and 15 to the financial statements)</p> <p>As at 31 December 2020, the Group has:</p> <ul style="list-style-type: none"> <li>(i) Stocks under work-in-progress ("WIP") amounting to \$1,073 million;</li> <li>(ii) Contract assets relating to certain rigbuilding contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, amounting to \$1,654 million; and</li> <li>(iii) Trade receivables amounting to \$848 million where the rigs had been delivered but the receipt of construction revenue deferred under certain financing arrangements.</li> </ul> <p>In 2020, the Group recognised the following impairment from its assessment of recoverability of these assets:</p> <ul style="list-style-type: none"> <li>(i) \$42 million to write down its WIP to their net realisable value ("NRV");</li> <li>(ii) \$431 million of expected credit loss on its contract assets; and</li> <li>(iii) \$170 million of expected credit loss on its trade receivables.</li> </ul> <p>We focused on this area because significant judgment and assumptions are required in:</p> <ul style="list-style-type: none"> <li>(i) estimating the NRV of the WIP balance; and</li> <li>(ii) estimating the expected credit loss of the contract assets and trade receivables balance.</li> </ul> <p>For the above contract assets and secured trade receivables, in the event that the customers are unable to fulfil their contractual obligations, management has considered the most likely outcome is for the Group to take possession of the rigs delivered or under construction and charter it out to work with an operator. On this basis, the value of the rigs delivered or under construction and the NRV of the WIP balance is their Value-in-use ("VIU") estimated using the Discounted Cash Flow ("DCF") model.</p> <p>Management assessed the VIU of the rigs with the assistance of independent professional firms. In addition to the independent professional firm responsible for estimating the VIU based on DCF model, management has also engaged a separate industry advisor to provide a view of the market outlook, assumptions and industry parameters used as inputs to the DCF calculations. The most significant inputs to the DCF calculations include day rates, cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the assets based on their estimated VIUs are most sensitive to discount rates and day rates.</p> <p>Management had also appointed an independent financial advisor to conduct an assessment of the recoverability of unsecured trade receivables as at 31 December 2020.</p>	<p>We reviewed management's estimation of the NRV of the WIP and estimation of the expected credit loss on contract assets on deferred delivery and trade receivables under certain financing arrangements.</p> <p>We assessed the most significant inputs to the DCF calculations of the NRV/VIU of the rigs and engaged our valuation expert to review the discount rates applied. We also assessed the basis of estimating the recoverable amounts of the unsecured receivable adopted by the independent financial advisor. We assessed the sensitivity of the cash flow projections with respect to the key assumptions including discount rate and day rates, on the estimation of the VIU of the rigs.</p> <p>Based on our procedures, we found management's key judgments and basis of estimation over the NRV of the WIP and the recovery of contract assets on deferred delivery and trade receivables under certain financing arrangements to be appropriate.</p> <p>In respect of the independent professional firms, we found that the firms possessed the requisite competency and experience to assist management in the assessment of the valuations.</p> <p>We also considered the adequacy of the disclosures in the financial statements in respect of this matter and found the disclosures in the financial statements in respect of the key judgments and sources of estimation uncertainty to be adequate.</p> <p>Subsequent to 31 December 2020, the Group announced that it will be transforming its O&amp;M business unit, involving the reorganising of these assets, over the next two to three years. The eventual execution of the transformation plan, together with the future development in the oil market may cause the recoverable amounts of these assets to be different from those estimated as at 31 December 2020.</p>

**INDEPENDENT AUDITOR'S REPORT**

to the Members of Keppel Corporation Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>3. Impairment assessment of investments in associated companies</b> (Refer to Notes 2.28(b)(iii) and 10 to the financial statements)</p> <p>As at 31 December 2020, the Group has investments in associated companies and joint ventures amounting to \$5,991 million. Material associated companies where impairment indicators exist included KrisEnergy Limited ("KrisEnergy") and Floatel International Limited ("Floatel").</p> <p><i>Investment in KrisEnergy and related exposures</i></p> <p>As disclosed in Note 10(c), as at 31 December 2020, the Group's investment in KrisEnergy and related exposures comprise:</p> <ul style="list-style-type: none"> <li>• \$35 million of zero-coupon notes;</li> <li>• \$77 million of project financing loan receivable;</li> <li>• \$29 million of contract assets in relation to a production barge; and</li> <li>• guarantee amounting to \$247 million in respect of a bank loan granted to KrisEnergy.</li> </ul> <p>In August 2019, trading of KrisEnergy's shares on the Singapore Exchange was suspended as KrisEnergy applied for a debt moratorium to the High Court of Republic of Singapore. Further extension of the debt moratorium was approved till 16 April 2021.</p> <p>On 30 December 2020, the maturity date of KrisEnergy's bank loan was extended to 30 June 2021 and this will be further extended to 30 June 2024 upon successful completion of KrisEnergy's restructuring. A scheme of arrangement ("Scheme") setting out details of the restructuring terms was approved by the Scheme creditors on 14 January 2021. On 11 February 2021, the zero-coupon note holders approved the amendment of the terms of zero-coupon notes. The restructuring is pending final approval from the shareholders of KrisEnergy.</p> <p>Management performed an impairment assessment to estimate the recoverable amount of the Group's exposure in KrisEnergy as at 31 December 2020 on the basis of a successful restructuring. Management reviewed the cash flow projections prepared by its financial advisor who estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority and rights to cash flows of each group of stakeholders. The cash flow estimates were based on forecasted oil prices, determined by taking reference from external information sources, ranging from US\$50 to US\$62 per barrel for 2021 to 2029. The impairment assessment had also taken into consideration the terms of the restructuring.</p> <p>Arising from the impairment assessment, an impairment loss of \$39 million was recognised in 2020 against the carrying amount of the zero-coupon notes. No impairment was recognised against the other exposures as the Group has priority over the cash flows on the assets under the terms of these instruments.</p> <p>We focused on this area as the assessment of the recoverable amount involves making projections of cash flows arising from producing assets and assets under development in which several estimates and key assumptions were applied.</p>	<p>We read recent public announcements made by KrisEnergy to obtain an understanding of the financial position of KrisEnergy and the proposed terms of restructuring. We read relevant agreements between the Group and KrisEnergy. We held discussions with management and the independent financial advisor to understand the relative priority of each group of stakeholders over cash flows from KrisEnergy and the impact of the terms of the restructuring to the recoverability of the Group investments in KrisEnergy.</p> <p>For cash flows prepared by the independent financial advisor, we evaluated the reasonableness of the estimates and assumptions in the cash flow projections, including the estimates of reserves available and estimated future oil prices of US\$50 to US\$62 per barrel for 2021 to 2029. We assessed the sensitivity of the cash flow projections with respect to key assumptions including discount rate and future oil prices.</p> <p>In respect of the independent financial advisor for the Group, we assessed that they possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of KrisEnergy.</p> <p>We also considered the adequacy of the disclosures in the financial statements in respect of this matter.</p> <p>Based on our procedures, we found the key judgments and basis of estimating the available cash flows for the Group's investment in KrisEnergy to be reasonable, on the basis of a successful restructuring that is still pending approval by the shareholders of KrisEnergy. We also found the disclosures in the financial statements in respect of the key judgments and sources of estimation uncertainty to be adequate.</p>



Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Investments in Floatel International Limited ("Floatel")</b></p> <p>As disclosed in Note 10(f), as at 31 December 2020, the Group's investment in Floatel amounted to \$96 million, after equity accounting for its share of operating loss of Floatel of \$83 million and share of impairment losses on the carrying value of Floatel's vessels amounting to \$228 million. The Group also recognised \$10 million of fair value loss on its investment in preference shares issued by Floatel in 2020.</p> <p>In February 2020, Floatel reported that its liquidity was under pressure and there were conditions which cast significant doubt on Floatel's ability to continue as a going concern. On 5 December 2020, Floatel, the Group, an ad hoc group of holders of Floatel's 9% senior secured 1L Bondholders, other consenting 1L Bondholders and certain 2L Bondholders entered into a lock-up agreement, (the "Lock-Up Agreement") which committed the parties to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group (the "Restructuring").</p> <p>A successful restructuring is critical in ensuring the long term viability of Floatel's business and consequently the recoverability of the Group's investment in Floatel. The restructuring entails various steps, including the commitment of the Group to use reasonable endeavours to procure the provision and funding of a new US\$100,000,000 revolving credit facility ("RCF") for Floatel, as well as the possible provision of credit support for the RCF in the form of a risk participation.</p> <p>On 8 January 2021, bank lenders of Floatel accepted a cash settlement of US\$46,000,000 for full settlement of amounts owing to them and release of the charge on Floatel Endurance.</p> <p>On 12 February 2021, the 2L Bondholders approved the restructuring which will facilitate a more expeditious restructuring process.</p> <p>Management has engaged an independent financial advisor to support the review of Floatel's business plan and cash flow projections, as well as the recoverable amount of the Group's investment in Floatel as at 31 December 2020 on the basis of the Restructuring.</p> <p>With respect to the impairment of Floatel vessels, the recoverable amounts of the vessels were determined, with the assistance of an independent industry advisor, based on their VIU, using a DCF model.</p> <p>We focused on this area as the assessment of the recoverability of the Group's investment in Floatel and impairment of vessels held by Floatel required management's judgment in which several estimates and key assumptions were applied.</p>	<p>We read the public announcements made by Floatel on its financial results for the current financial year as well as those relating to the ongoing restructuring.</p> <p>We discussed with management to obtain an understanding of the restructuring progress of Floatel. We corroborated the information obtained to the reports and analysis from the independent financial advisor and the independent industry advisor, as well as our understanding of the business environment that Floatel is operating in.</p> <p>For the recoverability of the net investment in Floatel, we reviewed the valuation report prepared by the independent financial advisor and held discussions to understand their basis of determining the recoverable amount of the Group's investment in Floatel.</p> <p>For the recoverable amounts of the Floatel vessels, we reviewed the estimated VIU calculation prepared based on industry parameters provided by an independent industry advisor and held discussions to understand their analysis of the market outlook and method of estimating the VIUs. We engaged our valuation expert to evaluate the appropriateness of the discount rate used in the estimation of the recoverable amount of Floatel's vessels as part of the impairment review of the vessels.</p> <p>In respect of the financial advisor and industry advisor engaged by the Group, we assessed that they possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of the Group's investment in Floatel.</p> <p>For the fair value of preference shares, we reviewed the valuation report prepared by the independent financial advisor and assessed the reasonableness of the inputs.</p> <p>We also considered the adequacy of the disclosures in the financial statements in respect of this matter.</p> <p>Based on the procedures performed, we found management's assessment to be consistent with the results of the audit procedures performed on the basis of the Restructuring of Floatel, including the conclusion of the US\$100,000,000 RCF from financial institutions. We also found the disclosures in the financial statements in respect of this matter to be adequate.</p>

**INDEPENDENT AUDITOR'S REPORT**

to the Members of Keppel Corporation Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>4. Global resolution with criminal authorities in relation to corrupt payments</b> <i>(Refer to Note 2.28(b)(vi) to the financial statements)</i></p> <p>In December 2017, a wholly-owned subsidiary, Keppel Offshore and Marine Ltd ("KOM") reached a global resolution with the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, the U.S. Department of Justice ("DOJ"), and the Public Prosecutor's Office in Brazil, Ministério Público Federal ("MPF") in relation to corrupt payments made in Brazil by Zwi Skornicki, a former agent of certain Keppel subsidiaries in the O&amp;M division.</p> <p>In December 2020, KOM has successfully complied with its obligations under the Deferred Prosecution Agreement ("DPA") with the DOJ and the DPA has accordingly concluded. In addition, KOM has also been in compliance with its obligations under the Conditional Warning issued by CPIB and the Leniency Agreement with MPF. As part of the applicable fines payable under the global resolution, a further US\$52,777,123 (less any penalties that KOM may pay to specified Brazilian authorities) was payable to CPIB within three years from the date of the Conditional Warning and has been included in accrued expenses since FY 2017. The discussions with the specified Brazilian authorities remain ongoing, and CPIB has agreed to extend this three-year period for a further 12 months until 22 December 2021.</p> <p>In 2020, the Office of the Comptroller General of Brazil ("CGU") published a notice in the Official Gazette ("Notice") to the effect that CGU had initiated an administrative enforcement procedure ("AEP") against KOM and certain subsidiaries, in relation to alleged irregularities under the Brazilian Anti-Corruption Statute. Following the issuance of the Notice, the CGU would carry out further internal investigations and summons may be served. Neither the Notice nor any summons has been served on any of the foregoing entities to date.</p> <p>The Notice did not provide any factual particulars and the Company is therefore currently unable to assess the matter or its impact, if any. The Company understands from CGU that the AEP will not affect the ongoing negotiations with the Brazil authorities, and that the AEP has been suspended pending these ongoing discussions.</p> <p>As part of the global resolution with the authorities, the Group had also committed to strengthening the compliance and governance regime in KOM. Anti-bribery and corruption compliance audits were also performed on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to date were, in general, functioning as intended.</p> <p>Based on currently available information, no additional provision was made in relation to the ongoing discussions with the specified Brazilian authorities.</p> <p>We focused on this area because of the management judgment required in determining whether additional provision is required in view of the ongoing discussions with the specified Brazilian authorities.</p>	<p>We obtained an understanding of management's compliance and governance regime, including the progress of its implementation, through enquiries of appropriate personnel within the Group and attendance at the board of directors' meetings.</p> <p>We read the reporting by KOM to DOJ and CPIB. We discussed with management to understand the results of the anti-bribery and corruption compliance audits performed during the year.</p> <p>We obtained an understanding of the progress of ongoing discussions that the Group is having with the relevant authorities. We discussed the reasonableness and the adequacy of the provision made by management with an external legal counsel appointed by the Group.</p> <p>In respect of the external legal counsel engaged by the Group, we assessed that they possessed the requisite competency and experience in the assessment of the adequacy of provision made by management.</p> <p>Based on our procedures and representations obtained from management, we found management's assessment of the matter, including the ongoing discussions with the specified Brazilian authorities to be appropriate.</p> <p>We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found the disclosures in the financial statements to be adequate.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>5. Revenue recognition based on measurement of progress towards performance obligation</b> <i>(Refer to Notes 2.28(b)(iv) and 24 to the financial statements)</i></p> <p>During the year, the Group recognised \$1,705 million of revenue relating to its rigbuilding, shipbuilding and repairs, and long term engineering contracts (“construction contracts”). The Group recognises revenue over time by reference to the Group’s progress towards completing the construction of the contract work.</p> <p>The stage of completion was measured by reference to either the percentage of the physical proportion of the contract work completed or the proportion of contract costs incurred to date to the estimated total contract costs.</p> <p>We focused on this area because of the significant management judgment required in:</p> <ul style="list-style-type: none"> <li>• the estimation of the physical proportion of the contract work completed for the contracts; and</li> <li>• the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, and claims.</li> </ul>	<p>In respect of construction contracts where progress was measured based on the percentage of the physical proportion of the contract work completed, we sighted certified progress reports from engineers, performed site visits, and obtained confirmations from project owners to assess the appropriateness of management’s estimates of the physical proportion of work completed.</p> <p>In respect of construction contracts where progress was measured based on the proportion of contract costs incurred to date to the estimated total contract costs, we evaluated the effectiveness of management’s controls over the estimation of total costs and assessed the reasonableness of key inputs in the cost estimation. We tested the appropriateness of estimated costs by comparing these against actual costs incurred.</p> <p>We then recomputed the revenues recognised for the current financial year based on the respective percentage of completion and traced these to the accounting records.</p> <p>We also considered the adequacy of the Group’s disclosures in respect of this matter.</p> <p>Based on our procedures, we found assumptions made in the measurement of the progress of construction contracts to be reasonable. We also found the disclosures in the financial statements to be adequate.</p>
<p><b>6. Valuation of properties held for sale</b> <i>(Refer to Notes 2.28(b)(ix) and 14 to the financial statements)</i></p> <p>As at 31 December 2020, the Group has residential properties held for sale of \$3,597 million mainly in China, Singapore, Indonesia and Vietnam.</p> <p>Properties held for sale are stated at the lower of cost and net realisable values. The determination of the carrying value and whether to recognise any foreseeable losses for properties held for sale is highly dependent on the estimated cost to complete each development and the estimated selling price.</p> <p>For certain development projects, fair values based on independent valuation reports are used to determine the net realisable value of these properties.</p> <p>We focused on this area as significant judgment is required in making estimates of future selling prices and the estimated cost to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the discount rate and price of comparable plots and properties.</p>	<p>We found that, in making its estimates of future selling prices, the Group took into account macroeconomic and real estate price trend information, and the potential financial impact of the COVID-19 pandemic in the estimates. Senior management applied their knowledge of the business in their regular review of these estimates.</p> <p>We corroborated the Group’s forecasted selling prices by comparing the forecasted selling price to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held for sale.</p> <p>We compared management’s budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated cost to complete and corroborated the underlying assumptions made with our understanding of past completed projects.</p> <p>For projects where management has used independent valuation reports as a basis to determine the net realisable value, we evaluated the qualifications and competence of the external valuer and considered the valuation methodologies used against those applied by other valuers for similar property type. We tested the reliability of inputs used in the valuation and corroborated key inputs such as the discount rate and price of comparable plots and properties used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.</p>

**INDEPENDENT AUDITOR'S REPORT**

to the Members of Keppel Corporation Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>6. Valuation of properties held for sale (continued)</b></p> <p>Continued unfavourable market conditions in certain of the markets in which the Group operates might exert downward pressure on transaction volumes and residential property prices. This could lead to future trends in these markets departing from known trends based on past experience. There is, therefore, a risk that the estimates of carrying values at the date of these financial statements exceed future selling prices, resulting in losses when the properties are sold.</p> <p>Furthermore, the COVID-19 pandemic has resulted in significant economic uncertainty in the current and future economic environment and there is heightened uncertainty inherent in estimating the impact of the pandemic on future selling prices of the development properties.</p>	<p>We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computations of the foreseeable losses.</p> <p>We also considered the adequacy of the disclosures in the financial statements, in describing the allowance for foreseeable losses made for properties held for sale.</p> <p>Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.</p>
<p><b>7. Valuation of investment properties</b> <i>(Refer to Notes 7 and 34 to the financial statements)</i></p> <p>As at 31 December 2020, the Group owns a portfolio of investment properties of \$3,674 million comprising mainly office buildings, hotels, retail malls and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam.</p> <p>Investment properties are stated at their fair values based on independent external valuations.</p> <p>We focused on this area as the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied such as the capitalisation rate, discount rate, net initial yield and price of comparable plots and properties.</p> <p>Furthermore, the valuation reports obtained from independent property valuers for certain investment properties have highlighted the heightened uncertainty of the COVID-19 outbreak and material valuation uncertainty, where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.</p>	<p>We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types, and how the impact of the COVID-19 pandemic and market uncertainty has been considered by the independent property valuers in determining the valuation of investment properties. We also considered other alternative valuation methods.</p> <p>We tested the reliability of inputs of the projected cash flows used in the valuation to support lease agreements and other documents. We corroborated the inputs such as the capitalisation rate, net initial yield, discount rate and price of comparable plots used in the valuation methodology by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the reasons for these and, where necessary, held further discussions with the valuers.</p> <p>We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates and the impact of COVID-19 on the valuation of investment properties, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.</p> <p>The valuers are members of recognised professional bodies for external valuers. We found the valuation methodologies used to be in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be adequate.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>8. Impairment assessment of goodwill arising from acquisition of subsidiary – M1 Limited (“M1”)</b> <i>(Refer to Notes 2.28(iii) and 13 to the financial statements)</i></p> <p>In February 2019, the Group obtained controlling interest in M1 through an 80% owned subsidiary at a purchase consideration of \$1,232 million. A goodwill of \$988 million was recognised on acquisition of M1.</p> <p>An annual impairment assessment was performed on the goodwill arising from acquisition of M1 where the recoverable amount of M1 as a Cash-generating unit (“CGU”) is estimated. Where the recoverable amount of M1 is determined to be less than the Group’s carrying amount of the M1 CGU (including the goodwill), an impairment loss will be recognised.</p> <p>The recoverable value of the M1 CGU as at 31 December 2020 was determined on a VIU basis using a DCF model.</p> <p>The assessment of the VIU of M1 CGU required significant judgment in estimating the underlying assumptions including the revenue growth rate, long term growth rate and discount rate. Based on management’s assessment, no impairment loss was recognised as the recoverable amount was higher than the carrying value (including goodwill) of the M1 CGU.</p>	<p>We assessed the appropriateness of the underlying assumptions made by management in their cash flow projections, including the revenue growth rate, long term growth rate and discount rate based on the economic and industry conditions relevant to M1 business. We checked whether the cash flow projections were based on the approved business plan. We involved our valuation expert in evaluating the valuation methodology and the discount rate applied by management.</p> <p>We assessed the sensitivity of the cash flow projections and other key assumptions including discount rate and long term growth rate on the impairment assessment and the impact on the headroom over the carrying value.</p> <p>Based on our procedures and representations obtained from management, we found management’s impairment assessment of the goodwill on acquisition of M1 to be appropriate.</p> <p>We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found the disclosures in the financial statements to be adequate.</p>

**INDEPENDENT AUDITOR'S REPORT**

to the Members of Keppel Corporation Limited

**Other information**

Management is responsible for the other information. The other information comprises the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and other sections of the Keppel Corporation Limited Annual Report 2020 ("Other Sections of the Annual Report") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeoh Oon Jin.



#### **PricewaterhouseCoopers LLP**

Public Accountants and Chartered Accountants  
Singapore, 26 February 2021

**BALANCE SHEETS**

As at 31 December 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Share capital</b>	3	<b>1,305,668</b>	1,291,722	<b>1,305,668</b>	1,291,722
<b>Treasury shares</b>	3	<b>(13,690)</b>	(14,009)	<b>(13,690)</b>	(14,009)
<b>Reserves</b>	4	<b>9,436,480</b>	9,933,140	<b>8,185,085</b>	6,772,318
<b>Share capital &amp; reserves</b>		<b>10,728,458</b>	11,210,853	<b>9,477,063</b>	8,050,031
<b>Non-controlling interests</b>	5	<b>427,446</b>	435,178	-	-
<b>Total equity</b>		<b>11,155,904</b>	11,646,031	<b>9,477,063</b>	8,050,031
Represented by:					
<b>Fixed assets</b>	6	<b>2,715,753</b>	2,901,845	<b>5,764</b>	7,273
<b>Investment properties</b>	7	<b>3,674,075</b>	3,022,091	-	-
<b>Right-of-use assets</b>	8	<b>582,706</b>	759,929	<b>11,204</b>	12,833
<b>Subsidiaries</b>	9	-	-	<b>7,962,538</b>	7,962,528
<b>Associated companies and joint ventures</b>	10	<b>5,990,613</b>	6,350,845	-	-
<b>Investments</b>	11	<b>1,229,492</b>	649,069	<b>22,196</b>	19,230
<b>Deferred tax assets</b>	23	<b>159,427</b>	76,454	<b>5,096</b>	9,256
<b>Long term assets</b>	12	<b>1,756,399</b>	1,579,908	<b>39,828</b>	14,213
<b>Intangibles</b>	13	<b>1,608,824</b>	1,682,981	-	-
		<b>17,717,289</b>	17,023,122	<b>8,046,626</b>	8,025,333
<b>Current assets</b>					
Stocks	14	<b>4,959,427</b>	5,542,755	-	-
Contract assets	15	<b>2,657,231</b>	3,497,476	-	-
Amounts due from:					
- subsidiaries	16	-	-	<b>9,804,710</b>	7,280,724
- associated companies and joint ventures	16	<b>493,269</b>	563,578	<b>152</b>	705
Debtors	17	<b>2,531,075</b>	2,748,484	<b>12,273</b>	8,844
Derivative assets		<b>124,547</b>	41,050	<b>38,206</b>	18,544
Short term investments	18	<b>134,634</b>	121,581	-	-
Bank balances, deposits & cash	19	<b>2,479,715</b>	1,783,514	<b>574</b>	1,047
		<b>13,379,898</b>	14,298,438	<b>9,855,915</b>	7,309,864
Assets classified as held for sale	36	<b>1,008,692</b>	-	-	-
		<b>14,388,590</b>	14,298,438	<b>9,855,915</b>	7,309,864
<b>Current liabilities</b>					
Creditors	20	<b>4,603,677</b>	4,604,544	<b>63,808</b>	78,725
Derivative liabilities		<b>59,143</b>	119,481	<b>30,614</b>	19,988
Contract liabilities	15	<b>2,072,303</b>	1,824,965	-	-
Provisions for warranties	21	<b>39,449</b>	36,448	-	-
Amounts due to:					
- subsidiaries	16	-	-	<b>201,959</b>	156,867
- associated companies and joint ventures	16	<b>335,908</b>	490,286	-	-
Term loans	22	<b>4,432,602</b>	4,555,237	<b>3,406,552</b>	3,400,430
Lease liabilities	8	<b>69,377</b>	67,387	<b>4,198</b>	4,154
Taxation	28	<b>358,802</b>	248,425	<b>29,155</b>	31,523
		<b>11,971,261</b>	11,946,773	<b>3,736,286</b>	3,691,687
Liabilities directly associated with assets classified as held for sale	36	<b>115,220</b>	-	-	-
		<b>12,086,481</b>	11,946,773	<b>3,736,286</b>	3,691,687
<b>Net current assets</b>		<b>2,302,109</b>	2,351,665	<b>6,119,629</b>	3,618,177
<b>Non-current liabilities</b>					
Term loans	22	<b>7,606,594</b>	6,504,394	<b>4,529,017</b>	3,498,203
Lease liabilities	8	<b>494,527</b>	530,052	<b>7,725</b>	11,498
Deferred tax liabilities	23	<b>443,547</b>	399,028	-	-
Other non-current liabilities	20	<b>318,826</b>	295,282	<b>152,450</b>	83,778
		<b>8,863,494</b>	7,728,756	<b>4,689,192</b>	3,593,479
<b>Net assets</b>		<b>11,155,904</b>	11,646,031	<b>9,477,063</b>	8,050,031

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



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
<b>Revenue</b>	24	6,574,342	7,579,703
Materials and subcontract costs		(4,591,235)	(5,266,594)
Staff costs	25	(1,120,128)	(1,163,231)
Depreciation and amortisation		(413,506)	(375,294)
Impairment loss on financial assets and contract assets	26	(651,082)	(74,367)
Other operating income - net		210,010	176,284
<b>Operating profit</b>	26	8,401	876,501
Investment income	27	29,346	64,594
Interest income	27	162,053	177,675
Interest expenses	27	(292,266)	(312,716)
Share of results of associated companies and joint ventures	10	(162,221)	147,413
<b>Profit/(loss) before tax</b>		(254,687)	953,467
Taxation	28	(253,407)	(192,329)
<b>Profit/(loss) for the year</b>		(508,094)	761,138
Attributable to:			
<b>Shareholders of the Company</b>		(505,860)	706,975
<b>Non-controlling interests</b>	5	(2,234)	54,163
		(508,094)	761,138
Earnings per ordinary share	29		
- basic		(27.8) cts	38.9 cts
- diluted		(27.7) cts	38.7 cts

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 December 2020

	2020 \$'000	2019 \$'000
<b>Profit/(loss) for the year</b>	<b>(508,094)</b>	761,138
<u>Items that may be reclassified subsequently to profit and loss account:</u>		
Cash flow hedges		
- Fair value changes arising during the year, net of tax	(100,148)	(91,161)
- Realised and transferred to profit and loss account	125,112	115,750
Foreign exchange translation		
- Exchange difference arising during the year	135,212	(100,310)
- Realised and transferred to profit and loss account	17,247	7,345
Share of other comprehensive income of associated companies and joint ventures		
- Cash flow hedges	(27,370)	(18,898)
- Foreign exchange translation	69,751	(76,952)
	<b>219,804</b>	<b>(164,226)</b>
<u>Items that will not be reclassified subsequently to profit and loss account:</u>		
Financial assets, at FVOCI		
- Fair value changes arising during the year	65,246	(78,459)
Foreign exchange translation		
- Exchange difference arising during the year	1,882	(1,936)
Share of other comprehensive income of associated companies and joint ventures		
- Financial assets, at FVOCI	(429)	342
	<b>66,699</b>	<b>(80,053)</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>286,503</b>	<b>(244,279)</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(221,591)</b>	<b>516,859</b>
<b>Attributable to:</b>		
Shareholders of the Company	(221,151)	462,946
Non-controlling interests	(440)	53,913
	<b>(221,591)</b>	<b>516,859</b>

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

## STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Attributable to owners of the Company							Total Equity \$'000
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non-controlling Interests \$'000	
<b>Group</b>								
<b>2020</b>								
<b>As at 1 January 2020</b>	<u>1,291,722</u>	<u>(14,009)</u>	<u>126,099</u>	<u>10,470,627</u>	<u>(663,586)</u>	<u>11,210,853</u>	<u>435,178</u>	<u>11,646,031</u>
<b>Total comprehensive income for the year</b>								
Loss for the year	-	-	-	(505,860)	-	(505,860)	(2,234)	(508,094)
Other comprehensive income *	-	-	62,499	-	222,210	284,709	1,794	286,503
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>62,499</u>	<u>(505,860)</u>	<u>222,210</u>	<u>(221,151)</u>	<u>(440)</u>	<u>(221,591)</u>
<b>Transactions with owners, recognised directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Dividends paid (Note 30)	-	-	-	(273,078)	-	(273,078)	-	(273,078)
Share-based payment	-	-	36,302	-	-	36,302	-	36,302
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(24,325)	(24,325)
Purchase of treasury shares	-	(19,040)	-	-	-	(19,040)	-	(19,040)
Treasury shares reissued pursuant to share plans	13,946	19,359	(33,305)	-	-	-	-	-
Transfer of statutory, capital and other reserves from revenue reserves	-	-	(10,436)	11,763	(1,327)	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	16,888	16,888
Contributions to defined benefits plans	-	-	(1,474)	-	-	(1,474)	6	(1,468)
Other adjustments	-	-	(960)	-	-	(960)	-	(960)
<b>Total contributions by and distributions to owners</b>	<u>13,946</u>	<u>319</u>	<u>(9,873)</u>	<u>(261,315)</u>	<u>(1,327)</u>	<u>(258,250)</u>	<u>(7,431)</u>	<u>(265,681)</u>
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in subsidiaries	-	-	(2,994)	-	-	(2,994)	2,334	(660)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(2,195)	(2,195)
<b>Total change in ownership interests in subsidiaries</b>	<u>-</u>	<u>-</u>	<u>(2,994)</u>	<u>-</u>	<u>-</u>	<u>(2,994)</u>	<u>139</u>	<u>(2,855)</u>
<b>Total transactions with owners</b>	<u>13,946</u>	<u>319</u>	<u>(12,867)</u>	<u>(261,315)</u>	<u>(1,327)</u>	<u>(261,244)</u>	<u>(7,292)</u>	<u>(268,536)</u>
<b>As at 31 December 2020</b>	<u>1,305,668</u>	<u>(13,690)</u>	<u>175,731</u>	<u>9,703,452</u>	<u>(442,703)</u>	<u>10,728,458</u>	<u>427,446</u>	<u>11,155,904</u>

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

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

## STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total Equity \$'000
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	
<b>Group</b>								
<b>2019</b>								
<b>As at 1 January 2019</b>	1,291,722	(45,073)	194,943	10,241,638	(493,669)	11,189,561	306,133	11,495,694
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	706,975	-	706,975	54,163	761,138
Other comprehensive income *	-	-	(74,112)	-	(169,917)	(244,029)	(250)	(244,279)
<b>Total comprehensive income for the year</b>	-	-	(74,112)	706,975	(169,917)	462,946	53,913	516,859
<b>Transactions with owners, recognised directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Dividends paid (Note 30)	-	-	-	(417,938)	-	(417,938)	-	(417,938)
Share-based payment	-	-	34,991	-	-	34,991	125	35,116
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(11,623)	(11,623)
Purchase of treasury shares	-	(4,543)	-	-	-	(4,543)	-	(4,543)
Treasury shares reissued pursuant to share plans and share option scheme	-	35,607	(35,472)	-	-	135	-	135
Transfer of statutory, capital and other reserves from revenue reserves	-	-	9,821	(9,821)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	1,207	1,207
Contributions to defined benefits plans	-	-	(4,041)	-	-	(4,041)	(415)	(4,456)
Other adjustments	-	-	(31)	-	-	(31)	-	(31)
<b>Total contributions by and distributions to owners</b>	-	31,064	5,268	(427,759)	-	(391,427)	(10,706)	(402,133)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of a subsidiary	-	-	-	-	-	-	308,001	308,001
Acquisition of additional interest in subsidiaries	-	-	-	(50,227)	-	(50,227)	(173,390)	(223,617)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(50,864)	(50,864)
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	-	-	-	2,091	2,091
<b>Total change in ownership interests in subsidiaries</b>	-	-	-	(50,227)	-	(50,227)	85,838	35,611
<b>Total transactions with owners</b>	-	31,064	5,268	(477,986)	-	(441,654)	75,132	(366,522)
<b>As at 31 December 2019</b>	1,291,722	(14,009)	126,099	10,470,627	(663,586)	11,210,853	435,178	11,646,031

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

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

	Share Capital \$000	Treasury Shares \$000	Capital Reserves \$000	Revenue Reserves \$000	Total \$000
<b>Company</b>					
<b>2020</b>					
<b>As at 1 January 2020</b>	1,291,722	(14,009)	205,112	6,567,206	8,050,031
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	1,681,793	1,681,793
Other comprehensive income	-	-	1,055	-	1,055
<b>Total comprehensive income for the year</b>	-	-	1,055	1,681,793	1,682,848
<b>Transactions with owners, recognised directly in equity</b>					
Dividends paid	-	-	-	(273,078)	(273,078)
Share-based payment	-	-	36,302	-	36,302
Purchase of treasury shares	-	(19,040)	-	-	(19,040)
Treasury shares reissued pursuant to share plans	13,946	19,359	(33,305)	-	-
<b>Total transactions with owners</b>	13,946	319	2,997	(273,078)	(255,816)
<b>As at 31 December 2020</b>	1,305,668	(13,690)	209,164	7,975,921	9,477,063
<b>Company</b>					
<b>2019</b>					
<b>As at 1 January 2019</b>	1,291,722	(45,073)	202,141	6,194,448	7,643,238
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	790,696	790,696
Other comprehensive income	-	-	2,273	-	2,273
<b>Total comprehensive income for the year</b>	-	-	2,273	790,696	792,969
<b>Transactions with owners, recognised directly in equity</b>					
Dividends paid	-	-	-	(417,938)	(417,938)
Share-based payment	-	-	36,170	-	36,170
Purchase of treasury shares	-	(4,543)	-	-	(4,543)
Treasury shares reissued pursuant to share plans and share option scheme	-	35,607	(35,472)	-	135
<b>Total transactions with owners</b>	-	31,064	698	(417,938)	(386,176)
<b>As at 31 December 2019</b>	1,291,722	(14,009)	205,112	6,567,206	8,050,031

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

140 **CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
<b>Operating activities</b>			
Operating profit		8,401	876,501
Adjustments:			
Depreciation and amortisation		413,506	375,294
Share-based payment expenses		39,882	37,255
(Gain)/Loss on sale of fixed assets and an investment property		1,667	(6,277)
Gain on disposal of subsidiaries		(63,995)	(64,469)
(Gain)/Loss on disposal of associated companies		(34,419)	22
Gain from sale of units in associated companies		(48,010)	-
Impairment/write-off of fixed and intangible assets		62,075	8,432
Impairment of associated companies		48,686	35,915
Fair value gain on investment properties		(265,230)	(101,020)
(Gain)/Loss from change in interest in associated companies		1,615	(27,114)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		-	(158,376)
Gain from reclassification of associated companies to fair value through other comprehensive income investments		(124,769)	-
Fair value gain on remeasurement of remaining interest in an associated company		(26,034)	-
Unrealised foreign exchange differences		24,990	17,434
Operational cash flow before changes in working capital		38,365	993,597
Working capital changes:			
Stocks		(349,684)	(72,104)
Contract assets		872,481	(159,551)
Debtors		(427,146)	(806,164)
Creditors		352,164	(15,610)
Contract liabilities		272,478	(77,990)
Investments		(74,375)	(274,421)
Intangibles		(1,859)	(662)
Amount due to/from associated companies and joint ventures		(49,486)	(30,093)
		632,938	(442,998)
Interest received		132,046	179,503
Interest paid		(385,248)	(298,099)
Net income taxes paid		(177,284)	(263,856)
<b>Net cash from/(used in) operating activities</b>		<b>202,452</b>	<b>(825,450)</b>
<b>Investing activities</b>			
Acquisition of a subsidiary	A	-	(1,143,012)
Acquisition and further investment in associated companies and joint ventures		(743,600)	(652,576)
Acquisition of fixed assets and investment properties		(487,640)	(516,794)
Disposal of subsidiaries	B	331,761	27,117
Proceeds from disposal of associated companies and return of capital		318,141	106,117
Proceeds from disposal of fixed assets		3,187	16,094
(Advances to)/repayment from associated companies and joint ventures		58,778	96,625
Dividends received from investments, associated companies and joint ventures		245,270	378,422
<b>Net cash used in investing activities</b>		<b>(274,103)</b>	<b>(1,688,007)</b>
<b>Financing activities</b>			
Acquisition of additional interest in subsidiaries		(450)	(223,652)
Proceeds from reissuance of treasury shares pursuant to share option scheme		-	135
Proceeds from non-controlling shareholders of subsidiaries		1,881	1,178
Proceeds from term loans		2,240,500	4,392,341
Repayment of term loans		(1,159,414)	(1,342,450)
Principal element of lease payments		(53,413)	(47,306)
Purchase of treasury shares		(19,040)	(4,543)
Dividend paid to shareholders of the Company		(273,078)	(417,938)
Dividend paid to non-controlling shareholders of subsidiaries		(24,325)	(11,623)
<b>Net cash from financing activities</b>		<b>712,661</b>	<b>2,346,142</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>641,010</b>	<b>(167,315)</b>
<b>Cash and cash equivalents as at beginning of year</b>		<b>1,777,244</b>	<b>1,971,844</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>		<b>(9,781)</b>	<b>(27,285)</b>
<b>Cash and cash equivalents as at end of year</b>	C	<b>2,408,473</b>	<b>1,777,244</b>

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

## Reconciliation of liabilities arising from financing activities

### 2020

	1 January 2020 \$'000	Net proceeds/ (payment) of principal \$'000	Non-cash changes					31 December 2020 \$'000
			Reclassified as liabilities directly associated with assets classified as held for sale \$'000	Addition during the year \$'000	Remeasure- ment of lease liabilities \$'000	Disposal of subsidiaries \$'000	Foreign exchange movement \$'000	
Term loans	11,059,631	1,081,086	(91,967)	-	-	-	(9,554)	12,039,196
Lease liabilities	597,439	(53,413)	-	25,668	22,385	-	(28,175)	563,904

### 2019

	1 January 2019 \$'000	Net proceeds/ (payment) of principal \$'000	Non-cash changes					31 December 2019 \$'000
			Adoption SFRS(I) 16 \$'000	Addition during the year \$'000	Acquisition of subsidiaries \$'000	Disposal of subsidiaries \$'000	Foreign exchange movement \$'000	
Term loans	7,548,509	3,049,891	-	-	451,418	-	9,813	11,059,631
Lease liabilities	-	(47,306)	573,363	47,508	44,771	(6,713)	(14,184)	597,439

## Notes to Consolidated Statement of Cash Flows

### A. Acquisition of a subsidiary

During the financial year, net assets of subsidiaries acquired at their fair values were as follows:

	2020 \$'000	2019 \$'000
Fixed assets and investment properties	-	772,654
Right-of-use assets	-	44,324
Intangible assets	-	610,516
Stocks	-	34,745
Contract assets	-	163,121
Debtors and other assets	-	197,211
Bank balances and cash	-	88,991
Creditors and other liabilities	-	(241,555)
Borrowings and lease liabilities	-	(496,189)
Current and deferred taxation	-	(251,498)
Non-controlling interests consolidated	-	(2,091)
Total identifiable net assets at fair value	-	920,229
Non-controlling interests measured at fair value	-	(308,001)
Amount previously accounted for as an associated company	-	(210,137)
Goodwill arising from acquisition	-	988,288
Gain on remeasurement of previously held equity interest at fair value at acquisition date	-	(158,376)
Net assets acquired	-	1,232,003
Total purchase consideration	-	1,232,003
Less: Bank balances and cash acquired	-	(88,991)
<b>Cash outflow on acquisition</b>	<b>-</b>	<b>1,143,012</b>

Acquisition in prior year relates to the Group's 80% owned subsidiary, Connectivity Pte Ltd, which acquired approximately 81% equity interest in M1 Limited. The Group's wholly-owned subsidiary, Keppel Telecommunications & Transportation Ltd, holds the remaining 19% equity interest in M1 Limited.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS****B. Disposal of Subsidiaries**

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

	2020 \$'000	2019 \$'000
Fixed assets and investment properties	(192)	(80,973)
Right-of-use assets	-	(4,433)
Stocks	(293,591)	(95,065)
Debtors and other assets	(10,377)	(17,350)
Associated companies	(158,670)	-
Bank balances and cash	(5,352)	(26,053)
Creditors and other liabilities	251,693	41,357
Borrowings and lease liabilities	-	6,713
Current and deferred taxation	-	1,891
Non-controlling interests deconsolidated	2,195	50,099
	<b>(214,294)</b>	<b>(123,814)</b>
Amount accounted for as an associated company	59,927	26,984
Net assets disposed of	<b>(154,367)</b>	<b>(96,930)</b>
Net profit on disposal	<b>(63,995)</b>	<b>(64,469)</b>
Realisation of foreign currency translation reserve	<b>(2,950)</b>	<b>(7,335)</b>
Sale proceeds	<b>(221,312)</b>	<b>(168,634)</b>
Less: Bank balances and cash disposed	5,352	26,053
Less: (Deferred proceeds received)/proceeds receivable	<b>(115,801)</b>	115,464
<b>Cash inflow on disposal</b>	<b>(331,761)</b>	<b>(27,117)</b>

During the year, disposal relates to the First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, Jiangyin Evergro Properties Co., Ltd (JEP) and Chengdu Hilltop Development Co Ltd (CHD). First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation, while JEP owns a residential and commercial mixed-use sited located in Jiangyin, China and CHD owns Hill Crest Villas on a 24.9 hectare site located in Mumashan, Chengdu China. During the year, the Group also received deferred proceeds from FY 2019 sale of 70% interest in Dong Nai Waterfront City LLC.

Disposal in the prior year relates to the sale of 70% interest in Dong Nai Waterfront City LLC, Keppel Logistics (Foshan Sanshui Port) Company Ltd and Keppel Logistics (Hong Kong) Ltd.

**C. Cash and Cash Equivalents**

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

	2020 \$'000	2019 \$'000
Bank balances, deposits and cash	2,479,715	1,783,514
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost, claims and liabilities	<b>(71,242)</b>	<b>(6,270)</b>
	<b>2,408,473</b>	<b>1,777,244</b>



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

## 1. General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore production facilities and drilling rigs design, construction, fabrication and repair, ship conversions and repair and specialised shipbuilding;
- power generation, renewables, environmental engineering and infrastructure operation and maintenance;
- property development and investment, as well as master development;
- provision of telecommunications services, retail sales of telecommunications equipment and accessories, development and operation of data centres, and provision of logistics solutions; and
- management of private funds and listed real estate investment and business trusts.

The financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet and statement of changes in equity of the Company at 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 26 February 2021.

## 2. Significant accounting policies

### 2.1 Basis of Preparation

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

### 2.2 Adoption of New and Revised Standards

The Group adopted the new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

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

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)*
- Amendments to SFRS(I) 3 *Business Combinations (Definition of a Business)*
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*
- Amendments to SFRS(I) *Leases (Covid-19-Related Rent Concessions)*
- Amendments to Conceptual Framework for Financial Reporting

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

#### Interest Rate Benchmark Reform

In accordance with the transition provisions, the Group has adopted the amendments to SFRS(I) 9 and SFRS(I) 7 effective 1 January 2020 retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by inter-bank offered rate (IBOR) reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. The reliefs will cease to apply when the uncertainties arising from interest rate benchmark reform are no longer present.

Note 2.28(a)(iii) provides information about the uncertainty arising from IBOR reform for hedging relationships for which the Group has applied the reliefs. No changes were required to any of the amounts recognised in the current or prior period as a result of these amendments.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### 2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets transferred, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

#### 2.4 Fixed Assets

Fixed assets are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, if any. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditure is added to the carrying amount only when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Buildings on leasehold land	Over period of lease (ranging from 10 to 50 years)
Vessels & floating docks	10 to 30 years
Plant, machinery & equipment	3 to 30 years
Networks and related application systems	5 to 25 years
Furniture, fittings & office equipment	2 to 10 years
Cranes	5 to 30 years
Small equipment and tools	2 to 20 years

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

## 2.5 Investment Properties

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

The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components are recognised in the profit and loss account.

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

## 2.6 Subsidiaries

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

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

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

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

## 2.7 Associated Companies and Joint Ventures

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

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

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

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

When the Group's investment in an associated company or a joint venture is held by, or is held indirectly through, a subsidiary that is a venture capital organisation, or a mutual fund, unit trust and similar entities, the Group may elect to measure that investment at fair value through profit or loss. This election is made separately for each associated company or joint venture, at initial recognition of the associated company or joint venture.

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

## 2.8 Intangibles

### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net identifiable assets acquired and the liabilities assumed measured at their fair values at acquisition date. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### Spectrum Rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licenses or access codes. These intangible assets are measured initially at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Spectrum rights are amortised on a straight-line basis over the estimated economic useful life of 4 to 17 years.

#### Brand

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

#### Customer Contracts and Customer Relationships

Customer contracts and customer relationships are identified and recognised separately from goodwill. The cost of customer contracts and relationships is at their fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 2 to 20 years.

#### Other Intangible Assets

Other intangible assets include development expenditure and internet protocol (IP) address, initially recognised at cost and subsequently carried at cost less accumulated amortisation. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 3 to 20 years.

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

### 2.9 Service Concession Arrangement

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

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

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

### 2.10 Financial Assets

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

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

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

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

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

#### (i) Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade, intercompany and other receivables (excluding prepayments) and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

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

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in the profit and loss account in the period in which it arises.

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

**(ii) Equity investments**

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

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

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

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

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

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

## **2.11 Derivative Financial Instruments and Hedge Accounting**

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

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in the profit and loss account.

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

**NOTES TO THE FINANCIAL STATEMENTS****2. Significant accounting policies (continued)**

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group's key counterparty. The fair value of electricity future contracts is determined based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

**2.12 Investments**

Investments include equity investments classified as FVPL and FVOCI and debt investments classified as FVPL. See further in Note 2.10.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices are the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

**2.13 Stocks**

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

**2.14 Contract Assets and Contract Liabilities**

For contract where the customer is invoiced on a milestone payment schedule or over the period of the contract, a contract asset is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer, and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the Group.

**2.15 Impairment of Assets**Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

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

Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets

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

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

## 2.16 Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently carried at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.22).

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

## 2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions, where necessary, are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

## 2.18 Leases

### When a Group company is the lessee

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

### *Right-of-use assets*

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

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

### *Lease liabilities*

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

Lease payments include the following:

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

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

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

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

#### **Short term and low value leases**

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

#### **Variable lease payments**

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises these lease payments in profit or loss in the periods that triggered such lease payments. Details of the variable lease payments are disclosed in Note 8.

#### **Rent concessions**

The Group has elected to apply the optional practical expedient under Amendments to SFRS(I) 16 *Leases (Covid-19-Related Rent Concessions)*.

Under the practical expedient, the Group, as a lessee, has elected not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

#### When a Group company is the lessor

##### **Operating leases**

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

### 2.19 Assets classified as Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

### 2.20 Revenue

Revenue consists of:

- Revenue recognised on rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts;
- Sale of goods;
- Rendering of services;
- Rental income from investment properties;
- Investment and fee income; and
- Dividend income.

#### Revenue recognition

The Group enters into rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer.

At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.



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

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

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

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

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

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

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

Dividend income is recognised in the profit and loss account when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

## 2.21 Government Grants

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

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

## 2.22 Borrowing Costs

Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

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

## 2.23 Employee Benefits

### Defined Contribution Plan

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

### Employee Leave Entitlement

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

### Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

**NOTES TO THE FINANCIAL STATEMENTS****2. Significant accounting policies (continued)**

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued, or to the treasury shares account when treasury shares are re-issued to the employee.

**2.24 Income Taxes**

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset/liability is realised/settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**2.25 Foreign Currencies**Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign Currency Translation

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

#### Disposal or partial disposal of a foreign operation

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

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

### **2.26 Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When shares are reacquired by the Company, the amount of consideration paid and any directly attributable transaction cost is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in non-distributable capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

### **2.27 Segment Reporting**

The Group has five main segments, of which there are six reportable operating segments, namely Offshore & Marine, Infrastructure & Others, Urban Development, Connectivity, Asset Management and Corporate & Others. Management monitors the results of each of the main segments for the purpose of making decisions on resource allocation and performance assessment.

### **2.28 Critical Accounting Judgments and Estimates**

#### **(a) Critical judgments in applying the Group's accounting policies**

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

- (i) Control over Keppel REIT  
The Group has approximately 49% (2019: approximately 49%) gross ownership interest of units in Keppel REIT as at 31 December 2020. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it does not have control over Keppel REIT but continues to have significant influence over the investment.
- (ii) Control over KrisEnergy Limited  
The Group has approximately 40% (2019: approximately 40%) gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2020. The management assessed whether the Group has control over KrisEnergy based on whether it has the practical ability to direct the relevant activities of KrisEnergy. In exercising its judgment, management considers the relative size and dispersion of the shareholdings owned by the other shareholders. Taking into consideration the approximately 20% interest held by two other shareholders of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy but continues to have significant influence over the investment.
- (iii) Interest rate benchmark reform Phase 1 relief  
Following the global financial crisis, the reform and replacement of benchmark interest rates such as the Singapore Swap Offer Rate ("SOR"), USD London Interbank Offered Rate ("LIBOR") and other Interbank Offered Rates ("IBORs") has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

To transit existing contracts and agreements that reference IBORs to replacement benchmark rates, adjustments for term differences and credit differences might need to be applied to enable the two benchmark rates to be economically equivalent on transition.

The greatest change will be amendments to the contractual terms of the floating-rate loans as well as the associated swaps and the corresponding update of the hedge designation. Amendments will also be made to the contractual terms of certain receivables that are IBOR-referenced.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

*Relief applied*

The Group has applied the following reliefs that were introduced by the amendments made to SFRS(I) 9 *Financial Instruments*:

- a. When considering the 'highly probable' requirement, the Group has assumed that the IBOR interest rate on which the Group's hedged debt is based does not change as a result of the reform;
- b. In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the IBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by the reform; and
- c. The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

*Assumptions made*

In calculating the change in fair value attributable to the hedged risk of floating-rate loan, the Group has made the following assumptions that reflect its current expectations:

- a. Existing floating-rate loans will progressively move to the replacement benchmark rates from 2021 onwards and the spread adjustment between the current and replacement benchmark rates will be similar to the spread adjustment included in the interest rate swap used as the hedging instrument; and
- b. No other material changes to the terms of the floating-rate loans, other than the transition to the replacement benchmark rates, are anticipated.

**(b) Key sources of estimation uncertainty**

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

**(i) Coronavirus Disease 2019 ("COVID-19") and volatility in oil prices**

The evolving situation of the outbreak of the COVID-19 and volatility in oil prices, including the sharp reduction in global oil demand, could impact the assessment of the carrying amounts of the Group's assets and liabilities. As these events and conditions have significant financial reporting implications, Accounting and Corporate Regulatory Authority of Singapore ("ACRA") had published financial reporting practice guidance notes in May and December 2020 highlighting key focus areas when preparing and reviewing the financial statements, especially in areas where estimates, assumptions and judgment are required. In the assessment for the current year, management has carried out a review to assess the assumptions used in the assessment of the carrying values of certain assets of the Group. Management has exercised judgment in determining the significant assumptions used and has relied on information currently available, including the COVID-19 official updates from the authorities, the experts' consensus on global oil prices and the work performed by independent advisors on certain assets, in the assessment of the appropriateness of the carrying values of the Group's assets, including but not limited to the following assets as at 31 December 2020:

- Recoverability of contract assets and receivable balances in relation to offshore & marine construction contracts with Sete Brasil and other customers;
- Valuation of investment properties;
- Estimation of net realisable value of stocks;
- Impairment of non-financial assets; and
- Investments in associated companies and joint ventures, including KrisEnergy Limited and Floatel International Limited and related exposures.

As the COVID-19 situation continues to evolve, the Group will proactively implement measures in mitigating the potential impact on the Group. Should the COVID-19 situation take a longer than expected period to recover and/or the recovery of the long term oil prices, dayrates or utilisation rates take a longer period or to a lower level than expected, the assessment of the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial years.

**(ii) Recoverability of contract asset and receivable balances in relation to offshore & marine construction contracts  
Contracts with Sete Brasil ("Sete")**

The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd ("Magni") to purchase four Sete subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. The Engineering, Procurement and Construction (EPC) contracts and related agreements entered into in relation to these four rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US\$260 million from Sete and this amount has been included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.

In December 2019, Petrobras issued a press release to communicate their Board's approval on the continuation of four charter agreements, and for Magni and their operator Etesco to step in as the new party to the agreements. Since then, the Group has been in constructive discussions with Magni to finalise the construction contracts for the two rigs and with Sete to close out the condition precedents in the Settlement Agreement. As a result of the global COVID-19 pandemic and the extended time required for Magni to secure financing, finalisation of the agreements between the various parties have been delayed. On 12 November 2020, Petrobras issued a press release that their mediation agreement deadline with Sete has been extended to 31 January 2021 for Sete to conclude their sale transaction. As of the date of these financial statements, Magni has yet to secure the full financing required to complete the sale transaction with Sete.

On 26 January 2021, Petrobras issued a media release to inform that it had received notification from Sete that it will not be able to comply with the conditions in the mediation agreement by the extended due date of 31 January 2021 and Sete had requested to begin a new negotiation with Petrobras. The Executive Board of Petrobras has authorised this request from Sete, in search of a joint solution with Sete.

Notwithstanding that the deadline to complete the mediation agreement has not been extended, the Group believes that Petrobras, in approving a new negotiation, will continue to seek for solutions on these rigs with the relevant stakeholders which may yield several other alternative arrangements between the stakeholders. The Group will also be in active discussions with Sete and Magni as Sete enters into the new negotiation with Petrobras.

Management estimated the net present value of the cash flows relating to the construction contract for two rigs with Magni. In addition, management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts with Sete, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan.

Arising from the above assessment, the loss allowance for trade debtors of \$183,000,000 (2019: \$183,000,000) and the provision for related contract costs of \$245,000,000 (2019: \$245,000,000) made in prior years remain adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to EPC contracts with Sete.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to \$476,000,000 as at 31 December 2020 (31 December 2019: \$476,000,000).

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

- (i) Petrobras will continue to require the rigs for execution of its business plans and will charter them at the dayrates and tenure previously agreed with Sete;
- (ii) Magni will be able to secure financing to complete the purchase of the rigs with Sete and complete the construction contract with the Group at the terms previously discussed with Magni; and
- (iii) The future cost of construction of the rigs are not materially different from management's current estimation.

At the date of these financial statements, the commencement of a new negotiation between Petrobras and Sete has been authorised by the Executive Board of Petrobras. Should the conclusion of the negotiation result in significant changes to the key assumptions above, additional material provision may be required, including adjustments to the net carrying amounts (net of total cumulative losses as described above) relating to the Sete contracts amounting to \$113,645,000 as at 31 December 2020.

#### **Other contracts**

As at 31 December 2020, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks. In the event that the customers are unable to fulfil their contractual obligations, the Group can exercise the right to retain payments received to date and retain title to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements, amounting to \$848,117,000 as at 31 December 2020 (2019: \$778,734,000) of which \$772,443,000 (2019: \$638,973,000) is secured on the rigs and \$75,674,000 (2019: \$139,761,000) is unsecured but the Group has obtained parental guarantee from the customers.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

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

Management has engaged independent professional firms to assist in their assessment on whether the VIU of the rigs would exceed the carrying values of contract assets and trade receivables as at 31 December 2020. The VIU model used by the independent firm is consistent with prior years and is based on Discounted Cash Flow calculations that cover each class of rig. In addition to the independent firm responsible for the valuation based on VIU calculations, management has also engaged a separate industry expert to independently provide a view of the market outlook, assumptions and parameters which are used in the valuations based on estimation of VIU. Key inputs into the estimation of the VIU include dayrates and cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the rigs would decrease if the expected income from operating the rigs decline, or discount rates were higher, or the estimated commencement of deployment were delayed.

Management has also appointed an independent advisor to conduct an assessment of the recoverability of unsecured receivables as at 31 December 2020.

Accordingly, the Group recognised an expected credit loss allowance of \$430,842,000 (2019: \$nil) on contract assets, and \$169,611,000 (2019: \$nil) on long term receivables during the financial year ended 31 December 2020 as follows:

	Contract assets \$'000	Financing to customers		Total \$'000
		Secured \$'000	Unsecured \$'000	
<b>As at 31 December 2020</b>				
Gross balance	2,933,715	871,605	138,595	3,943,915
Less: Expected credit loss				
Balance, 1 January	21,000	-	-	21,000
Currency alignment	-	(4,634)	(2,894)	(7,528)
Impairment charged	430,842	103,796	65,815	600,453
Reclassification (Note 15)	(19,301)	-	-	(19,301)
Balance, 31 December	432,541	99,162	62,921	594,624
Net balance	2,501,174	772,443	75,674	3,349,291
<b>As at 31 December 2019</b>				
Gross balance	3,345,020	638,973	139,761	4,123,754
Less: Expected credit loss				
Balance, 1 January and 31 December	21,000	-	-	21,000
Net balance	3,324,020	638,973	139,761	4,102,754

The valuations of the rigs based on estimated VIU are most sensitive to discount rates and dayrates.

- A discount rate of 7% has been used in the valuation as at 31 December 2020 (31 December 2019: 6.8%). An increase of 1% of the discount rate would increase the expected credit loss by approximately S\$7,000,000 (31 December 2019: \$nil).
- A decrease in dayrates of US\$5,000 per day across the entire asset useful life of 25 years would not result in any further expected credit loss (31 December 2019: \$nil).

## (iii) Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units ("CGU"s). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. Management performed impairment tests on fixed assets (Note 6), investments in subsidiaries (Note 9), investments in associated companies and joint ventures (Note 10), and intangibles (Note 13) as at 31 December 2020.

Management has performed the impairment assessment of its investments in KrisEnergy Limited ("KrisEnergy") and Floatel International Limited ("Floatel") and related exposures on the basis of the restructuring steps taken by these investees. Refer to Note 10(c) and Note 10(f) respectively for more details on the impairment assessment of Group's investments in KrisEnergy and Floatel.

Management has also performed an impairment assessment of the goodwill arising from acquisition of M1 Limited. Details of the impairment testing is disclosed in Note 13.

(iv) Revenue recognition and contract cost

The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the physical proportion of the contract work completed for the contracts; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 24.

(v) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

(vi) Claims, litigations and reviews

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

***EIG Energy Fund XIV, L.P., et al. v. Keppel Offshore & Marine Ltd., (United States District Court, Southern District of New York)***

In February 2018, the Company's subsidiary, Keppel Offshore & Marine Ltd ("KOM") was served a summons by eight investment funds ("Plaintiffs") managed by EIG Management Company, LLC ("EIG") where a civil action was commenced by the Plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act ("RICO") in the United States District Court, Southern District of New York. The Plaintiffs sought damages for its loss of investment of US\$221 million in Sete, trebled under RICO to US\$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

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

In March 2018, KOM submitted a letter pursuant to the Court's rules seeking permission to file a motion to dismiss the Complaint. In April 2018, in response to KOM's letter, the Plaintiffs filed the First Amended Complaint which added, among other things, a state law claim for aiding and abetting fraud.

In July 2018, KOM filed a motion to dismiss the First Amended Complaint. The Plaintiffs filed their brief in opposition to the motion in August 2018, and KOM filed its reply brief in August 2018.

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

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

Management is of the view that the remaining claim for aiding and abetting fraud is without merit and KOM will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of this remaining claim and hence, the potential amount of loss cannot currently be assessed.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

*Termination of Two Mid-Water Semisubmersible Drilling Rig Contracts*

As disclosed in Note 2.28(b)(ix), a subsidiary of Keppel Offshore & Marine Ltd ("KOM subsidiary") terminated two contracts with subsidiaries of a customer for the construction of two mid-water semisubmersible drilling rig for harsh environment use:

- (i) In June 2020, the buyer under the first of these contracts ("First Contract") alleged a breach of contract by the KOM subsidiary and purportedly terminated the First Contract and sought recovery of the payments already made to the KOM subsidiary with interest. The allegations by the buyer were refuted and the purported termination of the contract was rejected by the KOM subsidiary. The buyer subsequently failed to pay an instalment due under the First Contract. Non-payment of any instalment by the customer is a default in accordance with the First Contract, entitling the KOM subsidiary to terminate the First Contract, retain all payments received to date (approximately US\$54 million), and seek compensation for the work done to date and claim ownership of the rig. The KOM subsidiary had therefore issued a notice of termination of the First Contract to the buyer and commenced arbitration to enforce its rights under the First Contract against the buyer.
- (ii) In December 2020, the KOM subsidiary issued a notice of termination of the second of these contracts ("Second Contract") and commenced arbitration to enforce its rights under the Second Contract against the buyer, which rights include the right to retain the amounts already paid by the buyer to date of approximately US\$43 million and to seek reimbursement of the KOM subsidiary's costs of the project to the date of termination.

Subsequent to the issuance of this notice of termination, the KOM subsidiary has received a notice from the buyer purporting to terminate the Second Contract, alleging breaches under the Second Contract. As it had already terminated the Second Contract, the KOM subsidiary's position is that the notice of termination can have no effect. In any event, the KOM subsidiary refutes the abovementioned allegations by the buyer in the notice.

The Group is working with legal advisors to enforce its rights and will continue to evaluate the potential financial impact in consultation with its advisors. Based on currently available information, no provision was made in respect of the recovery of the payments already made to the Group by the two buyers.

*Global resolution with criminal authorities in relation to corrupt payments*

In 2017, KOM reached a global resolution with the criminal authorities in the United States of America, Brazil and Singapore in relation to corrupt payments made in relation to KOM's various projects with Petrobras and Sete Brasil in Brazil, which were made with knowledge or approval of former KOM executives. Fines in an aggregate amount of US\$422,216,980, or equivalent to approximately S\$570 million, paid/payable had been allocated between the three jurisdictions.

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

KOM has successfully complied with its obligations under the DPA and the DPA has accordingly concluded. KOM has also been in compliance with its obligations under the Conditional Warning issued by the CPIB and the Leniency Agreement entered into with the MPF. As part of the applicable fines payable under the global resolution, a sum of US\$52,777,122.50 (less any penalties that KOM may pay to specified Brazilian authorities) was payable to CPIB within three years from the date of the Conditional Warning and has been included in accrued expenses since FY 2017. The discussions with the specified Brazilian authorities remain ongoing, and CPIB has agreed to extend this three-year period for a further 12 months until 22 December 2021.

It has been brought to the Company's attention that the Office of the Comptroller General of Brazil ("CGU") has published a notice in the Official Gazette ("Notice") to the effect that CGU has initiated an administrative enforcement procedure ("AEP") against KOM, Prismatic Services Ltd., Keppel FELS Ltd., Keppel FELS Brasil S.A., and BrasFELS S.A., in relation to alleged irregularities under the Brazilian Anti-Corruption Statute, and appointed two CGU officials to form a panel to preside over the proceedings. The Company has been advised that, following the issuance of the Notice, the CGU would carry out further internal investigations, and the panel has to thereafter decide whether any summons is to be served on the defendants, and if so, the defendants will then have 30 days thereafter to file a defence. Neither the Notice nor any summons has been served on any of the foregoing entities to date.

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



Over the course of the DPA reporting period, Keppel Group continued its remediation efforts and implemented significant compliance enhancements across its businesses. KOM's successful completion of the DPA reflects Keppel Group's ongoing commitment to ethics, integrity and robust controls in all its business operations. In 2019, KOM successfully achieved global certification for the ISO 37001 Anti-Bribery Management System, and Keppel is progressively implementing the same standard throughout the Group.

Anti-bribery and corruption compliance audits were also performed on entities within the KOM Group. These audits revealed enhanced policies and procedures put in place to date were, in general, functioning as intended. The results of the audits performed in 2020 were satisfactory with no adverse findings requiring follow-up actions.

Based on currently available information, no additional provision was made in relation to the ongoing discussions with the specified Brazilian authorities.

(vii) Useful lives of network and related application systems

The cost of network and related application systems is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimated the useful lives of these fixed assets to be within 5 to 25 years. These are common life expectancies applied in the telecommunications industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's network and related application systems at the end of the reporting period are disclosed in Note 6 to the financial statements.

(viii) Revaluation of investment properties

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

For the purpose of the financial statements for the year ended 31 December 2020, valuations were obtained from the valuers for the Group's investment properties, and the resultant fair value changes were recognised in the profit and loss account.

In determining the fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, price of comparable plots and properties, net initial yield and discount rate. The valuation reports obtained from independent valuers for certain properties have highlighted the heightened uncertainty of the COVID-19 outbreak and material valuation uncertainty where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.

In relying on the valuation reports, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions. The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Notes 7 and 34.

(ix) Estimating net realisable value of stocks

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

As at 31 December 2020, stocks under work-in-progress amounted to \$1,072,890,000 (after a provision of \$41,508,000 recognised in FY 2020 and \$50,000,000 in prior years). This amount included a balance of \$447,337,000, which were transferred from contract assets during FY 2020 as described in Note 2.28(b)(vi) – *Termination of Two Mid-Water Semisubmersible Drilling Rig Contracts*.

The assessment of the carrying value of these stocks were performed in conjunction with the recoverability assessment of contract assets based on a VIU approach as described above in Note 2.28(b)(ii).

Based on the results of the assessments, the Group recognised an impairment provision of \$41,508,000 on stocks under work-in-progress during the financial year ended 31 December 2020.

The valuation of these stocks under work-in-progress based on estimated VIU are most sensitive to discount rates and dayrates.

- An increase of 1% of the discount rate would result in an impairment of approximately \$158,000,000 (31 December 2019: \$nil).
- A decrease in dayrates of US\$5,000 per day across the entire asset life of 25 years would result in an impairment of approximately \$21,000,000 (31 December 2019: \$nil).

For properties held for sale, provision is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimates and assumptions used are subject to risk and uncertainty in view of the economic uncertainty brought about by the COVID-19 pandemic. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. Share capital

	Group and Company			
	Issued Share Capital		Treasury Shares	
	Number of Ordinary Shares ("Shares")			
	2020	2019	2020	2019
Balance at 1 January	1,818,394,180	1,818,394,180	(2,014,736)	(5,936,044)
Issue of shares under share plan	2,163,587	-	-	-
Treasury shares transferred pursuant to share option scheme	-	-	-	44,000
Treasury shares transferred pursuant to share plans	-	-	2,829,890	4,647,308
Treasury shares purchased	-	-	(3,866,628)	(770,000)
Balance at 31 December	1,820,557,767	1,818,394,180	(3,051,474)	(2,014,736)

	Amount (\$'000)			
	Issued Share Capital		Treasury Shares	
	Amount (\$'000)			
	2020	2019	2020	2019
Balance at 1 January	1,291,722	1,291,722	(14,009)	(45,073)
Issue of shares under share plan	13,946	-	-	-
Treasury shares transferred pursuant to share option scheme	-	-	-	334
Treasury shares transferred pursuant to share plans	-	-	19,359	35,273
Treasury shares purchased	-	-	(19,040)	(4,543)
Balance at 31 December	1,305,668	1,291,722	(13,690)	(14,009)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, 4,340,777 (2019: 4,266,708) Shares under the KCL Restricted Share Plan ("KCL RSP") and 652,700 (2019: 380,600) Shares under the KCL Performance Share Plan ("KCL PSP") were vested.

During the financial year, the Company transferred 2,829,890 (2019: 4,691,308) treasury shares to employees under vesting of Shares released under the KCL Share Plans. The Company also purchased 3,866,628 (2019: 770,000) treasury shares in the Company in the open market during the financial year. The total amount paid was \$19,040,000 (2019: \$4,543,000). Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the financial year.

**KCL Share Option Scheme**

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Till Bernhard Vestring (Chairman)  
Lee Boon Yang  
Danny Teoh  
Teo Siong Seng

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average closing prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	910,900	\$6.89	1,890,185	\$6.74
Exercised	-	-	(44,000)	\$3.07
Cancelled	-	-	(935,285)	\$6.77
Expired	(910,900)	\$6.89	-	-
Balance at 31 December	-	-	910,900	\$6.89
Exercisable at 31 December	-	-	910,900	\$6.89

As at 31 December 2020, there were no unexercised options for unissued ordinary shares under the KCL Share Options Scheme.

In 2019, the weighted average share price at the date of exercise for options exercised was \$6.03. The options outstanding as at 31 December 2019 had a weighted average exercise price of \$6.89 and a weighted average remaining contractual life of 0.1 year.

### KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

Details of the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP, the KCL PSP – Transformation Incentive Plan ("KCL PSP-TIP") and the KCL PSP – M1 Transformation Incentive Plan ("KCL PSP-M1 TIP") are as follows:

	KCL RSP	KCL RSP-Deferred Shares	KCL PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity	-	(a) Absolute Total Shareholder's Return (b) Return on Capital Employed (c) Net Profit
Final Award	0% to 100% of the contingent award granted, depending on achievement of pre-determined targets	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfilment of service requirements	Awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements
		KCL PSP-TIP	KCL PSP-M1 TIP
Plan Description		Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a six-year performance period	Two separate awards of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year and six-year performance period respectively
Performance Conditions		(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement	(a) Net Profit (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Net Promoter Score (d) Individual Performance Achievement
Final Award		0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule		If pre-determined targets are achieved, awards will vest at the end of the six-year performance period subject to fulfilment of service requirements	If pre-determined targets are achieved, the two separate awards will vest at the end of the three-year and six-year performance period subject to fulfilment of service requirements

## NOTES TO THE FINANCIAL STATEMENTS

## 3. Share capital (continued)

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

	2020				2019		
	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP	KCL PSP-M1 TIP	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP
<b>Contingent awards/Awards (KCL RSP-Deferred Shares)</b>							
Balance at 1 January	-	3,885,000	5,585,967	-	-	2,895,000	5,965,967
Granted	5,318,164	1,585,000	1,280,000	423,500	4,234,171	1,635,000	-
Adjustments upon released	(1,709)	(417,300)	-	-	-	(264,400)	-
Released	(5,316,455)	(652,700)	-	-	(4,234,171)	(380,600)	-
Cancelled	-	(100,000)	(343,796)	-	-	-	(380,000)
Balance at 31 December	-	4,300,000	6,522,171	423,500	-	3,885,000	5,585,967

	2020		2019	
	KCL RSP	KCL RSP-Deferred Shares	KCL RSP	KCL RSP-Deferred Shares
<b>Awards released but not vested:</b>				
Balance at 1 January	26,241	3,912,564	1,630,118	2,586,237
Released	-	5,316,455	-	4,234,171
Vested	(25,641)	(4,315,136)	(1,565,032)	(2,701,676)
Cancelled	(600)	(244,813)	(38,845)	(203,511)
Other adjustments	-	-	-	(2,657)
Balance at 31 December	-	4,669,070	26,241	3,912,564

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of Shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2020, there were no awards released but not vested (2019: 26,241) under the KCL RSP and 4,669,070 (2019: 3,912,564) Shares under the KCL RSP-Deferred Shares that were released but not vested. At the end of the financial year, the number of contingent award of Shares granted but not released was 4,300,000 (2019: 3,885,000) under the KCL PSP, 6,522,171 (2019: 5,585,967) under the KCL PSP-TIP, and 423,500 (2019: nil) under the KCL PSP-M1 TIP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could range from zero to a maximum of 6,450,000 under the KCL PSP, zero to a maximum of 9,783,257 under the KCL PSP-TIP and zero to a maximum of 635,250 under the KCL PSP-M1 TIP.

The fair values of the contingent award of Shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 17 February 2020 (2019: 15 February 2019 and 18 April 2019), the Company granted awards of 5,318,164 (2019: 3,908,536 and 325,635) Shares under the KCL RSP-Deferred Shares and the estimated fair value of the Shares granted were \$6.48 (2019: \$5.84 and \$6.51). On 31 March 2020 (2019: 30 April 2019), the Company granted contingent awards of 1,585,000 (2019: 1,635,000) Shares under the KCL PSP and the estimated fair value of the Shares granted was \$3.69 (2019: \$5.60). On 28 February 2020, the Company granted contingent awards of 1,280,000 Shares under the KCL PSP-TIP and the estimated fair value of the Shares granted was \$1.92. On 17 February 2020, the Company granted contingent awards of 423,500 Shares under the KCL PSP-M1 TIP and the estimated fair value of the Shares granted were \$6.31 and \$5.72 respectively.

The significant inputs into the model are as follows:

	2020			
	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP	KCL PSP-M1 TIP
Date of grant	17.02.2020	31.03.2020	28.02.2020	17.02.2020
Prevailing share price at date of grant	\$6.72	\$5.29	\$6.34	\$6.72
Expected volatility of the Company	23.89%	26.02%	24.07%	23.89%
Expected term	0.00 - 2.00 years	2.92 years	1.99 years	2.00 and 5.00 years
Risk free rate	1.48% - 1.50%	0.87%	1.28%	1.50% and 1.53%
Expected dividend yield	*	*	*	*

	2019		
	KCL RSP-Deferred Shares	KCL RSP-Deferred Shares	KCL PSP
Date of grant	15.02.2019	18.04.2019	30.04.2019
Prevailing share price at date of grant	\$6.08	\$6.74	\$6.77
Expected volatility of the Company	21.29%	21.24%	21.29%
Expected term	0.00 - 2.00 years	0.00 - 1.86 years	2.84 years
Risk free rate	1.94% - 1.95%	1.90% - 1.93%	1.92%
Expected dividend yield	*	*	*

\* Expected dividend yield is based on management's forecast.

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

#### 4. Reserves

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Capital reserves				
Share option and share plans reserve	190,711	210,412	190,711	187,032
Fair value reserve	47,470	(17,300)	22,196	19,230
Hedging reserve	(218,544)	(192,864)	(1,911)	-
Bonus issue by subsidiaries	40,000	40,000	-	-
Others	116,094	85,851	(1,832)	(1,150)
	175,731	126,099	209,164	205,112
Revenue reserves	9,703,452	10,470,627	7,975,921	6,567,206
Foreign exchange translation account	(442,703)	(663,586)	-	-
	9,436,480	9,933,140	8,185,085	6,772,318

Share option and share plans reserve amounting to \$23,380,000 as at 31 December 2020 was reclassified to the "Others" category within Capital Reserves.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. Reserves (continued)

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

	Foreign exchange risk \$'000	Interest rate risk \$'000	Price risk \$'000	Total \$'000
<b>Group</b>				
<b>2020</b>				
As at 1 January	(10,425)	(89,236)	(93,203)	(192,864)
Transfer of hedging reserve from revenue reserve	(109)	-	(23,165)	(23,274)
Fair value changes arising during the year, net of tax	(50,212)	(119,894)	69,958	(100,148)
Realised and transferred to profit and loss account				
- Revenue	(2,317)	-	-	(2,317)
- Materials and subcontract costs	5,179	(319)	82,097	86,957
- Other operating income – net	15,319	848	-	16,167
- Interest expenses	-	26,424	-	26,424
- Exchange difference	(2,119)	-	-	(2,119)
Share of associated companies and joint ventures' fair value gains	(3,937)	(23,433)	-	(27,370)
As at 31 December	<u>(48,621)</u>	<u>(205,610)</u>	<u>35,687</u>	<u>(218,544)</u>
<b>2019</b>				
As at 1 January	(27,498)	(18,628)	(152,690)	(198,816)
Fair value changes arising during the year, net of tax	7,474	(84,976)	(13,659)	(91,161)
Realised and transferred to profit and loss account				
- Revenue	18,700	-	-	18,700
- Materials and subcontract costs	(2,301)	-	73,146	70,845
- Other operating income – net	(8,274)	-	-	(8,274)
- Interest expenses	-	34,479	-	34,479
Share of associated companies and joint ventures' fair value gains	1,213	(20,111)	-	(18,898)
Less: Non-controlling interests	261	-	-	261
As at 31 December	<u>(10,425)</u>	<u>(89,236)</u>	<u>(93,203)</u>	<u>(192,864)</u>

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

## 5. Non-controlling interests

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest		Carrying amount of NCI		Profit after tax allocated to NCI	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Konnectivity Pte. Ltd.	20%	20%	306,897	310,858	9,182	9,308
Keppel Telecommunications & Transportation Ltd	-	-	-	-	-	739
Other subsidiaries with immaterial NCI			120,549	124,320	(11,416)	44,116
Total			427,446	435,178	(2,234)	54,163

Summarised financial information before inter-group elimination

	Konnectivity Pte. Ltd.	
	2020	2019
	\$'000	\$'000
Non-current assets	2,396,955	2,433,048
Current assets	413,821	488,817
Non-current liabilities	331,564	481,089
Current liabilities	577,638	508,007
Net assets	1,901,574	1,932,769
Less: NCI	(367,088)	(378,477)
	1,534,486	1,554,292
Revenue	1,074,090	950,002
Profit for the year	51,544	62,306
Total comprehensive income	51,339	77,305
Net cash flow from operations	292,801	194,627
Total comprehensive income allocated to NCI	9,149	11,729
Dividends paid to NCI	13,110	8,900

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2020	2019
	\$'000	\$'000
Amounts paid/payable on changes in ownership interest in subsidiaries	(660)	(223,617)
Non-controlling interest acquired	(2,334)	173,390
Total amount recognised in equity reserves	(2,994)	(50,227)

## NOTES TO THE FINANCIAL STATEMENTS

## 6. Fixed assets

	Freehold Land & Buildings \$'000	Buildings on Leasehold Land \$'000	Vessels & Floating Docks \$'000	Networks and Related Application Systems \$'000	Plant, Machinery, Equipment & Others <sup>(1)</sup> \$'000	Capital Work-in-Progress \$'000	Total \$'000
<b>Group</b>							
<b>2020</b>							
<b>Cost</b>							
At 1 January	114,791	1,968,811	533,604	645,963	2,162,118	137,572	5,562,859
Additions	374	3,263	14,585	72,296	86,801	44,102	221,421
Disposals	-	(1,341)	(1,876)	(2,360)	(22,867)	(627)	(29,071)
Write-off	-	-	-	-	(3,029)	(11)	(3,040)
Subsidiaries acquired	-	-	-	-	-	-	-
Subsidiaries disposed	-	-	-	-	(621)	-	(621)
Reclassification							
- ROU asset	-	(6,281)	-	-	(142)	-	(6,423)
- Stocks	-	-	-	-	-	7,778	7,778
- Other fixed assets categories	859	10,379	(11,384)	8,420	2,352	(10,626)	-
- Asset held for sale (Note 36)	-	(58,764)	-	-	(623)	-	(59,387)
Exchange differences	2,089	(2,073)	(7,990)	-	(15,249)	1,069	(22,154)
At 31 December	118,113	1,913,994	526,939	724,319	2,208,740	179,257	5,671,362
<b>Accumulated Depreciation</b>							
At 1 January	66,035	884,340	159,877	63,476	1,440,840	46,446	2,661,014
Depreciation charge	2,869	50,002	15,582	91,823	134,710	-	294,986
Disposals	-	(1,214)	(1,876)	(226)	(20,901)	-	(24,217)
Impairment	-	34,573	-	-	1,595	-	36,168
Write-off	-	-	-	-	(2,070)	-	(2,070)
Subsidiaries disposed	-	-	-	-	(429)	-	(429)
Reclassification							
- ROU asset	-	6,849	-	-	(42)	-	6,807
- Stocks	-	-	-	-	-	-	-
- Other fixed assets categories	(4)	456	6,592	-	(326)	(6,718)	-
- Asset held for sale (Note 36)	-	(4,701)	-	-	(526)	-	(5,227)
Exchange differences	1,486	(2,068)	(3,875)	(3)	(7,881)	918	(11,423)
At 31 December	70,386	968,237	176,300	155,070	1,544,970	40,646	2,955,609
<b>Net Book Value</b>	<b>47,727</b>	<b>945,757</b>	<b>350,639</b>	<b>569,249</b>	<b>663,770</b>	<b>138,611</b>	<b>2,715,753</b>

Included in freehold land & buildings are freehold land amounting to \$6,427,000 (2019: \$7,295,000).

Certain fixed assets with carrying amount of \$119,016,000 (2019: \$123,940,000) are mortgaged to banks for loan facilities (Note 22).

Interest capitalised during the financial year amounted to \$nil (2019: \$436,000).

Each rigbuilding, shipbuilding and repair facilities in the Energy & Environment segment has been identified as individual CGUs. The recoverable amounts of these CGUs were determined using value-in-use models that incorporated cash flow projections based on financial forecasts approved by management. Management had determined the forecasted cash flows based on past performance and its current expectations of market development. These cash flows were discounted at discount rates ranging from 6% to 11% (2019: 7% to 12%) per annum, depending on the location of the facilities.

During the year, the Group recognised an impairment loss of \$19,694,000 (2019: \$nil) for property, plant and equipment in the Energy & Environment segment, which was based on the difference between the recoverable amount and the net book value of the fixed assets.

During the year, the Group recognised an impairment loss of \$6,919,000 (2019: \$4,910,000) in the Urban Development segment, which was based on the difference between the recoverable amount and the net book value of a fixed asset. The recoverable amount was based on fair value determined using the income approach.

During the year, the Group recognised an impairment loss of \$9,555,000 (2019: \$3,514,000) on certain buildings and equipment in the Connectivity segment, due to lower recoverable amounts subsequent to sustained losses generated from these assets, as a result of weaker economic outlook which adversely affected fair values and expected returns of these assets. The recoverable amounts were assessed to be fair value less costs of disposal.



	Freehold Land & Buildings \$'000	Buildings on Leasehold Land \$'000	Vessels & Floating Docks \$'000	Networks and Related Application Systems \$'000	Plant, Machinery, Equipment & Others <sup>(1)</sup> \$'000	Capital Work-in-Progress \$'000	Total \$'000
<b>Group</b>							
<b>2019</b>							
<b>Cost</b>							
At 1 January	114,301	1,877,691	355,159	-	2,037,569	347,618	4,732,338
Additions	247	5,723	333	57,575	76,791	71,322	211,991
Disposals	(165)	(2,549)	(393)	(11,069)	(24,388)	(16)	(38,580)
Write-off	-	(120)	-	-	(3,883)	-	(4,003)
Subsidiaries acquired	-	73,042	-	546,496	103,805	49,311	772,654
Subsidiaries disposed	-	(102,844)	-	-	(31,349)	(200)	(134,393)
Reclassification							
- Investment properties	-	58,764	-	-	-	-	58,764
- Other fixed assets categories	210	72,534	184,778	52,961	17,359	(327,842)	-
Exchange differences	198	(13,430)	(6,273)	-	(13,786)	(2,621)	(35,912)
At 31 December	114,791	1,968,811	533,604	645,963	2,162,118	137,572	5,562,859
<b>Accumulated Depreciation</b>							
At 1 January	62,927	856,048	151,155	-	1,369,949	46,819	2,486,898
Depreciation charge	3,167	54,820	12,097	68,606	127,315	-	266,005
Disposals	(160)	(1,627)	(393)	(5,130)	(22,287)	-	(29,597)
Impairment	-	7,456	-	-	893	75	8,424
Write-off	-	(120)	-	-	(3,875)	-	(3,995)
Subsidiaries disposed	-	(30,597)	-	-	(22,823)	-	(53,420)
Reclassification							
- Other fixed assets categories	(135)	2,357	-	-	(2,222)	-	-
Exchange differences	236	(3,997)	(2,982)	-	(6,110)	(448)	(13,301)
At 31 December	66,035	884,340	159,877	63,476	1,440,840	46,446	2,661,014
<b>Net Book Value</b>	<b>48,756</b>	<b>1,084,471</b>	<b>373,727</b>	<b>582,487</b>	<b>721,278</b>	<b>91,126</b>	<b>2,901,845</b>

<sup>(1)</sup> Others comprise furniture, fittings and office equipment, cranes and small equipment and tools.

	Freehold Land & Buildings \$'000	Plant, Machinery, Equipment & Others <sup>(2)</sup> \$'000	Capital Work-in-Progress \$'000	Total \$'000
<b>Company</b>				
<b>2020</b>				
<b>Cost</b>				
At 1 January	1,233	17,538	-	18,771
Additions	-	552	-	552
Disposals	-	(29)	-	(29)
Write-off	-	(22)	-	(22)
At 31 December	1,233	18,039	-	19,272
<b>Accumulated Depreciation</b>				
At 1 January	1,233	10,265	-	11,498
Depreciation charge	-	2,047	-	2,047
Disposals	-	(29)	-	(29)
Write-off	-	(8)	-	(8)
At 31 December	1,233	12,275	-	13,508
<b>Net Book Value</b>	<b>-</b>	<b>5,764</b>	<b>-</b>	<b>5,764</b>
<b>2019</b>				
<b>Cost</b>				
At 1 January	1,233	8,791	6,139	16,163
Additions	-	2,617	-	2,617
Disposals	-	(9)	-	(9)
Reclassification to other fixed asset categories	-	6,139	(6,139)	-
At 31 December	1,233	17,538	-	18,771
<b>Accumulated Depreciation</b>				
At 1 January	1,233	8,254	-	9,487
Depreciation charge	-	2,020	-	2,020
Disposals	-	(9)	-	(9)
At 31 December	1,233	10,265	-	11,498
<b>Net Book Value</b>	<b>-</b>	<b>7,273</b>	<b>-</b>	<b>7,273</b>

<sup>(2)</sup> Others comprise furniture, fittings and office equipment.

## NOTES TO THE FINANCIAL STATEMENTS

## 7. Investment properties

	Group	
	2020 \$'000	2019 \$'000
At 1 January	3,022,091	2,857,145
Development expenditure	266,219	304,803
Fair value gain (Note 26)	268,430	101,020
Disposal	-	(834)
Reclassification		
- Assets held for sale (Note 36)	(650,062)	-
- Stocks (Note 14)	714,733	-
- Fixed assets (Note 6)	-	(58,764)
- Right-of-use assets (Note 8)	-	(158,357)
Exchange differences	52,664	(22,922)
At 31 December	<b>3,674,075</b>	<b>3,022,091</b>

The Group's investment properties (including integral plant and machinery) are stated at management's assessments based on the following valuations (open market value basis) by independent firms of professional valuers as at 31 December 2020:

- Cushman & Wakefield VHS Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Cushman & Wakefield Limited and Beijing Colliers International Real Estate Valuation Co., Ltd for properties in China;
- Colliers International Vietnam for properties in Vietnam;
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia; and
- Cushman & Wakefield India Pvt Ltd for a property in India.

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

Interest capitalised within development expenditure during the financial year amounted to \$24,526,000 (2019: \$12,751,000).

The Group has mortgaged certain investment properties of carrying value amounting to \$1,815,790,000 as at 31 December 2020 (2019: \$828,355,000) to banks for loan facilities (Note 22).

In 2020, the Group reclassified \$714,733,000 from properties held for sale to investment properties upon change of use of the asset from property trading to holding for capital gain and/or rental yield.

In 2019, the Group reclassified from investment properties to fixed assets and right-of-use assets for the owner-occupied portion of the property amounting to \$58,764,000 and \$158,357,000 respectively.

## 8. Right-of-use assets (leases)

## Leases

## The Group as lessee

*Leasehold land & buildings*

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

*Plant, machinery, equipment & others*

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

*Base station sites*

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

There are no externally imposed covenants on these lease arrangements.

## Right-of-use assets

	Leasehold Land & Buildings \$'000	Plant, Machinery, Equipment & Others <sup>(1)</sup> \$'000	Base Station Sites \$'000	Total \$'000
<b>Group</b>				
<b>2020</b>				
<b>Net Book Value</b>				
At 1 January	735,348	9,376	15,205	759,929
Additions	12,752	1,103	14,100	27,955
Depreciation	(56,373)	(3,620)	(5,378)	(65,371)
Impairment loss	(2,879)	-	-	(2,879)
Disposal	-	(27)	-	(27)
Write-off	(570)	(1,342)	-	(1,912)
Remeasurement	22,637	-	(252)	22,385
Reclassification				
- Fixed assets (Note 6)	13,230	-	-	13,230
- Assets held for sale (Note 36)	(154,281)	-	-	(154,281)
Exchange differences	(15,881)	(442)	-	(16,323)
At 31 December	<u>553,983</u>	<u>5,048</u>	<u>23,675</u>	<u>582,706</u>
<b>2019</b>				
<b>Net Book Value</b>				
At 1 January	-	-	-	-
Adoption of SFRS(I) 16	583,181	8,945	-	592,126
Additions	43,522	3,669	760	47,951
Depreciation	(55,054)	(3,453)	(5,538)	(64,045)
Subsidiaries acquired	24,101	240	19,983	44,324
Subsidiaries disposed	(4,433)	-	-	(4,433)
Reclassification				
- Investment properties (Note 7)	158,357	-	-	158,357
Exchange differences	(14,326)	(25)	-	(14,351)
At 31 December	<u>735,348</u>	<u>9,376</u>	<u>15,205</u>	<u>759,929</u>

<sup>(1)</sup> Others comprise furniture, fittings, office equipment and motor vehicles.

The right-of-use asset relating to the leasehold land presented under investment properties (Note 7) is stated at fair value and has a carrying amount at balance sheet date of \$7,916,000 (2019: \$9,703,000).

Total cash outflow for all the leases was \$85,747,000 (2019: \$83,038,000), comprising repayment of principal of \$53,413,000 (2019: \$47,306,000) and interest payment of \$32,334,000 (2019: \$35,732,000).

Certain right-of-use assets with carrying amount of \$11,105,000 (2019: \$11,689,000) are mortgaged to banks for loan facilities (Note 22).

	Leasehold Land & Buildings \$'000	Plant, Machinery, Equipment & Others <sup>(2)</sup> \$'000	Total \$'000
<b>Company</b>			
<b>2020</b>			
<b>Net Book Value</b>			
At 1 January	12,620	213	12,833
Depreciation	(3,807)	(68)	(3,875)
Additions	2,218	28	2,246
At 31 December	<u>11,031</u>	<u>173</u>	<u>11,204</u>
<b>2019</b>			
<b>Net Book Value</b>			
At 1 January	-	-	-
Adoption of SFRS(I) 16	15,902	279	16,181
Depreciation	(3,282)	(66)	(3,348)
At 31 December	<u>12,620</u>	<u>213</u>	<u>12,833</u>

<sup>(2)</sup> Others comprise office equipment.

## NOTES TO THE FINANCIAL STATEMENTS

**8. Right-of-use assets (leases) (continued)**

Total cash outflow for all the leases was \$4,201,000 (2019: \$4,197,000), comprising repayment of principal of \$3,916,000 (2019: \$3,822,000) and interest payment of \$285,000 (2019: \$375,000).

	Group	
	2020 \$'000	2019 \$'000
<u>Lease expense not capitalised in lease liabilities</u>		
Short-term leases	22,582	29,987
Low-value leases	892	1,992
Variable lease payments which do not depend on an index or rate	317	327

As at 31 December 2020, future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities include variable lease payments, \$496,808,000 (2019: \$623,194,000) for extension options and \$55,678,000 (2019: \$nil) for committed leases which have yet to commence.

The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.3% to 3.0% (2019: 0.3% to 3.0%), on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to \$317,000 for the financial year ended 31 December 2020 (2019: \$327,000). The extension options are for certain properties of the Group. The Group negotiates extension options to optimise operational flexibility in terms of managing these assets in the Group's operations.

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Within one year	96,104	79,224	4,127	4,140
Within one to two years	86,291	116,712	4,052	4,047
Within two to five years	193,279	209,894	4,016	8,021
After five years	478,179	452,642	-	-
Total	853,853	858,472	12,195	16,208

**The Group as lessor**

The Group leases out commercial space to non-related parties under non-cancellable operating leases. At the end of the reporting period, the Group's undiscounted future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	Group	
	2020 \$'000	2019 \$'000
Within one year	64,501	92,565
In the second year	43,041	76,988
In the third year	38,305	37,549
In the fourth year	36,316	30,409
In the fifth year	21,869	24,071
After the fifth year	59,601	50,821
Total	263,633	312,403

## 9. Subsidiaries

	Company	
	2020 \$'000	2019 \$'000
Quoted shares, at cost Market value: \$5,800,000 (2019: \$6,204,000)	493	493
Unquoted shares, at cost	8,442,614	8,442,604
	<b>8,443,107</b>	8,443,097
Provision for impairment	<b>(480,569)</b>	(480,569)
	<b>7,962,538</b>	7,962,528

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

	Company	
	2020 \$'000	2019 \$'000
At 1 January	480,569	351,785
Charge to profit and loss account	-	128,784
At 31 December	<b>480,569</b>	480,569

Impairment of \$128,784,000 made in 2019 mainly relates to an investment holding subsidiary that holds oil & gas equity investments. Impairment loss was made arising from the impairment exercise performed (Note 10). Due to the economic downturn in oil & gas industry, recoverable amount of the equity investments was projected to be below the Company's cost of investment. Management had performed an assessment on the recoverable amount based on the cash flow estimates of the underlying assets.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 39.

## 10. Associated companies and joint ventures

	Group	
	2020 \$'000	2019 \$'000
Quoted shares, at cost Market value: \$2,945,022,000 (2019: \$3,508,132,000)	2,703,470	3,279,240
Unquoted shares, at cost	2,746,346	2,372,316
Loan receivable from associated company	156,553	-
	<b>5,606,369</b>	5,651,556
Provision for impairment	<b>(152,509)</b>	(197,392)
	<b>5,453,860</b>	5,454,164
Share of reserves	10,884	238,251
Carrying amount of equity interest	<b>5,464,744</b>	5,692,415
Notes issued by associated companies (net of provision for impairment)	280,084	319,284
Advances to associated companies and joint ventures	245,785	339,146
	<b>5,990,613</b>	6,350,845

Notes issued by an associated company of \$245,000,000 are unsecured and will mature in 2040. The remaining Notes are denominated in Singapore Dollars, secured and will mature in 2024. Interest is charged at rates ranging from 0% to 17.5% (2019: 0% to 17.5%) per annum.

Advances to associated companies and joint ventures are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 1.1% to 3.0% (2019: 2.5% to 7.0%) per annum on interest-bearing advances.

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

	Group	
	2020 \$'000	2019 \$'000
At 1 January	197,392	161,367
Impairment loss	9,486	35,915
Disposal	<b>(18,733)</b>	-
Reclassification to FVOCI	<b>(35,640)</b>	-
Exchange differences	4	110
At 31 December	<b>152,509</b>	197,392

Impairment loss made during the year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of certain associated companies.

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Associated companies and joint ventures (continued)

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

		2020 \$'000	2019 \$'000
Keppel REIT	(a)	1,898,249	1,960,518
Keppel Infrastructure Trust	(b)	-	301,669
KrisEnergy Limited	(c)	35,084	74,284
Keppel DC REIT	(d)	420,124	449,964
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	(e)	636,366	570,384
Floatel International Limited	(f)	95,668	311,000
Other associated companies and joint ventures		2,905,122	2,683,026
		<b>5,990,613</b>	<b>6,350,845</b>

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

## (a) Keppel REIT

	2020 \$'000	2019 \$'000
Current assets	175,433	142,317
Non-current assets	7,588,935	7,307,046
Total assets	7,764,368	7,449,363
Current liabilities	223,179	159,690
Non-current liabilities	2,321,056	2,125,893
Total liabilities	2,544,235	2,285,583
Net assets	5,220,133	5,163,780
Less: Non-controlling interests	(721,783)	(578,931)
	<b>4,498,350</b>	<b>4,584,849</b>
Proportion of the Group's ownership	49%	49%
Group's share of net assets	2,206,891	2,245,659
Other adjustments	(308,642)	(285,141)
Carrying amount of equity interest	<b>1,898,249</b>	<b>1,960,518</b>
Revenue	170,223	164,053
Profit after tax	279	141,670
Other comprehensive income/(loss)	24,911	(82,772)
Total comprehensive income	<b>25,190</b>	<b>58,898</b>
Fair value of ownership interest (if listed) **	<b>1,872,365</b>	<b>2,044,903</b>
Dividends received	<b>69,808</b>	<b>90,144</b>

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

**(b) Keppel Infrastructure Trust ("KIT")**

The Group has 18.2% direct ownership interest in KIT as at 31 December 2020. KIT's business is conducted through its Trustee-Manager, Keppel Infrastructure Funds Management Pte Ltd ("KIFM"), a wholly-owned subsidiary of Keppel Capital Holdings Pte Ltd ("KC") which is in turn a wholly-owned subsidiary of Keppel Corporation Limited.

During the year, the Group assessed that it no longer has significant influence over KIT due to a reduction in board representation, as well as KC's undertaking to the Trustee-Manager to grant the other unitholders of KIT the right to endorse or re-endorse the appointment of the directors of KIFM at the annual general meetings of KIT. Accordingly, KIT has been reclassified from an associated company to an investment carried at fair value through other comprehensive income (Note 11) on 1 March 2020 and a mark-to-market gain of \$130,547,000 was recorded upon the reclassification.

Summarised financial information of KIT, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements for the comparative period were as follows:

	<b>2019</b> <b>\$'000</b>
Current assets	1,029,248
Non-current assets	3,974,027
Total assets	5,003,275
Current liabilities	1,706,097
Non-current liabilities	1,583,009
Total liabilities	3,289,106
Net assets	1,714,169
Less: Non-controlling interests	(389,763)
	<u>1,324,406</u>
Proportion of the Group's ownership	18%
Group's share of net assets	241,042
Other adjustments	60,627
Carrying amount of equity interest	<u>301,669</u>
Revenue	1,566,715
Profit after tax	10,194
Other comprehensive loss	(92,591)
Total comprehensive loss	<u>(82,397)</u>
Fair value of ownership interest (if listed)**	490,886
Dividends received	<u>30,134</u>

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

**(c) KrisEnergy Limited \***

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Current assets	<b>118,213</b>	174,986
Non-current assets	<b>535,774</b>	699,330
Total assets	<b>653,987</b>	874,316
Current liabilities	<b>871,927</b>	878,467
Non-current liabilities	<b>151,626</b>	82,323
Total liabilities	<b>1,023,553</b>	960,790
Net liabilities	<b>(369,566)</b>	(86,474)
Proportion of the Group's ownership	<b>40%</b>	40%
Group's share of net assets	-	-
Carrying amount of equity interest	-	-
Notes issued by associated company	<b>35,084</b>	74,284
	<u><b>35,084</b></u>	<u>74,284</u>
Revenue	<b>102,855</b>	148,591
Loss after tax	<b>(294,931)</b>	(220,060)
Other comprehensive income/(loss)	<b>(36)</b>	176
Total comprehensive loss	<u><b>(294,967)</b></u>	<u>(219,884)</u>
Fair value of ownership interest (if listed) **	<b>n.a.</b>	n.a.
Dividends received	-	-

\* As at the date of approval of these financial statements, the most recent available financial information on which equity accounting for the current year can be practically applied are those financial information from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.

\*\* KrisEnergy Limited had suspended trading of its securities on the Singapore Exchange Securities Ltd with effect from 14 August 2019 (the last closing price before trading suspension was S\$0.03 per share).

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Associated companies and joint ventures (continued)

*Investments in KrisEnergy Limited and related exposures*

		2020 \$'000	2019 \$'000
Equity interest		-	-
Zero-coupon notes		<b>35,084</b>	74,284
Carrying amount		<b>35,084</b>	74,284
Other related exposures:			
Warrants	Note 11	-	-
Loan receivable	Note 12	<b>77,193</b>	-
Contract assets <sup>1</sup>	Note 15	<b>29,225</b>	20,541
Guarantee <sup>2</sup>	Note 32	<b>247,340</b>	262,825

<sup>1</sup> In relation to a construction contract for a production barge for KrisEnergy.

<sup>2</sup> In relation to a bilateral agreement between the Group and a bank, on the bank loan granted to KrisEnergy.

On 14 August 2019, KrisEnergy has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50). It has also requested a suspension of trading of its securities on Singapore Exchange Securities Trading Ltd ("SGX"). At the date of these financial statements, the moratorium has been further extended to 16 April 2021.

In April 2020, the Group entered into a credit facility agreement with two wholly-owned indirect subsidiaries of KrisEnergy (the "Borrowers"), with the Group agreeing to grant a project financing loan in two or more tranches for an aggregate principal amount not exceeding US\$87 million (the "CBA Loan Facility") to the Borrowers. As at 31 December 2020, the total aggregate amount of funds drawn down by the Borrowers through the CBA Loan Facility was US\$57,700,000.

KrisEnergy published an initial restructuring proposal on 16 June 2020, followed by the publication of the final restructuring proposal on 21 August 2020. The final restructuring proposal is to be implemented via the four inter-conditional processes that require the consent of the requisite majority of each respective group of creditors and shareholders:

- reaching an agreement for an extension of secured Revolving Credit Facility ("RCF") with the lender;
- conversion of debts and claims into equity for unsecured creditors under the Scheme of Arrangement ("Scheme");
- partial conversion of claims into equity for Zero Coupon Noteholders under the Consent Solicitation Exercise ("CSE"); and
- requisite approval from the shareholders for the issuance of new shares in the restructuring proposal in Extraordinary General Meeting ("EGM").

On 30 December 2020, the RCF maturity date was extended for an initial period of 6 months to 30 June 2021 with a further extension to 30 June 2024 upon successful completion of restructuring. A Scheme was released by KrisEnergy on 20 November 2020 setting out the details of the proposed restructuring terms. On 14 January 2021, the unsecured creditors of KrisEnergy approved the Scheme through a Singapore court supervised process. The Scheme was effective on 15 February 2021, following the lodgment of a copy of the order of the Court approving the Scheme with the Registrar of Companies. The CSE process for KrisEnergy's zero coupon note holders that was launched on 20 January 2021 has been approved on 11 February 2021. As at the date of these financial statements, the final component of the restructuring which is the EGM to seek KrisEnergy shareholders' approval for the issuance of new shares pursuant to the Scheme and the CSE has not yet taken place.

Management performed an impairment assessment to estimate the recoverable amount of the Group's exposures in KrisEnergy as at 31 December 2020. Management reviewed the cash flow projections prepared by its financial advisor who estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights. The cash flow estimates were based on forecasted oil prices, determined by taking reference from external information sources, ranging from US\$50 to US\$62 per barrel for 2021 to 2029 (2019: US\$63 to US\$70 per barrel for 2020 to 2028). The impairment assessment has taken into consideration the terms of restructuring.

Based on the impairment assessment, an impairment provision of \$39,200,000 was recognised for the year ended 31 December 2020, and the carrying amount of the Group's investment in the zero-coupon notes was reduced to \$35,084,000. No impairment allowance was made against the loan receivable, contract assets and no liabilities were recorded for the Group's guarantee given to the bank for the loan granted to KrisEnergy as the Group has priority over the cash flows on the assets of KrisEnergy. In the financial year ended 31 December 2019, management had performed a similar assessment and recognised an impairment charge of \$37,000,000 on the equity investment.

The estimates and assumptions used are subject to risk and uncertainty. If the oil prices were to decrease by 2% across the forecasted period of 2021 to 2029, the estimated cash available from producing assets and forecasted production from assets under development would decrease, and this would result in an additional impairment of \$34,400,000.



**(d) Keppel DC REIT**

	2020 \$'000	2019 \$'000
Current assets	304,561	279,952
Non-current assets	3,045,267	2,648,042
Total assets	3,349,828	2,927,994
Current liabilities	233,618	108,157
Non-current liabilities	1,133,968	917,289
Total liabilities	1,367,586	1,025,446
Net assets	1,982,242	1,902,548
Less: Non-controlling interests	(37,590)	(34,530)
	<b>1,944,652</b>	<b>1,868,018</b>
Proportion of the Group's ownership	21%	23%
Group's share of net assets	407,405	434,688
Other adjustments	12,719	15,276
Carrying amount of equity interest	<b>420,124</b>	<b>449,964</b>
Revenue	265,571	194,826
Profit after tax	171,728	111,108
Other comprehensive income/(loss)	7,491	(33,789)
Total comprehensive income	<b>179,219</b>	<b>77,319</b>
Fair value of ownership interest (if listed) **	<b>961,363</b>	790,198
Dividends received	<b>22,367</b>	31,898

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

**(e) Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited**

	2020 \$'000	2019 \$'000
Current assets	1,173,770	1,073,996
Non-current assets	490,242	478,339
Total assets	1,664,012	1,552,335
Current liabilities	308,518	324,787
Non-current liabilities	26,475	29,261
Total liabilities	334,993	354,048
Net assets	1,329,019	1,198,287
Less: Non-controlling interests	-	-
	<b>1,329,019</b>	<b>1,198,287</b>
Proportion of the Group's ownership	50%	50%
Group's share of net assets	664,510	599,144
Other adjustments	(28,144)	(28,760)
Carrying amount of equity interest	<b>636,366</b>	<b>570,384</b>
Revenue	575,559	475,001
Profit after tax	147,871	155,705
Other comprehensive income	-	-
Total comprehensive income	<b>147,871</b>	<b>155,705</b>
Dividends received	<b>38,471</b>	27,351

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Associated companies and joint ventures (continued)

## (f) Floatel International Limited

	2020 \$'000	2019 \$'000
Current assets	109,865	137,367
Non-current assets	1,017,819	1,655,424
Total assets	1,127,684	1,792,791
Current liabilities	883,371	79,669
Non-current liabilities	366,279	1,105,306
Total liabilities	1,249,650	1,184,975
Net assets	(121,966)	607,816
Proportion of the Group's ownership	50%	50%
Group's share of net assets	(60,885)	303,422
Other adjustments	-	7,578
Carrying amount of equity interest	(60,885)	311,000
Loan receivable	156,553	-
	95,668	311,000
Revenue	112,384	250,286
Loss after tax	(730,863)	(100,572)
Other comprehensive loss	(19,419)	(1,039)
Total comprehensive loss	(750,282)	(101,611)
Dividends received	-	-

*Investments in Floatel International Limited*

	2020 \$'000	2019 \$'000
Equity interest	-	311,000
Loan receivable	95,668	-
Carrying amount	95,668	311,000
Other related exposures:		
Preference shares	Note 11	-
Loan receivable	Note 12	-
		10,449
		155,425

In February 2020, Floatel reported that its financial situation is unsustainable as liquidity is under pressure. There is a material uncertainty as to whether Floatel will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which casts significant doubt on Floatel's ability to continue as a going concern. The long term viability of Floatel's business depends on it finding a solution to its financial situation.

On 5 December 2020, at the expiry of the forbearance under a Forbearance Agreement entered into between Floatel and certain bondholders, Floatel entered into a Lock-Up Agreement with FELS Offshore Pte Ltd (the member of the Group with the equity interest in Floatel), an ad hoc group (the "AHG") of holders of Floatel's 9% senior secured 1L Bondholders, and other consenting 1L Bondholders holding in aggregate over 56% by value of the 1L Bonds and 2L Bondholders holding in aggregate close to 13% of the 2L Bonds (the "Lock-Up Agreement"). The Lock-Up Agreement commits Floatel, the Group, the AHG and any acceding 1L Bondholders and 2L Bondholders to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group (the "Restructuring"). As part of the Lock-Up Agreement, FELS Offshore Pte Ltd has committed to use reasonable endeavours to procure the provision and funding of a new US\$100,000,000 revolving credit facility ("RCF") for Floatel and another member of the Group may provide credit support for the RCF in the form of a risk participation.

On 16 December 2020, Floatel announced an increased level of support of the Lock-Up Agreement by the 1L (more than 2/3) and 2L Bondholders. In addition, the terms of new warrants to be issued were also agreed in a revised Lock-Up Agreement on 14 December 2020.

On 8 January 2021, bank lenders of Floatel agreed to accept a cash settlement of US\$46,000,000 less Lenders' advisory fees for full settlement of amounts owing to them and release of the charge on one of the five vessels owned by Floatel.

On 12 February 2021, the 2L Bondholders approved the Restructuring.

As the loan from the relevant member of the Group to Floatel is considered as part of the Group's net investment in Floatel (i.e. settlement is neither planned nor foreseen), management has continued to equity account for its share of loss in Floatel's results against the carrying value of the loan to Floatel, after reducing the carrying value of the equity investment in Floatel to zero as of 30 June 2020. For the financial year ended 31 December 2020, the Group has recognised a total share of operating loss from Floatel of \$82,779,000 and share of impairment loss of vessels of \$228,107,000. The latter was estimated based on industry parameters provided by an independent industry advisor and adopted in the VIU calculation of the vessels. In addition, the carrying value of preference shares, based on the fair value assessment conducted by an independent financial advisor using the dividend discount model had similarly been written down to nil as at 31 December 2020.

The Group has considered that the recovery of its net investment in Floatel is dependent on Floatel successfully carrying out the Restructuring and continuing operation of its fleet of vessels. Management has retained an independent financial advisor to support the review of Floatel's business plan and cash flow projections. In the event that the Restructuring of Floatel fails to go through, Floatel would not have adequate cash from its operations and cash on hand to continue as a going concern beyond year 2021 and in this scenario the Group's investment in Floatel is not expected to be recoverable.

As at the date of these financial statements, the Restructuring is progressing positively and the Group is in advanced stages of discussion with financial institutions to provide the US\$100,000,000 RCF.

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

	2020 \$'000	2019 \$'000
Share of results	42,459	143,006
Share of other comprehensive income/(loss)	17,903	(12,439)
Share of total comprehensive income	<b>60,362</b>	<b>130,567</b>

Information relating to significant associated companies and joint ventures, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 39.

## 11. Investments

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investments at fair value through other comprehensive income ("OCI"):				
- Quoted equity shares	504,612	12,336	-	-
- Unquoted equity shares	212,609	107,396	22,196	19,230
- Unquoted property funds	105,070	95,227	-	-
Total investments at fair value through OCI	<b>822,291</b>	214,959	<b>22,196</b>	19,230
Investments at fair value through profit or loss:				
- Quoted equity shares	66,014	82,399	-	-
- Unquoted equity shares	319,300	330,143	-	-
- Unquoted - others	21,887	21,568	-	-
Total investments at fair value through profit or loss	<b>407,201</b>	434,110	-	-
Total investments	<b>1,229,492</b>	649,069	<b>22,196</b>	19,230

The breakdown of the investments at fair value through other comprehensive income is as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Quoted equity units in a public infrastructure trust managed by a related company	495,432	-	-	-
Unquoted property funds managed by a related company	105,070	95,227	-	-
Unquoted equity shares in real estate industry	76,693	39,381	22,196	19,230
Quoted and unquoted equity shares in oil and gas industry	32,139	39,477	-	-
Others	112,957	40,874	-	-
	<b>822,291</b>	214,959	<b>22,196</b>	19,230

Quoted equity units in a public infrastructure trust refers to the Group's investment in Keppel Infrastructure Trust which was reclassified from associated company (Note 10(b)) to an investment carried at fair value through other comprehensive income arising from loss of significant influence during the current financial year.

Unquoted investments included a bond amounting to \$21,887,000 (2019: \$21,568,000) bearing interest at 4% (2019: 4%) per annum which is maturing in 2027.

Unquoted equity shares included preference shares issued by Floatel International Limited, an associated company (Note 10(f)) which was written down to \$nil (2019: \$10,449,000).

## NOTES TO THE FINANCIAL STATEMENTS

## 12. Long term assets

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Staff loans	100	277	2	50
Derivative assets	48,723	14,791	39,288	11,918
Contract assets	73,458	99,523	-	-
Call option	156,643	157,518	-	-
Service concession receivable	362,366	351,041	-	-
Trade receivables	875,810	638,973	-	-
Long term receivables and others	254,753	327,925	540	2,279
	<b>1,771,853</b>	1,590,048	<b>39,830</b>	14,247
Less: Amounts due within one year and included in debtors (Note 17)	<b>(15,454)</b>	(10,140)	<b>(2)</b>	(34)
	<b>1,756,399</b>	1,579,908	<b>39,828</b>	14,213

Included in staff loans are interest-free advances to directors of related corporations amounting to \$2,000 (2019: \$30,000) under an approved car loan scheme.

Contract assets primarily relate to the Group's right to consideration for development units delivered to customers under the pay-and-stay scheme, as well as for handset and equipment delivered and accepted by customers but not yet billed at the reporting date. As at 1 January 2019, the Group did not have a non-current contract assets balance.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties LLP (formerly known as Ocean Properties Private Limited) to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of \$1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2020, the fair value was determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 841-year leasehold and 90-year leasehold (2019: based on the remaining 842-year leasehold and 91-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 34.

The service concession receivable relates to a service concession arrangement with a governing agency of the Government of Singapore (the grantor) to design, build, own and operate a desalination plant in Singapore, which has a capacity to produce 137,000 cubic metres of fresh drinking water per day. The plant has officially commenced operations on 29 June 2020. The Group has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period of 25 years irrespective of the output produced. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. In arriving at the carrying value of the service concession arrangement as at the end of the reporting year, effective interest rates of 4.08% (2019: 4.22%) per annum were used to discount the future expected cash flows.

Trade receivables are related to financing arrangements for delivered rigs where the Group has retained title. \$369,508,000 (2019: \$125,444,000) is due from one customer and bears floating interest at LIBOR plus a margin, and repayable in 2024 and 2025. The remainder is due from another customer, bears fixed interest and repayable in February 2024, December 2029 and on demand. The customer has options for early repayment. During the year, the Group recognised an expected credit loss allowance of \$169,611,000 (2019: \$nil) on the trade receivables as detailed in Note 2.28(b)(ii). As at 1 January 2019, the Group did not have a long term trade receivables balance.

Long term receivables are largely repayable after three years (2019: five years) and bears effective interest ranging from 4.00% to 15.00% (2019: 2.00% to 12.00%) per annum.

Included in other receivables is an unsecured, interest-free advance to an investee which matures on 31 December 2024. For the financial year ended 31 December 2020, the Group recognised \$21,979,000 (2019: \$nil) allowance for doubtful debt after taking into account the financial condition of the investee.

Included in other receivables is a secured loan receivable from KrisEnergy Limited, an associated company, repayable on 30 April 2024 and bears a fixed interest rate of 15.00% per annum, as disclosed in Note 10(c).

Included in other receivables are claims receivable which represents claims from customer for long term contracts. For the financial year ended 31 December 2020, the Group has written-back \$3,893,000 (31 December 2019: recognised \$15,021,000) of loss allowance on claims receivable arising from the unwinding of discounting effects due to changes to the expected timing of receipt.

In 2019, included in the other receivables is an unsecured, interest-bearing US Dollar loan amounting to \$155,425,000 which is repayable in 2025 by Floatel International Limited, an associated company. During the financial year ended 31 December 2020, this loan was reclassified to investment in associated company as it is considered as part of the Group's net investment in Floatel, as disclosed in Note 10(f).

### 13. Intangibles

	Goodwill \$'000	Development Expenditure \$'000	Brand \$'000	Spectrum Rights \$'000	Customer Contracts and Relationships \$'000	Others \$'000	Total \$'000
<b>Group</b>							
<b>2020</b>							
At 1 January	1,047,558	16,811	269,853	141,935	189,025	17,799	1,682,981
Additions	-	1,558	-	301	-	-	1,859
Impairment loss	-	-	-	-	(23,015)	-	(23,015)
Amortisation	-	(1,456)	(9,252)	(17,683)	(24,670)	(88)	(53,149)
Exchange differences	-	(164)	-	-	312	-	148
At 31 December	1,047,558	16,749	260,601	124,553	141,652	17,711	1,608,824
Cost	1,047,558	38,258	277,563	130,031	227,598	17,873	1,738,881
Accumulated amortisation	-	(21,509)	(16,962)	(5,478)	(85,946)	(162)	(130,057)
	1,047,558	16,749	260,601	124,553	141,652	17,711	1,608,824
<b>2019</b>							
At 1 January	59,270	18,017	-	-	34,963	16,757	129,007
Additions	-	662	-	-	-	-	662
Acquisition of a subsidiary	988,288	-	277,563	156,670	175,167	1,116	1,598,804
Amortisation	-	(1,693)	(7,710)	(14,735)	(21,032)	(74)	(45,244)
Exchange differences	-	(175)	-	-	(73)	-	(248)
At 31 December	1,047,558	16,811	269,853	141,935	189,025	17,799	1,682,981
Cost	1,047,558	36,885	277,563	156,670	228,334	17,873	1,764,883
Accumulated amortisation	-	(20,074)	(7,710)	(14,735)	(39,309)	(74)	(81,902)
	1,047,558	16,811	269,853	141,935	189,025	17,799	1,682,981

#### Impairment testing of goodwill

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGU"s).

Out of the total goodwill of \$1,047,558,000, goodwill allocated from the acquisition of M1 Limited amounted to \$988,288,000.

During the year, the Group recognised an impairment loss of \$23,015,000 (2019: \$nil) on customer relationship in the Energy & Environment segment. In view that the subsidiary has been making losses since acquisition and the adverse global economic environment which was significantly affected by COVID-19, the recoverability of the intangible asset - customer relationship was uncertain. Accordingly, the intangible asset - customer relationship was fully impaired.

In 2019, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% equity interest in M1 Limited. The Group's wholly-owned subsidiary, Keppel Telecommunications and Transportation Ltd holds the remaining 19% equity interest in M1 Limited.

The recoverable amount of M1 as a CGU was determined based on its value-in-use using a discounted cash flow model based on cash flow projections by management covering a 5-year period, and cash flows beyond the 5-year period were extrapolated using a terminal growth rate of 1.46% (2019: 1.47%), premised on the estimated long term growth rate for the country where the CGU operates. Cash flows were discounted using a discount rate of 7% (2019: 8%) per annum.

The recoverable amount was estimated to be higher than the carrying value of the M1 CGU. Accordingly, no impairment of goodwill was recognised in 2020 and 2019. The calculation of value-in-use for the CGU is sensitive to the terminal growth rate and the discount rate applied. Any possible reasonable change in the terminal growth rate and discount rate used in the calculation of the value-in-use amount would not cause any impairment to goodwill.

## NOTES TO THE FINANCIAL STATEMENTS

## 14. Stocks

	Group	
	2020 \$'000	2019 \$'000
Consumable materials and supplies	190,370	141,876
Finished products for sale	99,087	114,854
Work-in-progress (net of provision)	1,072,890	653,814
Properties held for sale	(a) 3,597,080	4,632,211
	<b>4,959,427</b>	<b>5,542,755</b>

For work-in-progress balances, the Group determines the estimated net realisable value based on arrangements to market the work-in-progress and discounted cash flow models. The work-in-progress balance includes contract assets which were reclassified to stocks during the year, as disclosed in Note 15. The provision for consumable materials, finished products for sale and supplies work-in-progress to write down its carrying value to its net realisable value at the end of the financial year was \$146,202,000 (2019: \$100,530,000). See Note 2.28(b)(ix) for further disclosures on key estimates made in estimating NRV of the Group's work-in-progress.

## (a) Properties held for sale

	Group	
	2020 \$'000	2019 \$'000
Properties under development		
Land cost	1,988,513	2,770,384
Development cost incurred to date	622,565	585,200
Related overhead expenditure	196,676	252,501
	<b>2,807,754</b>	<b>3,608,085</b>
Completed properties held for sale	809,313	1,049,343
	<b>3,617,067</b>	<b>4,657,428</b>
Provision for properties held for sale	(19,987)	(25,217)
	<b>3,597,080</b>	<b>4,632,211</b>

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

	Group	
	2020 \$'000	2019 \$'000
At 1 January	25,217	28,156
Charge to profit and loss account	2,252	-
Exchange differences	(127)	34
Amount written off	(1,253)	(2,973)
Subsidiary disposed	(6,102)	-
At 31 December	<b>19,987</b>	<b>25,217</b>

The provision for properties held for sale is arrived at after taking into account estimated selling prices and estimated total construction costs. Estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. Estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

During the year, properties amounting to \$274,452,000 (2019: \$nil) in value and included in the above balances were mortgaged to the banks as securities for borrowings as referred to in Note 22.

During the year, the Group reclassified \$714,733,000 from properties held for sale to investment properties due to change of use of the assets from property trading to holding for capital gain and/or rental yield. The Group also reclassified \$11,999,000 from property held for sale to fixed asset and \$4,221,000 from fixed asset to property held for sale due to change in use of the assets.

Interest capitalised during the financial year amounted to \$19,980,000 (2019: \$24,258,000) at rates of 0.80% to 2.50% (2019: 2.18% to 3.97%) per annum for Singapore properties and 3.00% to 7.00% (2019: 2.74% to 7.00%) per annum for overseas properties.

## 15. Contract assets/liabilities

	Group		
	31 December		1 January
	2020 \$'000	2019 \$'000	2019 \$'000
Contract assets	<b>2,657,231</b>	3,497,476	3,212,712
Contract liabilities	<b>2,072,303</b>	1,824,965	1,918,547

During the year, contract assets amounting to \$447,337,000 (net of the expected credit loss allowance of \$19,301,000), as described in Note 2.28(b)(ix), were reclassified to stocks – work-in-progress.

Contract assets relating to certain rigbuilding contracts where the scheduled dates of the rigs have been deferred and have higher counter-party risks amounted to \$1,653,547,000 (2019: \$1,431,744,000). See Note 2.28(b)(ii) – Other contracts for further disclosures on key estimates used in estimating the expected credit loss on these contract assets.

Contract liabilities included proceeds received from sale of properties of \$971,638,000 (2019: \$847,317,000). Remaining contract liabilities of \$1,100,665,000 (2019: \$977,648,000) are recorded when receipts from customers exceed the value of work transferred where the customer is invoiced on a milestone payment schedule.

Revenue recognised during the financial year ended 31 December 2020 in relation to contract liability balance at 1 January 2020 was \$816,736,000 (2019: \$583,878,000).

The aggregate amount of the transaction price allocated to the remaining performance obligation is \$5,490,832,000 (2019: \$5,568,204,000) and the Group expects to recognise this revenue over the next 1 to 4 years (2019: 1 to 5 years).

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

	Group		
	31 December		1 January
	2020 \$'000	2019 \$'000	2019 \$'000
At 1 January	<b>21,000</b>	21,000	21,000
Charge to profit and loss account (Note 26)	<b>430,842</b>	-	-
Reclassified to stocks - work-in-progress (Note 14)	<b>(19,301)</b>	-	-
At 31 December	<b>432,541</b>	21,000	21,000

## 16. Amounts due from/to

	Company	
	2020 \$'000	2019 \$'000
Subsidiaries		
Amounts due from		
- trade	<b>112,547</b>	88,028
- advances	<b>9,698,763</b>	7,199,296
	<b>9,811,310</b>	7,287,324
Allowance for expected credit loss	<b>(6,600)</b>	(6,600)
	<b>9,804,710</b>	7,280,724
Amounts due to		
- trade	<b>4,138</b>	6,045
- advances	<b>197,821</b>	150,822
	<b>201,959</b>	156,867

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 4.00% (2019: up to 4.00%) per annum on interest-bearing advances.

## NOTES TO THE FINANCIAL STATEMENTS

## 16. Amounts due from/to (continued)

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Associated Companies and Joint Ventures</b>				
Amounts due from				
- trade	160,987	140,502	152	705
- advances	349,170	439,556	-	-
	510,157	580,058	152	705
Allowance for expected credit loss	(16,888)	(16,480)	-	-
	493,269	563,578	152	705
Amounts due to				
- trade	49,213	78,187	-	-
- advances	286,695	412,099	-	-
	335,908	490,286	-	-
Movements in the allowance for expected credit loss are as follows:				
At 1 January	16,480	15,998	-	-
Charge to profit and loss account	408	482	-	-
At 31 December	16,888	16,480	-	-

Advances to and from associated companies and joint ventures are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.09% to 15.00% (2019: 0.75% to 11.50%) per annum on interest-bearing advances.

## 17. Debtors

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade debtors	1,806,269	1,947,537	7	1
Allowance for expected credit loss	(241,871)	(261,680)	-	-
	1,564,398	1,685,857	7	1
Long term receivables due within one year (Note 12)	15,454	10,140	2	34
Sundry debtors	271,238	238,128	1,042	464
Prepayments	159,834	210,550	85	87
Tax recoverable	5,029	6,057	-	-
Value Added Tax receivable	174,904	107,177	370	-
Interest receivable	17,043	14,002	21	21
Deposits paid	23,995	30,600	374	380
Recoverable accounts	39,142	49,493	8,166	7,702
Accrued receivables	225,951	219,599	2,206	155
Purchase consideration receivable from disposal of a subsidiary	-	115,801	-	-
Advances to subcontractors	48,037	50,406	-	-
Advances to non-controlling shareholders of subsidiaries	3,524	26,528	-	-
	984,151	1,078,481	12,266	8,843
Allowance for expected credit loss	(17,474)	(15,854)	-	-
	966,677	1,062,627	12,266	8,843
Total	2,531,075	2,748,484	12,273	8,844



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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	277,534	264,017	-	-
Charge to profit and loss account	29,989	16,015	-	-
Amount written off	(43,707)	(7,443)	-	-
Subsidiary acquired	-	9,225	-	-
Subsidiaries disposed	(257)	(4,296)	-	-
Exchange differences	(4,034)	16	-	-
Reclassified to assets held for sale	(180)	-	-	-
Total	259,345	277,534	-	-

As at 1 January 2019, the Group's net trade debtors amounted to \$1,584,149,000.

## 18. Short term investments

	Group	
	2020 \$'000	2019 \$'000
Total investments at fair value through other comprehensive income: Quoted equity shares	35,802	27,821
Investments at fair value through profit or loss:		
Quoted equity shares	78,492	74,300
Unquoted debt instrument	20,340	19,460
Total investments at fair value through profit or loss	98,832	93,760
Total short term investments	134,634	121,581

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

## 19. Bank balances, deposits and cash

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Bank balances and cash	1,211,166	843,519	574	1,047
Fixed deposits with banks	933,606	760,421	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost, claims and liabilities	71,242	6,270	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	263,701	173,304	-	-
	2,479,715	1,783,514	574	1,047

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 6 months (2019: 1 day to 6 months). This comprises Singapore Dollars fixed deposits of \$148,389,000 (2019: \$75,752,000) at interest rates substantially ranging from 0.05% to 0.19% (2019: 0.75% to 1.98%) per annum, and foreign currency fixed deposits of \$785,217,000 (2019: \$684,669,000) at interest rates substantially ranging from 0.01% to 6.80% (2019: 0.01% to 7.20%) per annum.

The bank balances at 31 December 2020 include an amount of \$107,000 (2019: \$384,000) pledged to a bank in relation to certain banking arrangement.

Cash and cash equivalents of \$763,958,000 (2019: \$470,497,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

## NOTES TO THE FINANCIAL STATEMENTS

## 20. Creditors

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade creditors	746,994	854,892	1,433	4,816
Customers' advances and deposits	130,551	117,673	-	-
Sundry creditors	975,910	650,300	3,562	3,124
Accrued expenses	2,356,154	2,595,432	31,620	40,749
Advances from non-controlling shareholders	149,593	149,200	-	-
Retention monies	199,245	179,982	-	-
Interest payables	45,230	57,065	27,193	30,036
	<b>4,603,677</b>	<b>4,604,544</b>	<b>63,808</b>	<b>78,725</b>
Other non-current liabilities:				
Accrued expenses	94,164	168,176	24,114	25,000
Derivative liabilities	224,662	127,106	128,336	58,778
	<b>318,826</b>	<b>295,282</b>	<b>152,450</b>	<b>83,778</b>

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

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.80% to 4.94% (2019: 1.83% to 4.94%) per annum on interest-bearing advances.

## 21. Provisions for warranties

	Group	
	2020 \$'000	2019 \$'000
At 1 January	36,448	69,614
Charge/(Write-back) to profit and loss account	2,352	(14,365)
Amount utilised	(13)	(18,601)
Exchange differences	662	(200)
At 31 December	<b>39,449</b>	<b>36,448</b>

## 22. Term loans

		2020		2019	
		Due within one year \$'000	Due after one year \$'000	Due within one year \$'000	Due after one year \$'000
<b>Group</b>					
Keppel Corporation Medium Term Notes	(a)	-	2,653,932	500,000	1,900,000
Keppel Land Medium Term Notes	(b)	-	629,617	99,904	629,507
Keppel Telecommunications & Transportation Medium Term Notes	(c)	-	100,000	-	100,000
Keppel GMTN Floating Rate Notes	(d)	-	-	273,240	-
Bank and other loans					
- secured	(e)	110,485	596,215	98,599	310,859
- unsecured	(f)	4,322,117	3,626,830	3,583,494	3,564,028
		<b>4,432,602</b>	<b>7,606,594</b>	<b>4,555,237</b>	<b>6,504,394</b>
<b>Company</b>					
Keppel Corporation Medium Term Notes	(a)	-	2,653,932	500,000	1,900,000
Unsecured bank loans	(f)	3,406,552	1,875,085	2,900,430	1,598,203
		<b>3,406,552</b>	<b>4,529,017</b>	<b>3,400,430</b>	<b>3,498,203</b>

(a) At the end of the financial year, notes issued under the US\$5,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to \$2,653,932,000 (2019: \$2,400,000,000). The notes denominated in Singapore Dollars, US Dollars and Japanese Yen, are unsecured and comprised fixed rate notes due from 2022 to 2042 (2019: from 2020 to 2042) with interest rates ranging from 0.88% to 4.00% (2019: 3.00% to 4.00%) per annum.

(b) At the end of the financial year, notes issued under the US\$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to \$329,767,000 (2019: \$399,737,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due in 2023 (2019: 2020 to 2023), with interest rates ranging from 2.68% to 2.84% (2019: 2.68% to 2.84%) per annum.

At the end of the financial year, notes issued under the US\$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to \$299,850,000 (2019: \$329,674,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2022 to 2024 (2019: 2022 to 2024) with interest rates ranging from 3.80% to 3.90% (2019: 3.80% to 3.90%) per annum.

- (c) At the end of the financial year, notes issued under the \$500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to \$100,000,000 (2019: \$100,000,000). The fixed rates notes, due in 2024, are unsecured and carried an interest rate of 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024 (2019: 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024).
- (d) As at 31 December 2019, there were US\$200,000,000 notes issued under the US\$2,000,000,000 Euro Medium Term Note Programme by Keppel GMTN Pte Ltd that amounted to \$273,240,000. The floating rate notes due in 2020 were unsecured and bore interest rate payable quarterly at 3-month US Dollar London Interbank Offered Rate plus 0.89% per annum and ranging from 2.92% to 3.69% per annum. The notes were repaid in April 2020 and no notes were issued thereafter.
- (e) The secured bank loans consist of:
- A term loan of \$50,000,000 drawn down by a subsidiary. The term loan is repayable in 2023 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 0.90% to 2.28% per annum.
  - A term loan of \$43,950,000 drawn down by a subsidiary. The term loan is repayable in 2032 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.
  - A term loan of \$41,726,000 drawn down by a subsidiary. The term loan is repayable in 2033 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.
  - A term loan of \$276,279,000 drawn down by a subsidiary. The term loan is repayable in 2035 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 4.31% per annum.
  - Other secured bank loans totalling \$294,745,000 (2019: \$268,446,000) comprised \$84,088,000 (2019: \$nil) of loans denominated in Singapore Dollars and \$210,657,000 (2019: \$268,446,000) of foreign currency loans. They are repayable within one to seven (2019: one to eight) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 0.70% to 13.25% (2019: 1.82% to 12.50%) per annum.
- (f) The unsecured bank and other loans of the Group totalling \$7,948,947,000 (2019: \$7,147,522,000) comprised \$4,972,916,000 (2019: \$5,113,132,000) of loans denominated in Singapore Dollars and \$2,976,031,000 (2019: \$2,034,390,000) of foreign currency loans. They are repayable within one to eleven (2019: one to twelve) years. Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 0.58% to 3.08% (2019: 1.08% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 8.58% (2019: 0.96% to 9.41%) per annum.

The unsecured bank loans of the Company totalling \$5,281,637,000 (2019: \$4,498,633,000) comprised \$3,142,000,000 (2019: \$3,186,162,000) of loans denominated in Singapore Dollars and \$2,139,637,000 (2019: \$1,312,471,000) of foreign currency loans. They are repayable within one to five years (2019: one to five years). Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 0.58% to 3.08% (2019: 1.08% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 3.24% (2019: 0.96% to 3.24%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of \$2,220,363,000 (2019: \$963,984,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are \$12,014,024,000 (2019: \$10,875,283,000) and \$7,845,496,000 (2019: \$6,723,252,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using discount rates based upon the borrowing rates which the Group expect would be available as at the balance sheet date.

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Years after year-end:				
After one but within two years	2,036,433	1,191,134	1,000,000	550,000
After two but within five years	4,038,732	4,048,673	2,379,017	1,798,203
After five years	1,531,429	1,264,587	1,150,000	1,150,000
	<b>7,606,594</b>	6,504,394	<b>4,529,017</b>	3,498,203

## NOTES TO THE FINANCIAL STATEMENTS

## 23. Deferred taxation

	Group	
	2020 \$'000	2019 \$'000
Deferred tax liabilities	443,547	399,028
Deferred tax assets	(159,427)	(76,454)
Net deferred tax liabilities	284,120	322,574

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of \$61,237,000 (2019: \$76,713,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of \$890,221,000 (2019: \$927,729,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses amounting to \$212,649,000 (2019: \$208,632,000) can be carried forward for a period of one to ten years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

Included in the deferred tax assets are deferred tax credits recognised in FY 2020 amounting to approximately \$74 million arising from expected credit losses on contract assets in relation to completed rigs from certain offshore & marine construction contracts (Note 2.28(b)(ii)). The Group has been actively seeking to deploy, including charter or sale of these completed rigs which in turn provide greater certainty of the crystallisation of the expected credit losses. Such cumulative expected credit losses are claimable as tax losses, when realised, and utilised against any taxable profits of the claimant or may be transferred to other Singapore incorporated related companies of the Group via group tax relief. The Group expects that there are sufficient taxable profits within the Group to utilise such tax losses within the next 2 to 3 years.

Movements in deferred tax liabilities and assets are as follows:

	At 1 January \$'000	Charged/ (credited) to profit or loss \$'000	Charged/ (credited) to other comprehen- sive income \$'000	Subsidiaries disposed \$'000	Subsidiaries acquired \$'000	Reclassifi- cation \$'000	Exchange differences \$'000	At 31 December \$'000
<b>Group</b>								
<b>2020</b>								
<b>Deferred Tax Liabilities</b>								
Accelerated tax depreciation	295,789	9,906	-	-	-	(4,197)	(67)	301,431
Investment properties valuation	75,175	38,354	-	-	-	(148)	3,316	116,697
Offshore income & others	79,430	2,377	73	-	-	-	893	82,773
Total	450,394	50,637	73	-	-	(4,345)	4,142	500,901
<b>Deferred Tax Assets</b>								
Other provisions	(18,043)	(94,206)	(212)	-	-	-	(642)	(113,103)
Unutilised tax benefits	(88,146)	8,972	-	-	-	(4,701)	(338)	(84,213)
Lease liabilities	(21,631)	(51)	-	-	-	-	2,217	(19,465)
Total	(127,820)	(85,285)	(212)	-	-	(4,701)	1,237	(216,781)
<b>Net Deferred Tax Liabilities</b>	322,574	(34,648)	(139)	-	-	(9,046)	5,379	284,120

	At 1 January \$'000	Charged/ (credited) to profit or loss \$'000	Charged/ (credited) to other comprehen- sive income \$'000	Subsidiaries disposed \$'000	Subsidiaries acquired \$'000	Reclassifi- cation \$'000	Exchange differences \$'000	Adoption of SFRS(I) 16 \$'000	At 31 December \$'000
<b>2019</b>									
<b>Deferred Tax Liabilities</b>									
Accelerated tax depreciation	116,707	(20,122)	-	(2,307)	203,666	23	(108)	(2,070)	295,789
Investment properties valuation	49,843	26,857	-	-	-	-	(1,525)	-	75,175
Offshore income & others	80,163	(81)	(23)	-	-	(294)	(335)	-	79,430
<b>Total</b>	<b>246,713</b>	<b>6,654</b>	<b>(23)</b>	<b>(2,307)</b>	<b>203,666</b>	<b>(271)</b>	<b>(1,968)</b>	<b>(2,070)</b>	<b>450,394</b>
<b>Deferred Tax Assets</b>									
Other provisions	(34,740)	16,726	4	-	-	78	(111)	-	(18,043)
Unutilised tax benefits	(97,316)	5,667	-	-	-	1,196	2,307	-	(88,146)
Lease liabilities	-	(2,567)	-	580	-	(1,454)	860	(19,050)	(21,631)
<b>Total</b>	<b>(132,056)</b>	<b>19,826</b>	<b>4</b>	<b>580</b>	<b>-</b>	<b>(180)</b>	<b>3,056</b>	<b>(19,050)</b>	<b>(127,820)</b>
<b>Net Deferred Tax Liabilities</b>	<b>114,657</b>	<b>26,480</b>	<b>(19)</b>	<b>(1,727)</b>	<b>203,666</b>	<b>(451)</b>	<b>1,088</b>	<b>(21,120)</b>	<b>322,574</b>

## 24. Revenue

	Group	
	2020 \$'000	2019 \$'000
<b>Revenue from contracts with customers</b>		
Revenue from construction contracts	1,705,056	2,418,931
Sale of property	1,176,590	1,207,359
Sale of goods	396,346	373,728
Sale of electricity, utilities and gases	1,912,901	2,172,045
Revenue from telecommunication services	714,894	620,475
Revenue from other services rendered	575,234	661,233
	<b>6,481,021</b>	<b>7,453,771</b>
<b>Other sources of revenue</b>		
Rental income from investment properties	93,321	122,500
Others	-	3,432
	<b>6,574,342</b>	<b>7,579,703</b>

Sales are made with credit terms that are consistent with market practice.

## 25. Staff costs

	Group	
	2020 \$'000	2019 \$'000
Wages and salaries	893,717	924,839
Employer's contribution to Central Provident Fund	77,722	86,486
Share plans granted to Director and employees	39,882	37,255
Other staff benefits	108,807	114,651
	<b>1,120,128</b>	<b>1,163,231</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 26. Operating profit

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

	Group	
	2020 \$'000	2019 \$'000
Included in materials and subcontract costs:		
Fair value (gain)/loss on		
- investments	-	(4,462)
- forward foreign exchange contracts	(3,430)	13,675
Cost of stocks & contract assets recognised as expense	1,051,028	1,094,686
Direct operating expenses		
- investment properties that generated rental income	36,473	42,258
Included in staff costs:		
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	9,728	11,471
- post-employment benefits	92	105
- share plans granted	10,203	9,943
Included in impairment loss on financial assets and contract assets:		
Allowance for expected credit loss (Note 12 & 17)	219,668	31,036
Bad debts written-off	572	43,331
Allowance for expected credit loss for contract assets (Note 15)	430,842	-
Included in other operating income - net:		
Government grant income	(155,284)	(3,034)
Impairment/write-off of fixed and intangible assets	62,075	8,432
Impairment of associated companies (Note 10)	48,686	35,915
Provision for stocks	50,502	7,571
Fair value gain on investment properties * (Note 7)	(265,230)	(101,020)
Fair value (gain)/loss on		
- investments	61,023	15,328
- forward foreign exchange contracts	(11,578)	2,028
Gain on differences in foreign exchange	(29,806)	(39,632)
(Profit)/Loss on sale of fixed assets and an investment property	1,667	(6,277)
Profit on sale of investments	-	(164)
Gain on disposal of subsidiaries	(63,995)	(64,469)
(Gain)/Loss on disposal of associated companies	(34,419)	22
Gain from sale of units in associated companies	(48,010)	-
(Gain)/Loss from change in interest in associated companies	1,615	(27,114)
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	-	(158,376)
Fair value gain on remeasurement of remaining interest in an associated company	(26,034)	-
Gain from reclassification of associated companies to investments carried at fair value through other comprehensive income	(124,769)	-
Fees and other remuneration to Directors of the Company	2,323	2,537
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	3,753	2,332
Auditors' remuneration		
- auditors of the Company	3,545	3,343
- other auditors of subsidiaries	2,099	1,833
Non-audit fees paid to		
- auditors of the Company	1,730	611
- other auditors of subsidiaries	178	150

Government grant income of \$105,327,000 (2019: \$nil) was recognised during the financial year under the Jobs Support Scheme ("JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

\* The effect of rental guarantee of \$3,200,000 to be provided to Keppel REIT, an associated company, as part of the sale consideration for Keppel Bay Tower Pte. Ltd was included in the fair value gain on Keppel Bay Tower. Details of the divestment transaction are disclosed in Note 36.

## 27. Investment income, interest income and interest expenses

	Group	
	2020 \$'000	2019 \$'000
Investment income from:		
Shares - quoted	20,763	42
Shares - unquoted	8,583	64,552
	<b>29,346</b>	<b>64,594</b>
Interest income from:		
Bonds, debentures, deposits and others	81,112	101,548
Associated companies and joint ventures	66,745	63,664
Service concession arrangement	14,196	12,463
	<b>162,053</b>	<b>177,675</b>
Interest expenses on notes, loans and overdrafts	(260,126)	(277,143)
Interest expenses on lease liabilities	(31,964)	(35,732)
Fair value gain on interest rate caps and swaps	(176)	159
	<b>(292,266)</b>	<b>(312,716)</b>

## 28. Taxation

### (a) Income tax expense

	Group	
	2020 \$'000	2019 \$'000
Tax expense comprised:		
Current tax	181,889	175,880
Adjustment for prior year's tax	(14,168)	(88,696)
Others	14,779	5,934
	<b>182,500</b>	<b>93,118</b>
Deferred tax (Note 23)		
Current deferred tax	(57,355)	26,480
Adjustment for prior year's tax	22,707	-
	<b>(34,648)</b>	<b>26,480</b>
Land appreciation tax:		
Current year	105,555	72,731
	<b>253,407</b>	<b>192,329</b>

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	2020 \$'000	2019 \$'000
Profit/(Loss) before tax	(254,687)	953,467
Share of (profit)/loss of associated companies and joint ventures, net of tax	162,221	(147,413)
Profit/(Loss) before tax and share of profit of associated companies and joint ventures	<b>(92,466)</b>	<b>806,054</b>
Tax calculated at tax rate of 17% (2019: 17%)	(15,719)	137,029
Income not subject to tax	(102,858)	(89,266)
Expenses not deductible for tax purposes	216,061	125,067
Unrecognised tax benefits	37,444	32,169
Effect of different tax rates in other countries	30,774	21,478
Adjustment for prior year's tax	8,539	(88,696)
Effects of changes in tax rates	-	-
Land appreciation tax	105,555	72,731
Effect of tax reduction on land appreciation tax	(26,389)	(18,183)
	<b>253,407</b>	<b>192,329</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 28. Taxation (continued)

## (b) Movement in current income tax liabilities

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	248,425	297,922	31,523	43,519
Exchange differences	3,528	(6,506)	-	-
Tax expense	181,889	175,880	5,744	15,800
Adjustment for prior year's tax	(14,168)	(88,696)	(13,900)	(27,796)
Land appreciation tax	105,555	72,731	-	-
Net income taxes paid	(177,284)	(263,856)	5,788	-
Subsidiaries acquired	-	47,832	-	-
Subsidiaries disposed	-	(164)	-	-
Reclassification				
- tax recoverable and others	19,803	12,831	-	-
- deferred tax	(4,701)	451	-	-
- liabilities directly associated with assets classified as held for sale	(4,245)	-	-	-
At 31 December	358,802	248,425	29,155	31,523

## 29. Earnings per ordinary share

	Group			
	2020 \$'000		2019 \$'000	
	Basic	Diluted	Basic	Diluted
Net profit/(loss) attributable to shareholders	(505,860)	(505,860)	706,975	706,975
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	1,818,398	1,818,398	1,815,701	1,815,701
Adjustment for dilutive potential ordinary shares	-	9,267	-	9,668
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	1,818,398	1,827,665	1,815,701	1,825,369
Earnings per ordinary share	(27.8) cts	(27.7) cts	38.9 cts	38.7 cts

## 30. Dividends

A final cash dividend of 7.0 cents per share tax exempt one-tier (2019: final cash dividend of 12.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2020 has been proposed for approval by shareholders at the next annual general meeting to be convened.

Together with the interim cash dividend of 3.0 cents per share tax exempt one-tier (2019: interim cash dividend of 8.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2020 will be 10.0 cents per share (2019: 20.0 cents per share).

During the financial year, the following distributions were made:

	\$'000
A final cash dividend of 12.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	218,462
An interim cash dividend of 3.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	54,616
	<u>273,078</u>

In the prior year, total distributions of \$417,938,000 were made.



### 31. Commitments

#### (a) Capital commitments

	Group	
	2020 \$'000	2019 \$'000
Capital expenditure/commitments not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	179,635	130,682
- for purchase of other fixed assets	6,426	6,777
- for purchase/subsorption of shares mainly in property development companies	165,437	329,685
- for commitments to private funds	1,235,373	357,634
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	931,732	155,213
- for purchase of other fixed assets	265,833	246,436
- for purchase/subsorption of shares mainly in property development companies	58,450	175,658
	<b>2,842,886</b>	1,402,085
Less: Non-controlling shareholders' share	<b>(36,962)</b>	(33,225)
	<b>2,805,924</b>	1,368,860

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

#### (b) Lessee's lease commitments

The Group has adopted SFRS(I) 16 Leases on 1 January 2019. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised on balance sheet. The right-of-use assets and lease liabilities are disclosed in Note 8.

### 32. Contingent liabilities and guarantees (unsecured)

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	730,002	615,611	823,419	1,685,269
Bank guarantees	299,082	73,319	-	-
Share of lease rental guarantees granted by associated companies and joint ventures	172,518	-	-	-
	<b>1,201,602</b>	688,930	<b>823,419</b>	1,685,269

See Note 2.28(b)(vi) for further disclosures relating to the Group's claims and litigations.

Included in the above guarantees is a bilateral agreement between the Group and a bank which guaranteed a bank loan granted to KrisEnergy Limited, an associated company, amounting to \$247,340,000 (2019: \$262,825,000). The guarantee is secured on the assets of KrisEnergy Limited. See further details in Note 10(c).

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

## NOTES TO THE FINANCIAL STATEMENTS

**33. Significant related party transactions**

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

	Group	
	2020 \$'000	2019 \$'000
Sales of goods and/or services to		
- associated companies and joint ventures	187,708	246,684
- other related parties	77,721	73,164
	<b>265,429</b>	<b>319,848</b>
Purchase of goods and/or services from		
- associated companies and joint ventures	255,347	145,853
- other related parties	130,038	126,981
	<b>385,385</b>	<b>272,834</b>
Treasury transactions with		
- associated companies and joint ventures	22,368	36,378

**34. Financial risk management**

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk**(i) Currency risk**

The Group has receivables and payables denominated in foreign currencies via US Dollars, Renminbi and other currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts, cross currency swap agreements and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling \$4,704,600,000 (2019: \$4,333,439,000). The net positive fair value of forward foreign exchange contracts is \$39,872,000 (2019: net positive fair value of \$3,796,000) comprising assets of \$76,769,000 (2019: \$30,022,000) and liabilities of \$36,897,000 (2019: \$26,226,000). These amounts are recognised as derivative assets and derivative liabilities. As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling \$4,704,600,000 (2019: \$4,205,443,000). The net positive fair value of forward foreign exchange contracts is \$39,872,000 (2019: net positive fair value of \$4,839,000) comprising assets of \$76,769,000 (2019: \$30,022,000) and liabilities of \$36,897,000 (2019: \$25,183,000). These amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Group has outstanding cross currency swap agreements with notional amounts totalling \$930,757,000 (2019: \$361,644,000). The net negative fair value of cross currency swap agreements is \$32,952,000 (2019: net negative fair value of \$13,002,000) comprising assets of \$15,870,000 (2019: \$7,918,000) and liabilities of \$48,822,000 (2019: \$20,920,000). These amounts are recognised as derivative assets and derivative liabilities.

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

Group	2020				2019			
	USD \$'000	RMB \$'000	BRL \$'000	Others \$'000	USD \$'000	RMB \$'000	BRL \$'000	Others \$'000
<b>Financial Assets</b>								
Debtors	40,209	759	312,242	137,781	535,178	1,629	318,767	119,434
Investments	410,654	-	-	197,823	439,487	-	-	149,314
Bank balances, deposits & cash	89,452	613	37	18,949	47,303	41,209	53	38,380
	<b>540,315</b>	<b>1,372</b>	<b>312,279</b>	<b>354,553</b>	<b>1,021,968</b>	<b>42,838</b>	<b>318,820</b>	<b>307,128</b>
<b>Financial Liabilities</b>								
Creditors	40,885	1,105	19,538	11,381	136,595	1,052	18,542	12,362
Term loans	1,787,903	-	-	148,939	997,104	9,683	-	180,882
Lease Liabilities	-	157	-	-	-	215	-	726
	<b>1,828,788</b>	<b>1,262</b>	<b>19,538</b>	<b>160,320</b>	<b>1,133,699</b>	<b>10,950</b>	<b>18,542</b>	<b>193,970</b>

Company	2020			2019		
	USD \$'000	RMB \$'000	Others \$'000	USD \$'000	RMB \$'000	Others \$'000
<b>Financial Assets</b>						
Debtors		1,274	71		579	54
Investments		-	-		-	-
Bank balances, deposits & cash		-	163		612	219
		<b>1,274</b>	<b>234</b>		<b>1,191</b>	<b>273</b>
<b>Financial Liabilities</b>						
Creditors		4,454	163		4,333	207
Term loans		1,784,895	-		965,903	9,683
Lease Liabilities		-	157		-	215
		<b>1,789,349</b>	<b>320</b>		<b>970,236</b>	<b>10,105</b>

#### Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2019: 5%) with all other variables held constant, the effects will be as follows:

Group	Profit before tax		Equity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
USD against SGD				
- Strengthened	(72,729)	(13,259)	8,161	7,631
- Weakened	72,729	13,259	(8,161)	(7,631)
RMB against SGD				
- Strengthened	6	1,594	-	-
- Weakened	(6)	(1,594)	-	-
BRL against SGD				
- Strengthened	12,149	12,462	-	-
- Weakened	(12,149)	(12,462)	-	-
<b>Company</b>				
USD against SGD				
- Strengthened	(89,604)	(48,801)	-	-
- Weakened	89,604	48,801	-	-
RMB against SGD				
- Strengthened	(4)	(474)	-	-
- Weakened	4	474	-	-

**34. Financial risk management (continued)****(ii) Interest rate risk**

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its Singapore dollar and US dollar variable rate term loans (Note 22). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling \$3,750,209,000 (2019: \$2,489,733,000) whereby it receives variable rates equal to SOR and LIBOR (2019: SOR and LIBOR) and pays fixed rates of between 0.19% and 3.62% (2019: 1.41% and 3.62%) on the notional amount. These interest rate swap agreements are held for hedging interest rate risk arising from variable rate borrowings, with interest rates ranging from 1-month to 6-month SOR and 1-month to 6-month USD-LIBOR. This amounts to 25% (2019: 22%) of the Group's total amount of borrowings excluding notional amounts of \$667,720,000 (2019: \$nil) relating to highly probable future borrowings.

The net negative fair value of interest rate swaps for the Group is \$175,861,000 (2019: net negative fair value of \$108,661,000) comprising assets of \$583,000 (2019: \$444,000) and liabilities of \$176,444,000 (2019: \$109,105,000). These amounts are recognised as derivative assets and derivative liabilities.

**Sensitivity analysis for interest rate risk**

If interest rates increase/decrease by 0.5% (2019: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by \$22,950,000 (2019: \$24,025,000) as a result of higher/lower interest expense on floating rate loans.

**(iii) Price risk**

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, HSFO 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling \$476,200,000 (2019: \$690,044,000) and \$37,602,000 (2019: \$63,885,000) respectively. The net positive fair value of HSFO forward contracts for the Group is \$53,373,000 (2019: net negative fair value of \$96,885,000) comprising assets of \$70,890,000 (2019: \$7,592,000) and liabilities of \$17,517,000 (2019: \$104,477,000). These amounts are recognised as derivative assets and derivative liabilities. The net positive fair value of Dated Brent forward contracts for the Group of \$5,071,000 (2019: net negative fair value of \$2,361,000) comprising assets of \$7,253,000 (2019: \$2,305,000) and liabilities of \$2,182,000 (2019: \$4,666,000). These amounts are recognised as derivative assets and derivative liabilities.

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts with notional amounts totalling \$43,492,000 (2019: \$142,980,000). The net negative fair value of electricity futures contracts is \$187,000 (2019: net positive fair value of \$5,447,000) comprising assets of \$1,763,000 (2019: \$7,560,000) and liabilities of \$1,950,000 (2019: \$2,113,000). These amounts are recognised as derivative assets and derivative liabilities.

The Group is exposed to equity securities price risk arising from equity investments classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

**Sensitivity analysis for price risk**

If prices for HSFO and Dated Brent increase/decrease by 5% (2019: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by \$26,479,000 (2019: \$29,658,000) and \$2,118,000 (2019: \$3,075,000) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (2019: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by \$2,154,000 (2019: \$6,877,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2019: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by \$7,226,000 (2019: \$7,835,000) as a result of higher/lower fair value gains on investments at fair value through profit or loss, and the Group's fair value reserve in other comprehensive income would have been higher/lower by \$27,021,000 (2019: \$2,008,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income.

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

### Credit Risk

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The Group assesses on a forward-looking basis the ECLs associated with its financial assets which are mainly debtors, amounts due from associated companies and joint ventures and bank balances, deposits and cash.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

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

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to debtors under SFRS(I) 9 as at 31 December 2020 that have not been assessed on a contract-by-contract basis are set out in the provision matrix as follows:

	Contract assets \$'000	Trade receivables				Total \$'000
		Current \$'000	1 to 3 months \$'000	3 to 6 months \$'000	> 6 months \$'000	
<b>Energy &amp; Environment</b>						
Expected loss rate	-	2.3%	10.0%	21.6%	30.5%	
Gross carrying amount	-	85,649	20,470	1,583	5,893	113,595
Loss allowance	-	1,932	2,052	342	1,798	6,124
<b>Connectivity</b>						
Expected loss rate	1.4%	0.4%	2.7%	19.7%	29.3%	
Gross carrying amount	177,642	123,005	42,643	14,665	24,851	382,806
Loss allowance	2,402	543	1,165	2,894	7,281	14,285

For the remaining subsidiaries which transact with low volume of customers and customers are monitored individually for credit loss assessment, the receivables (including concession service receivable and contract assets) are assessed individually for lifetime expected credit losses at each reporting date. In calculating the expected credit loss, the Group uses a probability-weighted amount that is determined by evaluating a range of possible outcomes. The possible outcomes include an unbiased estimate of the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

Individual customer will be evaluated periodically for its credit risk and the credit risk assessment is based on historical, current and forward-looking information such as:

- Historical financial and default rate of the customer
- Any publicly available information on the customer
- Any macroeconomic or geopolitical information relevant to the customer
- Any other objectively supportable information on the quality and abilities of the customer's management relevant for its performance

## NOTES TO THE FINANCIAL STATEMENTS

**34. Financial risk management (continued)****Urban Development**

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

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

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

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

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

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and hence does not expect significant credit losses.

**Asset Management**

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

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

As at 31 December 2020 and 2019, there are no significant financial assets that are past due and/or impaired.

**Liquidity Risk**

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury Department also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 22. The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year \$'000	Within one to two years \$'000	Within two to five years \$'000	After five years \$'000
<b>Group</b>				
<b>2020</b>				
Gross-settled forward foreign exchange contracts				
- Receipts	2,609,428	2,029,812	122,527	-
- Payments	(2,604,977)	(1,990,822)	(116,080)	-
Net-settled HSFO forward contracts				
- Receipts	61,533	9,035	322	-
- Payments	(13,667)	(3,840)	(10)	-
Net-settled Dated Brent forward contracts				
- Receipts	7,253	-	-	-
- Payments	(2,182)	-	-	-
Net-settled electricity futures contracts				
- Receipts	1,685	78	-	-
- Payments	(1,851)	(99)	-	-
Borrowings	(4,664,730)	(2,218,566)	(4,351,381)	(1,924,124)

	Within one year \$'000	Within one to two years \$'000	Within two to five years \$'000	After five years \$'000
<b>Group</b>				
<b>2019</b>				
Gross-settled forward foreign exchange contracts				
- Receipts	3,113,245	773,921	478,026	-
- Payments	(3,107,938)	(766,231)	(468,296)	-
Net-settled HSFO forward contracts				
- Receipts	5,583	1,808	200	-
- Payments	(91,720)	(11,095)	(1,661)	-
Net-settled Dated Brent forward contracts				
- Receipts	2,305	-	-	-
- Payments	(3,581)	(1,085)	-	-
Net-settled electricity futures contracts				
- Receipts	6,701	859	-	-
- Payments	(1,639)	(474)	-	-
Borrowings	(4,775,144)	(1,403,358)	(4,359,758)	(1,597,868)
<b>Company</b>				
<b>2020</b>				
Gross-settled forward foreign exchange contracts				
- Receipts	<b>2,609,428</b>	<b>2,029,812</b>	<b>122,527</b>	-
- Payments	<b>(2,604,977)</b>	<b>(1,990,822)</b>	<b>(116,080)</b>	-
Borrowings	<b>(3,538,694)</b>	<b>(1,106,646)</b>	<b>(2,586,867)</b>	<b>(1,412,822)</b>
<b>2019</b>				
Gross-settled forward foreign exchange contracts				
- Receipts	2,986,032	773,921	478,026	-
- Payments	(2,979,943)	(766,231)	(468,296)	-
Borrowings	(3,525,789)	(656,062)	(1,986,035)	(1,455,148)

In addition to the above, creditors (Note 20) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

#### Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital undertakings for the financial year ended 31 December 2020. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to total equity not exceeding ratios ranging from 2.00 to 3.00 times.

Management monitors capital risk based on the Group's net gearing. Net gearing is calculated as net debt divided by total equity. Net debt is calculated as total term loans (Note 22) and total lease liabilities (Note 8) less bank balances, deposits & cash (Note 19).

	Group	
	2020 \$'000	2019 \$'000
Net debt	<b>10,123,385</b>	9,873,556
Total equity	<b>11,155,904</b>	11,646,031
Net gearing ratio	<b>0.91x</b>	0.85x

#### Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. Financial risk management (continued)

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2020</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	173,270	-	173,270
Call option	-	-	156,643	156,643
Investments				
- Investments at fair value through other comprehensive income	504,611	-	317,680	822,291
- Investments at fair value through profit or loss	66,014	102,749	238,438	407,201
Short term investments				
- Investments at fair value through other comprehensive income	35,802	-	-	35,802
- Investments at fair value through profit or loss	78,492	20,340	-	98,832
	<b>684,919</b>	<b>296,359</b>	<b>712,761</b>	<b>1,694,039</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	283,805	-	283,805
<b>Non-financial assets</b>				
Investment Properties				
- Commercial and residential, completed	-	-	1,166,637	1,166,637
- Commercial, under construction	-	-	2,507,438	2,507,438
- Assets classified as held for sale	-	650,062	-	650,062
	-	<b>650,062</b>	<b>3,674,075</b>	<b>4,324,137</b>
<b>Group</b>				
<b>2019</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	55,841	-	55,841
Call option	-	-	157,518	157,518
Investments				
- Investments at fair value through other comprehensive income	12,336	-	202,623	214,959
- Investments at fair value through profit or loss	82,399	54,975	296,736	434,110
Short term investments				
- Investments at fair value through other comprehensive income	27,821	-	-	27,821
- Investments at fair value through profit or loss	74,300	19,460	-	93,760
	<b>196,856</b>	<b>130,276</b>	<b>656,877</b>	<b>984,009</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	246,587	-	246,587
<b>Non-financial assets</b>				
Investment Properties				
- Commercial and residential, completed	-	-	1,667,822	1,667,822
- Commercial, under construction	-	-	1,354,269	1,354,269
	-	-	<b>3,022,091</b>	<b>3,022,091</b>
<b>Company</b>				
<b>2020</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	77,494	-	77,494
Investments				
- Investments at fair value through other comprehensive income	-	-	22,196	22,196
	-	<b>77,494</b>	<b>22,196</b>	<b>99,690</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	158,950	-	158,950
<b>2019</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	30,462	-	30,462
Investments				
- Investments at fair value through other comprehensive income	-	-	19,230	19,230
	-	<b>30,462</b>	<b>19,230</b>	<b>49,692</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	78,766	-	78,766

There have been no significant transfers between Level 1, Level 2 and Level 3 for the Group and Company in 2020 and 2019.



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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	656,877	520,356	19,230	16,957
Subsidiaries acquired	-	23,884	-	-
Purchases	73,091	225,294	-	-
Sales	(19,224)	(39,171)	-	-
Fair value gain/(loss) recognised in other comprehensive income	60,350	(73,059)	2,966	2,273
Fair value gain/(loss) recognised in profit or loss	(36,852)	18,197	-	-
Reclassification				
- Associates/Joint Ventures	(44,750)	-	-	-
- Others	(559)	(865)	-	-
Exchange differences	(978)	366	-	-
Distribution	(1,965)	(10,366)	-	-
Return on capital	(3,429)	(7,759)	-	-
Capitalisation of interest on advances extended to an investee	30,200	-	-	-
At 31 December	712,761	656,877	22,196	19,230

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

	Group	
	2020 \$'000	2019 \$'000
At 1 January	3,022,091	2,857,145
Development expenditure	266,219	304,803
Fair value gain	268,430	101,020
Disposal	-	(834)
Reclassification		
- Assets held for sale	(650,062)	-
- Stocks & WIP	714,733	-
- Fixed assets	-	(217,121)
Exchange differences	52,664	(22,922)
At 31 December	3,674,075	3,022,091

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

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

## NOTES TO THE FINANCIAL STATEMENTS

## 34. Financial risk management (continued)

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

Description	Fair value as at 31 December 2020 \$'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	556,118	Net asset value, discounted cash flow and binomial option pricing, market comparative	Net asset value * Discount rate Growth rate Cost of equity Adjusted market multiple	Not applicable 8.00% 6.24% 15.85% 1.4x
Call option	156,643	Direct comparison method and investment method	Transacted price of comparable properties (psf) Capitalisation rate	\$1,600 to \$3,721 3.50%
Investment Properties - Commercial and residential, completed	1,166,637	Investment method, discounted cash flow method and/or direct comparison method; Residual method; Capitalisation method	Discount rate Capitalisation rate Net initial yield Transacted price of comparable properties (psm) Transacted price of comparable properties (psf) Terminal capitalisation rate	7.25% to 12.50% 4.25% to 10.50% 6.20% \$4,914 to \$6,615 \$2,835 to \$3,046 9.00%
- Commercial, under construction	2,507,438	Direct comparison method, discounted cash flow method, and/or residual value method	Transacted price of comparable land plots (psm) Gross development value (\$'million) Discount rate	\$7,930 to \$18,770 \$527 to \$2,042 12.50% to 18.00%

\* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

Description	Fair value as at 31 December 2019 \$'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	499,359	Net asset value, discounted cash flow, and/or market comparative	Net asset value *  Discount rate  Adjusted market multiple  Terminal growth rate	Not applicable  11%  1.4x  2.5%
Call option	157,518	Direct comparison method and investment method	Transacted price of comparable properties (psf)  Capitalisation rate	\$2,200 to \$2,865  3.50%
Investment Properties - Commercial and residential, completed	1,667,822	Investment method, discounted cash flow method and/or direct comparison method;  Residual method	Discount rate  Capitalisation rate  Net initial yield  Price of comparable land plots (psm)  Transacted price of comparable properties (psf)	5.60% to 12.76%  3.75% to 9.00%  3.93% to 5.85%  \$5,032 to \$6,773  \$1,616 to \$3,502
- Commercial, under construction	1,354,269	Direct comparison method, discounted cash flow method, and/or residual value method	Price of comparable land plots (psm)  Gross development value (\$'million)	\$8,121 to \$19,219  \$510 to \$1,897

\* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of investments at fair value through other comprehensive income on a quarterly basis.

Valuation process of investment properties is described in Note 7.

## NOTES TO THE FINANCIAL STATEMENTS

**35. Segment analysis**

The Group is organised into business units based on their products and services. On 28 May 2020, the Group unveiled its Vision 2030 to drive its strategy as one integrated business providing solutions for sustainable urbanisation. As part of Vision 2030, the Group reorganised its businesses under five main segments, namely Energy & Environment, Urban Development, Connectivity, Asset Management, and Corporate & Others. The objective of the reorganisation was for the Group to streamline and focus its business units on the key business areas. The revised segment reporting will now comprise five main segments with six reportable operating segments as follows:

**(i) Energy & Environment**

The Energy & Environment segment is focused on business areas relating to the safe and efficient harvesting of energy sources, serving the offshore & marine industry with an array of vessel solutions and services, renewables, and providing cities with power, as well as solutions for waste and water & wastewater treatment. The segment comprises two reportable operating segments, being Offshore & Marine and Infrastructure & Others.

Offshore & Marine - Principal activities include offshore production facilities and drilling rig design, construction, fabrication and repair, ship conversions and repair, and specialised shipbuilding. The operating segment has operations in Brazil, China, Singapore, the United States and other countries.

Infrastructure & Others - Principal activities include power generation, renewables, environmental engineering and infrastructure operation and maintenance. The operating segment has operations in China, Singapore, Switzerland, the United Kingdom, and other countries.

**(ii) Urban Development**

Principal activities include property development and investment, as well as master development. The segment has operations in China, India, Indonesia, Singapore, Vietnam and other countries.

**(iii) Connectivity**

Principal activities include the provision of telecommunications services, retail sales of telecommunications equipment and accessories, development and operation of data centres and provision of logistics solutions. The segment has operations in China, Singapore and other countries. Keppel Logistics ("KLOG") contributed about 2% and 4% of the Group's total revenue and net loss respectively for the financial year ended 31 December 2020. KLOG accounted for about 1% of the Group's total assets and total liabilities as at 31 December 2020.

**(iv) Asset Management**

Principal activities include management of private funds and listed real estate investment and business trusts. The segment operates mainly in Singapore.

**(v) Corporate & Others**

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

Management monitors the results of each of the above main segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable operating segments is presented in the following table, with the segment information for the prior year ended 31 December 2019 restated to reflect the change in composition of the reportable segments.

	Energy & Environment			Urban Development \$'000	Connectivity \$'000	Asset Management \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
	Offshore & Marine \$'000	Infrastructure & Others \$'000	Subtotal \$'000						
<b>2020</b>									
<b>Revenue</b>									
External sales	1,573,455	2,369,889	3,943,344	1,275,473	1,220,011	134,784	730	-	6,574,342
Inter-segment sales	526	10,335	10,861	9,407	5,280	295	76,422	(102,265)	-
<b>Total</b>	<b>1,573,981</b>	<b>2,380,224</b>	<b>3,954,205</b>	<b>1,284,880</b>	<b>1,225,291</b>	<b>135,079</b>	<b>77,152</b>	<b>(102,265)</b>	<b>6,574,342</b>
<b>Segment Results</b>									
Operating profit	(909,633)	87,263	(822,370)	605,488	46,010	273,601	(93,891)	(437)	8,401
Investment income	3,449	-	3,449	1,035	175	23,273	1,414	-	29,346
Interest income	60,429	61,414	121,843	39,518	1,972	6,001	393,668	(400,949)	162,053
Interest expenses	(196,885)	(9,859)	(206,744)	(56,055)	(33,224)	(39,700)	(357,929)	401,386	(292,266)
Share of results of associated companies and joint ventures	(330,421)	(16,594)	(347,015)	129,917	13,689	40,476	712	-	(162,221)
Profit before tax	(1,373,061)	122,224	(1,250,837)	719,903	28,622	303,651	(56,026)	-	(254,687)
Taxation	93,667	(28,262)	65,405	(278,745)	(13,917)	(26,169)	19	-	(253,407)
<b>Profit for the year</b>	<b>(1,279,394)</b>	<b>93,962</b>	<b>(1,185,432)</b>	<b>441,158</b>	<b>14,705</b>	<b>277,482</b>	<b>(56,007)</b>	<b>-</b>	<b>(508,094)</b>
Attributable to:									
Shareholders of Company	(1,274,847)	94,178	(1,180,669)	437,796	13,244	279,525	(55,756)	-	(505,860)
Non-controlling interests	(4,547)	(216)	(4,763)	3,362	1,461	(2,043)	(251)	-	(2,234)
<b>Total</b>	<b>(1,279,394)</b>	<b>93,962</b>	<b>(1,185,432)</b>	<b>441,158</b>	<b>14,705</b>	<b>277,482</b>	<b>(56,007)</b>	<b>-</b>	<b>(508,094)</b>
<b>External revenue from contracts with customers</b>									
- At a point in time	112,699	10,644	123,343	1,032,449	380,812	12,388	100	-	1,549,092
- Over time	1,460,756	2,359,245	3,820,001	159,962	829,570	122,396	-	-	4,931,929
<b>Total</b>	<b>1,573,455</b>	<b>2,369,889</b>	<b>3,943,344</b>	<b>1,192,411</b>	<b>1,210,382</b>	<b>134,784</b>	<b>100</b>	<b>-</b>	<b>6,481,021</b>
<b>Other sources of revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,062</b>	<b>9,629</b>	<b>-</b>	<b>630</b>	<b>-</b>	<b>93,321</b>
<b>Total</b>	<b>1,573,455</b>	<b>2,369,889</b>	<b>3,943,344</b>	<b>1,275,473</b>	<b>1,220,011</b>	<b>134,784</b>	<b>730</b>	<b>-</b>	<b>6,574,342</b>
<b>Other Information</b>									
Segment assets	8,777,983	2,484,217	11,262,200	14,516,978	4,020,059	3,974,802	11,359,061	(13,027,221)	32,105,879
Segment liabilities	9,436,503	1,960,318	11,396,821	7,956,375	2,819,371	1,868,694	9,935,935	(13,027,221)	20,949,975
Net assets	(658,520)	523,899	(134,621)	6,560,603	1,200,688	2,106,108	1,423,126	-	11,155,904
Investment in associated companies and joint ventures	360,838	205,170	566,008	2,300,945	203,330	2,920,330	-	-	5,990,613
Additions to non-current assets	61,835	91,090	152,925	537,537	156,757	384,483	1,397	-	1,233,099
Depreciation and amortisation	119,566	31,312	150,878	39,461	213,461	2,655	7,051	-	413,506
Impairment loss/(write-back of impairment loss) on non-financial assets	521,411	42,225	563,636	9,184	27,853	(8,487)	(81)	-	592,105
Allowance for expected credit loss and bad debt written-off	186,818	1,385	188,203	22,902	9,153	-	(18)	-	220,240
<b>Geographical information</b>									
	<b>Singapore \$'000</b>	<b>China/ Hong Kong \$'000</b>	<b>Brazil \$'000</b>	<b>Other Far East &amp; ASEAN countries \$'000</b>	<b>Other countries \$'000</b>	<b>Elimination \$'000</b>	<b>Total \$'000</b>		
External sales	4,563,849	1,161,182	47,252	258,109	543,950	-	6,574,342		
Non-current assets	8,400,031	3,660,816	240,893	1,878,137	392,094	-	14,571,971		

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2020.

#### Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2020.

Note: Pricing of inter-segment goods and services is at fair market value.

## NOTES TO THE FINANCIAL STATEMENTS

## 35. Segment analysis (continued)

	Energy & Environment			Urban Development \$'000	Connectivity \$'000	Asset Management \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
	Offshore & Marine \$'000	Infrastructure & Others \$'000	Subtotal \$'000						
<b>2019</b>									
<b>Revenue</b>									
External sales	2,219,397	2,749,175	4,968,572	1,336,236	1,128,158	144,922	1,815	-	7,579,703
Inter-segment sales	321	13,436	13,757	11,187	1,840	13	93,693	(120,490)	-
Total	<u>2,219,718</u>	<u>2,762,611</u>	<u>4,982,329</u>	<u>1,347,423</u>	<u>1,129,998</u>	<u>144,935</u>	<u>95,508</u>	<u>(120,490)</u>	<u>7,579,703</u>
<b>Segment Results</b>									
Operating profit	76,848	38,585	115,433	507,174	210,342	120,034	(76,602)	120	876,501
Investment income	4,988	-	4,988	215	1,410	47,920	10,061	-	64,594
Interest income	74,444	64,911	139,355	48,697	1,982	955	352,570	(365,884)	177,675
Interest expenses	(195,664)	(11,230)	(206,894)	(62,430)	(47,058)	(39,467)	(322,631)	365,764	(312,716)
Share of results of associated companies and joint ventures	(56,823)	(116,894)	(173,717)	181,963	29,452	109,715	-	-	147,413
Profit before tax	(96,207)	(24,628)	(120,835)	675,619	196,128	239,157	(36,602)	-	953,467
Taxation	32,515	(13,848)	18,667	(175,406)	(22,592)	(25,527)	12,529	-	(192,329)
Profit for the year	<u>(63,692)</u>	<u>(38,476)</u>	<u>(102,168)</u>	<u>500,213</u>	<u>173,536</u>	<u>213,630</u>	<u>(24,073)</u>	<u>-</u>	<u>761,138</u>
Attributable to:									
Shareholders of Company	(63,190)	(38,304)	(101,494)	483,235	135,693	214,373	(24,832)	-	706,975
Non-controlling interests	(502)	(172)	(674)	16,978	37,843	(743)	759	-	54,163
	<u>(63,692)</u>	<u>(38,476)</u>	<u>(102,168)</u>	<u>500,213</u>	<u>173,536</u>	<u>213,630</u>	<u>(24,073)</u>	<u>-</u>	<u>761,138</u>
<b>External revenue from contracts with customers</b>									
- At a point in time	96,643	12,383	109,026	999,497	340,149	32,915	1,312	-	1,482,899
- Over time	2,122,754	2,736,792	4,859,546	223,302	779,348	108,676	-	-	5,970,872
	<u>2,219,397</u>	<u>2,749,175</u>	<u>4,968,572</u>	<u>1,222,799</u>	<u>1,119,497</u>	<u>141,591</u>	<u>1,312</u>	<u>-</u>	<u>7,453,771</u>
<b>Other sources of revenue</b>									
	-	-	-	113,437	8,661	3,331	503	-	125,932
Total	<u>2,219,397</u>	<u>2,749,175</u>	<u>4,968,572</u>	<u>1,336,236</u>	<u>1,128,158</u>	<u>144,922</u>	<u>1,815</u>	<u>-</u>	<u>7,579,703</u>
<b>Other Information</b>									
Segment assets	9,491,154	2,189,734	11,680,888	13,819,442	4,246,087	3,591,131	9,102,783	(11,118,771)	31,321,560
Segment liabilities	8,787,599	1,798,314	10,585,913	6,408,601	2,909,821	1,826,692	9,063,273	(11,118,771)	19,675,529
Net assets	<u>703,555</u>	<u>391,420</u>	<u>1,094,975</u>	<u>7,410,841</u>	<u>1,336,266</u>	<u>1,764,439</u>	<u>39,510</u>	<u>-</u>	<u>11,646,031</u>
Investment in associated companies and joint ventures	645,946	215,377	861,323	2,176,732	170,507	3,140,738	1,545	-	6,350,845
Additions to non-current assets	95,440	13,640	109,080	622,622	105,691	357,098	10,101	-	1,204,592
Depreciation and amortisation	121,126	31,222	152,348	38,275	174,900	2,761	7,010	-	375,294
Impairment loss/(write-back of impairment loss) of non-financial assets	6,827	37,769	44,596	4,908	3,729	(1,315)	-	-	51,918
Allowance for expected credit loss and bad debt written-off	9,115	15,602	24,717	385	5,652	547	43,066	-	74,367

**Geographical information**

	Singapore \$'000	China/ Hong Kong \$'000	Brazil \$'000	Other Far East & ASEAN countries \$'000	Other countries \$'000	Elimination \$'000	Total \$'000
External sales	5,704,097	1,005,803	83,769	429,351	356,683	-	7,579,703
Non-current assets	8,741,671	3,111,521	286,862	1,891,462	686,175	-	14,717,691

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019.

**Information about a major customer**

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019.

Note: Pricing of inter-segment goods and services is at fair market value.

### 36. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale

(i) **Chengdu Hilltop Development Co Ltd (“CHD”)**

On 10 November 2020, the Company announced that its indirect wholly-owned subsidiary, Hillwest Pte Ltd, is divesting 100% of the equity interest in CHD to Chengdu Longfor Development Co Ltd, with the divestment occurring in two tranches. The first tranche divestment comprising 50% equity interest in CHD has been completed as at 31 December 2020. The transfer of the remaining 50% interest was completed on 4 February 2021 (Note 38).

(ii) **Dong Nai Waterfront City LLC (“DNWC”)**

On 1 December 2020, the Company announced that its indirect wholly-owned subsidiary, Portsville Pte. Ltd., is divesting its remaining 30% interest in DNWC to Nam Long Investment Corporation. The divestment is expected to be completed in the first half of 2021, conditional upon certain conditions precedent being fulfilled, including but not limited to, the issuance of a new Enterprise Registration Certificate by the relevant Vietnamese authorities.

(iii) **Keppel Bay Tower Pte. Ltd. (“KBTPL”)**

On 23 December 2020, Agathese Pte. Ltd. and Keppel Land (Singapore) Pte. Ltd., both indirect wholly-owned subsidiaries of the Company, entered into a sale and purchase agreement with RBC Investor Services Trust Singapore Limited (acting in its capacity as trustee of Keppel Real Estate Investment Trust (“Keppel REIT”)), to divest 100% of the issued and paid-up share capital of KBTPL to Keppel REIT.

The transaction is subject to and conditional upon, among others, the approval of the Unitholders of Keppel REIT at an extraordinary general meeting, and approvals from the relevant authorities. Upon approval, the transaction is expected to be completed in the second quarter of 2021.

(iv) **First King Properties Limited (“First King”)**

On 24 December 2020, the Company announced that its indirect wholly-owned subsidiary, West Gem Properties Limited, is divesting its 100% equity interest in First King to ZGC King William Holdings Limited. The divestment was completed on 29 January 2021 (Note 38).

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of KBTPL and First King have been presented separately as “assets classified as held for sale” and “liabilities directly associated with assets classified as held for sale”, and the investments in CHD and DNWC that are accounted for as associated companies have been presented as “assets classified as held for sale” in the consolidated balance sheet as at 31 December 2020. Details of the assets classified as held for sale and liabilities directly associated with assets classified as held for sale are as follows:

	As at 31 December 2020 \$'000
<b>Assets classified as held for sale</b>	
Fixed assets	54,160
Investment properties	650,062
Right-of-use assets	154,281
Associated companies	125,882
Debtors	7,999
Bank balances, deposits & cash	16,308
	<b>1,008,692</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Creditors	7,987
Term loans	91,967
Taxation	4,245
Deferred tax liabilities	4,345
Other non-current liabilities	6,676
	<b>115,220</b>

The assets and liabilities classified as held for sale are included in Urban Development for the purpose of segmental reporting.

## NOTES TO THE FINANCIAL STATEMENTS

**37. New accounting standards and interpretations**

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

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: *Interest Rate Benchmark Reform - Phase 2* (effective for annual periods beginning on or after 1 January 2021)

Hedge relationships

As described in Note 2.2, the Group adopted the 'Phase 1' amendments on 1 January 2020 which provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

The 'Phase 2' amendments, which will become effective for the Group for the annual period beginning on 1 January 2021, address issues arising during interest rate benchmark reform, including specifying when the 'Phase 1' amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted.

Financial instruments and lease liabilities

For financial instruments measured using amortised cost measurement, the 'Phase 2' amendments provide a practical expedient which require changes to the basis for determining the contractual cash flows required by interest rate benchmark reform to be reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. This practical expedient exists for lease liabilities as well. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment - Proceeds before Intended Use* (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 *Property, Plant and Equipment (PP&E)* prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract* (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

- Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2023)

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

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

The management anticipates that the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.



### 38. Subsequent events

- (i) On 28 January 2021, the Group announced that, amidst the global energy transition and major disruptions facing the oil industry, it will carry out a comprehensive transformation of its wholly-owned subsidiary, Keppel Offshore & Marine Ltd ("KOM"), to better align it to the Group's Vision 2030 and to create a more competitive KOM that is well-placed to support the energy transition. As part of the transformation, KOM's business will be reorganised into three parts, being a Rig Co and a Development Co ("Dev Co"), which will be transient entities created to hold assets including its approximately \$2.9 billion worth of completed and uncompleted rig assets, and an Operating Co ("Op Co") comprising the rest of KOM. This reorganisation into distinct parts provides better clarity for the Group to focus on the requisite resources to deliver on the respective plans.

KOM's completed rigs will be placed under the Rig Co, which will put the completed rigs to work, or sell them if there are suitable opportunities. Uncompleted rigs will come under the Dev Co, which will focus on completing the rigs, while prudently managing cashflow. Op Co will progressively transit to a developer and integrator role, focusing on design, engineering and procurement, exit the offshore rigbuilding business and progressively exit low value adding repairs including other activities with low bottom line contribution. Op Co will seek opportunities in floating infrastructure and infrastructure-like projects that can deliver predictable streams of cashflow, including renewables projects such as offshore wind farms and solar farms, gas solutions, production assets and new energy solutions such as hydrogen and tidal energy.

The reorganisation has commenced and the transformation is expected to be executed over the next two to three years. Reflecting its new focus, KOM will carry out a rebranding exercise and refine its vision and purpose.

- (ii) On 29 January 2021, the Group completed the divestment of its 100% equity interest in First King Properties Limited ("First King") at a consideration of GBP73.6 million (approximately S\$131.1 million). The consideration was arrived on a willing-buyer and willing-seller basis. The assets and liabilities of First King have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" on the balance sheet as at 31 December 2020 (Note 36).
- (iii) On 1 February 2021, Myanmar declared a one year State of Emergency. The situation in Myanmar and international reactions (including economic sanctions, if any) remain fluid. The impact on the economy, foreign investments and the Group's investments in Myanmar remain unclear at the date of this financial report. The Group will continue to assess the impact of the State of Emergency on the Group's investments in Myanmar.

As at 31 December 2020, the Group has a hospitality asset and an investment in a joint venture whose primary business is in property investment with a carrying value of \$107 million and \$22 million respectively in Myanmar. These two investments accounted for about 0.4% and 1.2% of the Group's total assets and net assets respectively.

- (iv) On 4 February 2021, the Group completed the divestment of its remaining 50% interest in Chengdu Hilltop Development Co Ltd ("CHD") for a consideration of RMB630 million (approximately S\$130.1 million). The consideration was arrived on a willing-buyer and willing-seller basis. The Group's share of net book value of CHD has been presented separately as "assets classified as held for sale" on the balance sheet as at 31 December 2020 (Note 36).

### 39. Significant subsidiaries, associated companies and joint ventures

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

## SIGNIFICANT SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2020 %	2020 %	2019 %	2020 \$'000	2019 \$'000		
<b>ENERGY &amp; ENVIRONMENT</b>							
<b>Offshore &amp; Marine</b>							
<b>Subsidiaries</b>							
Keppel Offshore and Marine Ltd	100	100	100	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltda <sup>(1a)</sup>	100	100	100	#	#	Brazil	Holding of long-term investments and property management
Estaleiro BrasFELS Ltda <sup>(1a)</sup>	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Fervale Pte Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of drilling rigs and offshore production facilities
FSTP Brasil Ltda <sup>(1a)</sup>	75	75	75	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	#	#	Singapore	Project management, engineering and procurement
Keppel AmFELS, LLC	100	100	100	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Brasil SA <sup>(1a)</sup>	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Letourneau USA, Inc	100	100	100	#	#	USA	Design and license of various offshore rigs and platforms
Keppel Offshore & Marine USA Inc	100	100	100	#	#	USA	Offshore and marine-related services
KV Enterprises BV <sup>(3)</sup>	100	100	100	#	#	Netherlands	Holding of long-term investments
KVE Administradora de Bens Imoveis Ltda <sup>(1a)</sup>	100	100	100	#	#	Brazil	Holding of long-term investments and property management
PT Bintan Offshore <sup>(1a)</sup>	99	60	60	#	#	Indonesia	Offshore engineering and construction
Offshore Partners Pte Ltd	100	100	100	#	#	Singapore	Arrange, syndicate and/or provide financing to customers of Keppel Group
Regency Steel Japan Ltd <sup>(1a)</sup>	51	51	51	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
FELS Asset Co Pte Ltd	100	100	100	#	#	Singapore	Chartering of ships, barges and boats with crew
FELS Asset Co 2 Pte Ltd	100	100	100	#	#	Singapore	Chartering of ships, barges and boats with crew
Offshore Partners 2 Pte Ltd	100	100	100	#	#	Singapore	Chartering of ships, barges and boats with crew
Lenity Pioneer Pte Ltd	100	100	100	#	#	Singapore	Service activities related to oil and gas extraction
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Ship repairing, shipbuilding and conversions

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2020 %	2020 %	2019 %	2020 \$'000	2019 \$'000		
Keppel Philippines Marine Inc <sup>(1a)</sup>	98	98	98	#	#	Philippines	Shipbuilding and repairing
Keppel Nantong Heavy Industry Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	#	#	Singapore	Shipbuilding and repairing
Keppel Subic Shipyard Inc <sup>(1a)</sup>	87*	86*	86*	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
<b>Associated Companies and Joint Ventures</b>							
Asian Lift Pte Ltd	50	50	50	#	#	Singapore	Provision of heavy-lift equipment and related services
Floatel International Ltd <sup>(1a)</sup>	50	50	50	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Blue Tern Holding AS <sup>(2)</sup>	49	49	49	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Arab Heavy Industries PJSC <sup>(2)</sup>	33	33	33	#	#	UAE	Shipbuilding and repairing
Keppel Smit Towage Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Maju Maritime Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Nakilat - Keppel Offshore & Marine Ltd <sup>(2)</sup>	20	20	20	#	#	Qatar	Ship repairing
PV Keez Pte Ltd <sup>(2)</sup>	20	20	20	#	#	Singapore	Chartering of ships, barges and boats with crew
FueLNG Pte Ltd <sup>(2)</sup>	50	50	50	#	#	Singapore	Provide end-to-end LNG bunkering supply solution
<b>Infrastructure &amp; Others</b>							
<b>Subsidiaries</b>							
Keppel Infrastructure Holdings Pte Ltd	100	100	100	445,892	445,892	Singapore	Investment holding
Keppel Energy Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel DHCS Pte Ltd	100	100	100	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Keppel Seghers Pte Ltd	100	100	100	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Holdings BV <sup>(1a)</sup>	100	100	100	#	#	Netherlands	Investment holding
Keppel Seghers Belgium NV <sup>(1a)</sup>	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Keppel Seghers UK Ltd <sup>(1a)</sup>	100	100	100	#	#	United Kingdom	Design and construction of waste-to-energy plants
Marina East Water Pte Ltd	100	100	100	#	#	Singapore	Design and construction of desalination plant

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	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2020 %	2020 %	2019 %	2020 \$'000	2019 \$'000		
Keppel Infrastructure Services Pte Ltd	100	100	100	#	#	Singapore	Provision of technical support including engineering, construction, operations and maintenance of plants and facilities
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Integrated Engineering Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel XTE Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepinvest Holdings Pte Ltd	100	100	100	10	10	Singapore	Investment holding
Kepinvest Singapore Pte Ltd	100	100	100	20,000	20,000	Singapore	Investment holding
<b>Associated Companies and Joint Ventures</b>							
Keppel Merlimau Cogen Pte Ltd <sup>(2)</sup>	49	49	49	#	#	Singapore	Commercial power generation
MET Holding AG <sup>(1a)(n)</sup>	20	20	-	#	-	Switzerland	Integrated energy company
Tianjin Eco-City Energy Investment & Construction Co Ltd <sup>(1a)</sup>	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
KrisEnergy Ltd <sup>(2)</sup>	40	40	40	#	#	Cayman Islands	Exploration for, and the development and production of oil and gas
<b>URBAN DEVELOPMENT</b>							
<b>Subsidiaries</b>							
Keppel Land Ltd	100	100	100	4,793,367	4,793,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Land Estate Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100	100	100	#	#	Singapore	Property development
Keppel Philippines Properties Inc <sup>(1a)</sup>	87 <sup>+</sup>	87 <sup>+</sup>	87 <sup>+</sup>	493	493	Philippines	Investment holding
Agathese Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Bellenden Investments Ltd <sup>(3)</sup>	67	67	67	#	#	BVI	Investment holding
Broad Elite Investments Ltd <sup>(3)</sup>	100	100	100	#	#	BVI	Investment holding
Cesario Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Corredance Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Corson Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Dattson Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Davinelle Ltd <sup>(3)</sup>	67	67	67	#	#	BVI	Investment holding
Domenico Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Double Peak Holdings Ltd <sup>(3)</sup>	100	100	100	#	#	BVI	Investment holding
Estella JV Co Ltd <sup>(1a)</sup>	98	98	98	#	#	Vietnam	Property development and investment

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2020 %	2020 %	2019 %	2020 \$'000	2019 \$'000		
Eternal Commercial Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Investment holding
Evergro Properties Ltd	100	100	100	#	#	Singapore	Property investment and development
First King Properties Ltd <sup>(3)</sup>	100	100	100	#	#	Jersey	Property investment
Floraville Estate Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Bay Tower Pte Ltd	100	100	100	#	#	Singapore	Property investment
Hillwest Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Point Pte Ltd	100 <sup>+</sup>	100 <sup>+</sup>	100 <sup>+</sup>	122,785	122,785	Singapore	Property development and investment
Jencity Ltd <sup>(3)</sup>	100	100	100	#	#	BVI	Investment holding
K-Commercial Pte Ltd	100	100	100	#	#	Singapore	Property development/ investment
Katong Retail Trust	100	100	100	#	#	Singapore	Investment trust
Kapler Pte Ltd	100	100	100	#	#	Singapore	Investment holding
KeplandeHub Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Digihub Holdings Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Heights (Wuxi) Property Development Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Keppel Land (Saigon Centre) Ltd <sup>(1a)</sup>	100	100	100	#	#	HK	Investment holding
Keppel Land (Singapore) Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	100	#	#	Singapore	Financial services
Keppel Land International (Management) Pte Ltd	100	100	100	#	#	Singapore	Property services
Keppel Land Watco IV Co Ltd <sup>(1a)</sup>	84	84	84	#	#	Vietnam	Property development
Keppel Land Watco V Co Ltd <sup>(1a)</sup>	84	84	84	#	#	Vietnam	Property development
Keppel Land Vietnam Co Ltd <sup>(1a)</sup>	100	100	100	#	#	Vietnam	Property services
Keppel Seasons Residences Property Development (Wuxi) Co., Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Keppel Tianjin Eco-City Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Three Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Two Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Yong Xiang Corporate Management (Shanghai) Company Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property services

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AND JOINT VENTURES**

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2020 %	2020 %	2019 %	2020 \$'000	2019 \$'000		
Tosalco Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Krystal Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Joysville Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Main Full Ltd <sup>(1a)</sup>	100	100	100	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	100	#	#	Singapore	Property development
Merryfield Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Oceansky Pte Ltd	100	100	100	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Oscario Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Parksville Development Pte Ltd	100	100	100	#	#	Singapore	Property development
Pasir Panjang Realty Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Peplamo Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Pembury Properties Ltd <sup>(3)</sup>	100	100	100	#	#	BVI	Investment holding
Pisamir Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Portsville Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Pre-1 Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
PT Harapan Global Niaga <sup>(1a)</sup>	100	100	100	#	#	Indonesia	Property development
PT Kepland Investama <sup>(1a)</sup>	100	100	100	#	#	Indonesia	Property investment
PT Puri Land Development <sup>(1a)</sup>	100	100	100	#	#	Indonesia	Property development
PT Sukses Manis Indonesia <sup>(1a)</sup>	100	100	100	#	#	Indonesia	Property development
PT Sukses Manis Tangguh <sup>(1a)</sup>	100	100	100	#	#	Indonesia	Property development
Riviera Point LLC <sup>(1a)</sup>	75	75	75	#	#	Vietnam	Property development
Saigon Centre Investment Ltd <sup>(3)</sup>	100	100	100	#	#	BVI	Investment holding
Saigon Sports City Ltd <sup>(1a)</sup>	100	100	100	#	#	Vietnam	Property development
Beijing Changsheng Consultant Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property investment
Beijing Changsheng Property Management Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property investment
Shanghai Floraville Land Co Ltd <sup>(1a)</sup>	99	99	99	#	#	China	Property investment
Shanghai Fengwo Apartment Management Co. Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property management service
Shanghai Hongda Property Development Co Ltd <sup>(1a)</sup>	100	99	99	#	#	China	Property development
Shanghai Ji Lu Land Co Ltd <sup>(1a)</sup>	100	99	99	#	#	China	Property development/ investment
Shanghai Ji Xiang Land Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
Shanghai Jinju Real Estate Development Co Ltd <sup>(1a)</sup>	100	99	99	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd <sup>(1a)</sup>	100	99	99	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd <sup>(1a)</sup>	99	99	99	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd <sup>(1a)</sup>	99	99	99	#	#	China	Property development
Sherwood Development Pte Ltd	70	70	70	#	#	Singapore	Property development

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2020 %	2020 %	2019 %	2020 \$'000	2019 \$'000		
Spring City Golf & Lake Resort Co Ltd <sup>(1a)</sup>	80	69	69	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Straits Greenfield Ltd <sup>(2)</sup>	100	100	100	#	#	Myanmar	Hotel ownership and operations
Straits Property Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Group Eco-City Investments Pte Ltd	100 <sup>+</sup>	100 <sup>+</sup>	100 <sup>+</sup>	126,744	126,744	Singapore	Investment holding
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90 <sup>+</sup>	90 <sup>+</sup>	90 <sup>+</sup>	#	#	Singapore	Investment holding
Substantial Enterprises Ltd <sup>(3)</sup>	100 <sup>+</sup>	100 <sup>+</sup>	100 <sup>+</sup>	#	#	BVI	Investment holding
Tianjin Fulong Property Development Co Ltd <sup>(1a)</sup>	100	100	100	#	#	China	Property development
The9 Computer Technology Consulting (Shanghai) Ltd <sup>(1a)(n)</sup>	100	100	-	#	-	China	Investment holding
West Gem Properties Ltd <sup>(3)</sup>	100	100	100	#	#	Jersey	Investment holding
<b>Associated Companies and Joint Ventures</b>							
Chengdu Hilltop Development Co Ltd <sup>(1a)</sup>	50	50	100	#	#	China	Property development
Chengdu Taixin Real Estate Development Co Ltd <sup>(2)</sup>	35	35	35	#	#	China	Property development
Chengdu Wanji Real Estate Development Co Ltd <sup>(2)</sup>	30	30	30	#	#	China	Property development
City Square Office Co Ltd <sup>(2)</sup>	40	40	40	#	#	Myanmar	Property development
Dong Nai Waterfront City LLC <sup>(1a)</sup>	30	30	30	#	#	Vietnam	Property development
Empire City LLC <sup>(2)</sup>	40	40	40	#	#	Vietnam	Property development
EM Services Pte Ltd	25	25	25	#	#	Singapore	Property management
Garden Development Pte Ltd	60	60	60	#	#	Singapore	Property development
Kapstone Construction Private Limited <sup>(1a)(n)</sup>	49	49	-	#	-	India	Real estate construction and development
Keppel Land Watco I Co Ltd <sup>(1a)</sup>	61	61	61	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd <sup>(1a)</sup>	61	61	61	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd <sup>(1a)</sup>	61	61	61	#	#	Vietnam	Property investment and development
Harbourfront Three Pte Ltd	39	39	39	#	#	Singapore	Property development and investment
Nam Long Investment Corporation <sup>(2)</sup>	10	10	10	#	#	Vietnam	Trading of development properties
Nanjing Jinsheng Real Estate Development Co Ltd <sup>(1a)</sup>	40	40	40	#	#	China	Property development
Nanjing Zhijun Property Development Co Ltd <sup>(2)</sup>	25	25	25	#	#	China	Property development
North Bund Pte Ltd <sup>(2)</sup>	30	30	30	#	#	Singapore	Investment holding
Raffles Quay Asset Management Pte Ltd <sup>(2)</sup>	33	33	33	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd <sup>(1a)</sup>	40	40	40	#	#	Malaysia	Property investment

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	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2020 %	2020 %	2019 %	2020 \$'000	2019 \$'000		
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd <sup>(1a)</sup>	50	45	45	#	#	China	Property development
South Rach Chiec LLC <sup>(1a)</sup>	42	42	42	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd <sup>(1a)</sup>	25	25	25	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd <sup>(2)</sup>	30	30	30	#	#	Vietnam	Property investment
Vision (III) Pte Ltd <sup>(2)</sup>	30	30	30	#	#	Singapore	Investment holding
Win Up Investment Ltd <sup>(2)</sup>	30	30	30	#	#	China	Investment holding
<b>CONNECTIVITY</b>							
<b>Subsidiaries</b>							
Keppel Telecommunications & Transportation Ltd	100	100	100	621,299	621,299	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd	100	100	100	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd <sup>(2)</sup>	60	60	60	#	#	China	Integrated logistics services, food trading hub, warehousing and distribution
Keppel Data Centres Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100 <sup>+</sup>	100 <sup>+</sup>	100 <sup>+</sup>	#	#	Singapore	Investment holding and management services
Keppel Communications Pte Ltd	100	100	100	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Konnect Pte Ltd	100	100	100	1	1	Singapore	Investment holding
Konnectivity Pte Ltd	80	80	80	#	#	Singapore	Investment holding
M1 Limited	100 <sup>+</sup>	84 <sup>+</sup>	84 <sup>+</sup>	#	#	Singapore	Telecommunications services
M1 Shop Pte Ltd	100 <sup>+</sup>	84 <sup>+</sup>	84 <sup>+</sup>	#	#	Singapore	Retail sales of telecommunication equipment and accessories
M1 Net Ltd	100 <sup>+</sup>	84 <sup>+</sup>	84 <sup>+</sup>	#	#	Singapore	Provision of fixed and other related telecommunication services
<b>Associated Companies and Joint Ventures</b>							
Asia Airfreight Terminal <sup>(2)</sup>	10	10	10	#	#	HK	Operation of an air cargo handling terminal
Computer Generated Solutions Inc <sup>(2)</sup>	21	21	21	#	#	USA	IT consulting and outsourcing provider
Nautilus Data Technologies Inc <sup>(2)</sup>	14	14	19	#	#	USA	Water-cooled data centre leasing, colocation and interconnection services
SVOA Public Company Ltd <sup>(2)</sup>	32	32	32	#	#	Thailand	Distribution of IT products and telecommunications services
Wuhu Sanshan Port Co Ltd <sup>(2)</sup>	50	50	50	#	#	China	Integrated logistics services and port operations



	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2020 %	2020 %	2019 %	2020 \$'000	2019 \$'000		
<b>ASSET MANAGEMENT</b>							
<b>Subsidiaries</b>							
Keppel Capital Holdings Pte Ltd	100	100	100	783,000	783,000	Singapore	Investment holding
Keppel Capital Investment Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Alpha Investment Partners Ltd	100	100	100	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100 <sup>+</sup>	100 <sup>+</sup>	100 <sup>+</sup>	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Capital Alternative Asset Pte Ltd	100	100	100	#	#	Singapore	Fund management
Keppel Capital Two Pte Ltd	100	100	100	#	#	Singapore	To arrange, syndicate and/or provide financing for investing activities
Keppel Capital Three Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Capital US Holding Inc <sup>(3)</sup>	100	100	100	#	#	USA	Investment holding
Keppel REIT Management Ltd	100	100	100	#	#	Singapore	Investment advisory and property fund management
Aintree Assets Ltd <sup>(3)</sup>	100	100	100	#	#	BVI	Investment holding
Keppel REIT Investment Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel DC Investment Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Alpha Real Estate Securities Fund	99	99	99	#	#	Singapore	Investment holding
<b>Associated Companies and Joint Ventures</b>							
Keppel DC REIT	21	21	23	#	#	Singapore	Data centre facilities and colocation services
Keppel REIT	49	49	49	#	#	Singapore	Real estate investment trust
Keppel Pacific Oak US REIT <sup>(2)</sup>	8	7	7	#	#	Singapore	Real estate investment trust
<b>CORPORATE &amp; OTHERS</b>							
<b>Subsidiaries</b>							
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding
Keppel Funds Investment Pte Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	594,922	594,922	Singapore	Investment holding
<b>Total Subsidiaries</b>				<b>8,403,253</b>	<b>8,403,253</b>		

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AND JOINT VENTURES****Notes:**

(i) All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:

(1a) Audited by overseas practice of PricewaterhouseCoopers LLP;

(2) Audited by other firms of auditors; and

(3) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies and joint ventures does not compromise the standard and effectiveness of the audit of the Company.

(ii) \* The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) <sup>(n)</sup> These companies were incorporated/acquired during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vii) Abbreviations:

British Virgin Islands (BVI)                      United Arab Emirates (UAE)

Hong Kong (HK)                                      United States of America (USA)

(viii) The Company has 216 significant subsidiaries, associated companies and joint ventures as at 31 December 2020. Subsidiaries, associated companies and joint ventures are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

## 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 2 June 2020. 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)
		2020 \$'000	2020 \$'000
<b>Transaction for the Sale of Goods and Services</b>			
Temasek Holdings Group (other than the below)	Temasek Holdings	-	5,802
PSA International Group	(Private) Limited is a	-	1,986
SembCorp Marine Group	controlling shareholder	-	4,732
SembCorp Industries Group	of the Company.	-	88
CapitaLand Group	The other named	-	122,968
Singapore Power Group	interested persons are	-	297
Singapore Technologies Engineering Group	its associates.	-	2,597
Singapore Telecommunications Group		-	8,735
Singapore Airlines Group		-	168
Mapletree Investments Group		-	7,800
Keppel Infrastructure Trust Group		-	57,701
Pavilion Energy Group		-	63
Certis CISCO Security Group		-	1
SMRT Corporation Group		-	1
<b>Transaction for the Purchase of Goods and Services</b>			
Temasek Holdings Group (other than the below)	Temasek Holdings	-	27,733
Certis CISCO Security Group	(Private) Limited is a	-	2,118
Pavilion Energy Group	controlling shareholder	-	55,000
PSA International Group	of the Company.	-	219
SembCorp Marine Group	The other named	-	698
SembCorp Industries Group	interested persons are	-	82
CapitaLand Group	its associates.	-	396
Singapore Power Group		-	149
Singapore Technologies Engineering Group		-	5,286
Singapore Telecommunications Group		-	36,851
SMRT Corporation Group		-	1,533
<b>Treasury Transactions</b>			
Pavilion Energy Group	Temasek Holdings	279	-
SembCorp Marine Group	(Private) Limited is a	121	-
Keppel Infrastructure Trust Group	controlling	191,002	-
CapitaLand Group	shareholder of the	37,478	-
	Company. The named		
	interested persons		
	are its associates.		
<b>Joint Venture and Related Transactions</b>			
Temasek Holdings Group (other than the below)	Temasek Holdings	336,690	-
Clifford Capital Group	(Private) Limited is	962	-
	a controlling		
	shareholder of		
	the Company. The		
	other named		
	Interested persons		
	are its associates.		
<b>Total Interested Person Transactions</b>		<b>566,532</b>	<b>343,004</b>

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its chief executive officer, directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

## KEY EXECUTIVES

### Chan Hon Chew, 55

Bachelor of Accountancy (Honours), National University of Singapore; CFA® charterholder; Member of Chartered Accountants Australia and New Zealand and Fellow Member of the Institute of the Singapore Chartered Accountants.

Mr Chan is the Chief Financial Officer of Keppel Corporation Limited, appointed with effect from 1 February 2014.

Prior to joining Keppel Corporation Limited, Mr Chan was with Singapore Airlines Limited (SIA) and served as Senior Vice President (SVP) of Finance since June 2006. As SVP of Finance, Mr Chan was responsible for a diverse range of functions including investor relations, corporate accounting and reporting, treasury, risk management and insurance. He was also involved in SIA's strategic planning process and had represented SIA as Director on the Boards of various companies including Tiger Airways and Virgin Atlantic Airways Limited.

Prior to joining SIA, Mr Chan was Assistant General Manager for Finance and Corporate Services at Wing Tai Holdings Limited, where he oversaw all financial matters as well as tax, legal and corporate secretarial functions from 1998 to 2003.

Mr Chan serves on the management board of the Institute of System Science, National University of Singapore since 15 April 2015.

Mr Chan's principal directorships include Keppel Offshore & Marine Ltd, Keppel Land Limited, Keppel Infrastructure Holdings Pte Ltd, Keppel Telecommunications & Transportation Ltd, Keppel Capital Holdings Pte Ltd and M1 Limited.

### Past principal directorships in the last five years

KrisEnergy Ltd and Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT).

### Dr Ong Tiong Guan, 62

Bachelor of Engineering (First Class Honours), Monash University; Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University, Australia.

Dr Ong was appointed Keppel Energy Pte Ltd's Executive Director in November 1999. He became Managing Director of Keppel Energy Pte Ltd with effect from 1 May 2003 and was appointed Deputy Chairman of Keppel Integrated Engineering Ltd on April 2013.

Upon reorganisation of Keppel Energy Pte Ltd and Keppel Integrated Engineering Ltd under Keppel Infrastructure Holdings Pte Ltd in May 2013, Dr Ong was appointed Chief Executive Officer of Keppel Infrastructure Holdings Pte Ltd, responsible for the Keppel Group's energy infrastructure business. Dr Ong stepped down as CEO of Keppel Infrastructure Holdings Pte Ltd with effect from 15 February 2021 and was appointed as Advisor with effect from the same date.

Dr Ong's career spans across the energy industry from engineering and contracting to investment and ownership of energy assets.

### Past principal directorships in the last five years

Keppel Infrastructure Holdings Pte Ltd, Keppel Capital Holdings Pte Ltd, Keppel Merlimau Cogen Pte Ltd, GE Keppel Energy Services Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd (Trustee-Manager of Keppel Infrastructure Trust) and Energy Studies Institute.

### Christina Tan Hua Mui, 55

Bachelor of Accountancy (Honours), National University of Singapore; CFA® charterholder.

Ms Tan is the Chief Executive Officer of Keppel Capital Holdings Pte Ltd (Keppel Capital), Chairman of Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT) and Deputy Chairman of Alpha Investment Partners Limited (Alpha).

Ms Tan has more than 20 years of experience and expertise in investing and fund management across the United States, Europe and Asia. She previously served as the Chief Financial Officer of GRA (Singapore) Private Limited, the Asian real estate fund management arm of the Prudential Insurance Company of America, managing more than US\$1 billion in real estate funds. Prior to that, she was the Treasury Manager with Chartered Industries of Singapore, managing the group's cash positions and investments. Ms Tan started her career with Ernst & Young before joining the Government of Singapore Investment Corporation.

Ms Tan's principal directorships include Keppel Capital, Keppel REIT Management Limited (the Manager of Keppel REIT), Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT), Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of Keppel Infrastructure Trust) and the two private fund managers under Keppel Capital, being Alpha and Keppel Capital Alternative Asset Pte Ltd (KCAA). She also sits on the Investment Committees for the private funds managed by Alpha and KCAA.

### Past principal directorships in the last five years

Nil

**Chris Ong Leng Yeow, 46**

Bachelor and Master Degree in Electrical and Electronics Engineering, National University of Singapore.

Mr Ong is the Chief Executive Officer of Keppel Offshore & Marine Ltd (Keppel O&M) with effect from 1 July 2017. Prior to this appointment, he was Acting Chief Executive Officer of Keppel O&M. Mr Ong's career began in Keppel FELS in 1999 as a Commissioning Superintendent (E&I) and he has held appointments such as Project Engineer, Section Manager, Deputy Engineering Manager, Assistant General Manager (Engineering), General Manager (Engineering), Acting Executive Director (Operations), Executive Director (Commercial) and Managing Director of Keppel FELS Limited.

In addition to his current appointment, Mr Ong is also board member of The Institute of Technical Education Board of Governors, a member of the U EnTech Steering Committee, a member of the Keppel Chair Professor Management/Selection Committee and a member of Governance Board of Keppel-NUS Corporate Laboratory. He was appointed a Board Member of the Maritime and Port Authority of Singapore on 2 February 2018.

Mr Ong is a member of the American Bureau of Shipping; member of the council of Stiftelsen Det Norske Veritas, DNV GL South East Asia and Pacific Committee, as well as Bureau Veritas Asia-Australia Committee.

Mr Ong is the Chairman of Keppel Amfels LLC, Keppel Nantong Heavy Industry Co Ltd, Keppel Nantong Shipyard Co Ltd, Asian Lift Pte Ltd, Keppel FELS Brasil S.A. and FueLNG Pte Ltd. He is also a director of various subsidiaries or associated companies of Keppel O&M. He is also a director of Keppel Technology and Innovation Pte Ltd.

**Past principal directorships in the last five years**

Various subsidiaries and associated companies of Keppel O&M.

**Tan Swee Yiow, 60**

Bachelor of Science (First Class Honours) in Estate Management, National University of Singapore, Master of Business Administration in Accountancy, Nanyang Technological University.

Mr Tan has been appointed Senior Managing Director of Urban Development at Keppel Corporation with effect from 15 February 2021.

Mr Tan joined the Keppel Group in 1990. Prior to his current appointment, Mr Tan was the Chief Executive Officer and Executive Director of Keppel Land Limited from 1 January 2019 to 14 February 2021 and Chief Executive Officer and Executive Director of Keppel REIT Management Limited (the Manager of Keppel REIT) from 20 March 2017 to 31 December 2018.

Mr Tan continues to serve on the Boards of Keppel Land Limited and Keppel REIT Management Limited as a Non-Executive Director. He is also a Director and Secretary of the World Green Building Council Board and Immediate Past President of the Singapore Green Building Council. Mr Tan serves as Deputy Chairman of the Workplace Safety and Health Council (Construction and Landscape Committee) and is first Vice-President on the Management Committee of Real Estate Developers' Association of Singapore.

**Past principal directorships in the last five years**

Nil

**Thomas Pang Thieng Hwi, 56**

Bachelor of Arts (Engineering) and Master of Arts (Honorary Award), University of Cambridge.

Mr Pang is currently Executive Director and Chief Executive Officer of Keppel Telecommunications & Transportation Ltd (Keppel T&T), a position he held since July 2014. From June 2010 to June 2014, he was Chief Executive Officer of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust (KIT).

Mr Pang joined Keppel Offshore & Marine Ltd (Keppel O&M) in 2002 as a Senior Manager (Merger Integration Office) to assist in the merger and integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to General Manager (Corporate Development) in 2007 and oversaw the investment, mergers and acquisitions, as well as strategic planning of Keppel O&M. Prior to that, Mr Pang was an investment manager with Vertex Management (United Kingdom) from 1998 to 2001. Mr Pang was also the Vice President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as the Assistant Head (Services Group, Enterprise Development Division) at the Economic Development Board of Singapore from 1988 to 1995.

Mr Pang currently holds directorships in several subsidiaries, associates and joint venture companies of Keppel T&T. He is also a director of Keppel Capital Holdings Pte Ltd, Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT), Keppel Technology and Innovation Pte Ltd and M1 Limited.

**Past principal directorships in the last five years**

Various subsidiaries and associated companies of Keppel T&T and Keppel DC REIT.

**KEY EXECUTIVES****Manjot Singh Mann, 55**

Master of Management Studies (Marketing and Sales Management), University of Bombay; Bachelor of Engineering (Mechanical Engineering), University of Jabalpur.

Mr Mann assumed the Chief Executive Officer role at M1 Limited (M1) on 6 December 2018 and was appointed to the Board of M1 on 11 June 2019.

Mr Mann has about 30 years of operational leadership experience across diverse geographical markets and a unique blend of insights and perspectives in the rapidly evolving telecommunications industry.

Prior to joining M1, Mr Mann served as CEO at Pareteum Asia, a leading cloud software platform company, where he was appointed to expand NASDAQ-listed Pareteum Corporation's footprint in Asia. He was previously Global CEO (Communications and Convergence) of Lebara Mobile (UK), one of the largest multinational, pan-European mobile virtual network operators in the world. He was also the former CEO of Hutchison Telecommunication in Jakarta, Indonesia.

**Past principal directorship in the last five years**

Pareteum Asia Pte Ltd and Lebara Service Centre Limited.

**Louis Lim, 48**

Master and Bachelor (Economics), Massachusetts Institute of Technology; MBA, INSEAD.

Mr Lim was appointed the Chief Executive Officer of Keppel Land Limited on 15 February 2021, after having served as its Chief Operating Officer since January 2018.

Mr Lim was previously Director of Group Strategy & Development at Keppel Corporation Limited, where he was responsible for Keppel's corporate strategy and worked with Keppel's business units on their strategic priorities. He was concurrently Managing Director of Keppel Technology and Innovation Pte Ltd, a change agent and innovation catalyst for the Keppel Group which aims to transform how Keppel harnesses technology and innovation to create value for stakeholders.

Prior to joining the Keppel Group, Mr Lim was a Partner with Bain & Company where he led the firm's Consumer Products & Retail as well as Organisation and Change Management practices in Southeast Asia. Mr Lim was also responsible for human capital development and recruitment for Bain in the region.

Mr Lim is a board member of Keppel Infrastructure Holdings Pte Ltd and is also a director of various subsidiaries of Keppel Corporation Limited and Keppel Land Limited.

**Past principal directorships in the last five years**

Nil

**Cindy Lim, 43**

Bachelor of Engineering (Mechanical & Production) (Second Upper Honours) from Nanyang Technological University; Executive MBA, Singapore Management University.

Ms Lim joined Keppel in 2001. She was appointed the Chief Executive Officer of Keppel Infrastructure Holdings Pte Ltd (Keppel Infrastructure) on 15 February 2021.

In her 20 years with Keppel, Ms Lim has held various leadership positions. She was the Director of Group Corporate Development (GCD) of Keppel Corporation Limited and concurrently the Managing Director of Keppel Urban Solutions Pte Ltd (KUS), an end-to-end integrated master developer of liveable, smart and sustainable precincts and townships in the Asia-Pacific region. As the Director of GCD, she focused on harnessing collaboration and synergies across the business units and functions within the Keppel Group. As the Managing Director of KUS, she led the unit to capture business opportunities, tapping on the megatrends of rapid urbanisation and the increasing global focus on sustainability.

Prior to these, Ms Lim was the Executive Director of Infrastructure Services in Keppel Infrastructure, where she stewarded the business by driving plants' efficiency and reliability, health, safety & environment (HSE) performance, as well as developing procurement strategies. She has diverse experience in operation and process excellence, as well as people and organisation management.

Her principal directorships include Keppel Infrastructure, Keppel Infrastructure Services Pte Ltd, KUS, Primus I Investment Holdings Pte Ltd, Primus II Investment Holdings Pte Ltd, Kobleen Pte Ltd, Mulwort Pte. Ltd, Leklier Pte Ltd and MET Holding AG.

**Past principal directorships in the last five years**

Keppel Infrastructure Fund Management Pte Ltd (Trustee-Manager of Keppel Infrastructure Trust) and Keppel Rewards Pte Ltd.

**Bridget Lee Siow Pei, 49**

Master of Management, J.L. Kellogg Graduate School of Management, Northwestern University; Bachelor of Accountancy, Nanyang Technological University.

Ms Lee is the Chief Executive Officer (CEO) and Executive Director of Keppel Capital Alternative Asset Pte Ltd, a wholly-owned subsidiary of Keppel Capital Holdings Pte Ltd (Keppel Capital). Prior to assuming the role of CEO, Ms Lee helped to spearhead the efforts in the investment of new platforms and initiatives in Keppel Capital. Ms Lee is also Chief Operating Officer of Keppel Capital, with effect from 15 February 2021.

Ms Lee has more than 20 years of experience in investment, corporate finance and mergers and acquisitions with various financial institutions in Asia and the United States. Her track record in transactions ranges from private equity, joint ventures, capital market transactions, as well as listed companies' merger and acquisitions, to funds and real assets investments.

Prior to joining Keppel Capital, Ms Lee was with Mapletree Investments as Senior Vice President of Investment overseeing the China market. She was also with other global financial organisations including Temasek Holdings.

**Past principal directorships in last five years**

Nil

**Paul Tham Wei Hsing, 39**

Bachelor of Science in Civil & Environmental Engineering, Cornell University; Master in Business Administration, Singapore Management University.

Mr Tham is the Chief Executive Officer of Keppel REIT Management Limited (the Manager of Keppel REIT).

Before his current appointment, Mr Tham served as the Manager's Deputy Chief Executive Officer. He was also the Chief Financial Officer of Keppel Capital Holdings Pte Ltd (Keppel Capital), the asset management arm of Keppel Corporation Limited, overseeing finance, compliance, legal and investor relations. Prior to that, he was part of Keppel Corporation's Group Strategy & Development department, where he played a key role in the formation of Keppel Capital.

Before Keppel, Mr Tham served as a management consultant for Bain & Company working with leading global companies in Asia Pacific across a range of topics including financial performance management and growth strategy. Mr Tham started his career as a structural engineer in New York and has experience with building developments and infrastructure.

Mr Tham is also a Director of Keppel Pacific Oak US REIT Management Pte. Ltd. (the Manager of Keppel Pacific Oak US REIT).

**Past principal directorships in the last five years**

Nil

**Matthew R. Pollard, 53**

Bachelor of Arts Degree, Columbia University; Master in Business Administration, University of Chicago.

Mr Pollard was appointed Chief Executive Officer (CEO) of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust (KIT), with effect from 1 July 2018.

As CEO of the Trustee-Manager, Mr Pollard is responsible for working with the Board to determine the strategy for KIT. He works with other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Pollard joined Keppel Capital Holdings Pte Ltd (Keppel Capital) as Managing Director, Infrastructure, in November 2017.

Prior to joining Keppel Capital, Mr Pollard spent more than 28 years of his career in investment banking, direct investment and entrepreneurship, of which 25 years have been in Asia. He has been involved in the energy, power, renewable and infrastructure sectors his entire career.

Mr Pollard was founder and managing director of Capital Partners Group, Singapore, from 2014 to 2017. He was Head of Infrastructure (Asia) at Arcapita Group from 2008 to 2013. In addition, he was the Chairman of China-based Honiton Energy Group from 2009 to 2015. Prior to joining Arcapita Bank, Mr Pollard held senior positions in the energy and utilities teams of Citigroup, Dresdner Kleinwort Wasserstein, Enron Corp, and Power Pacific Co.

**Past principal directorships in last five years**

Nil

**KEY EXECUTIVES****Chua Hsien Yang, 43**

Bachelor of Engineering (Civil), University of Canterbury; Master of Business Administration, University of Western Australia.

Mr Chua assumed the role of Director of Group Mergers & Acquisitions at Keppel Corporation Limited on 15 February 2021. Prior to his appointment, he served as Chief Executive Officer of Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT) since the listing of the REIT in 2014 till 14 February 2021.

Mr Chua has extensive experience in the real estate fund management and hospitality industries, including mergers and acquisitions, real estate investments, business development and asset management globally. Prior to joining the Keppel DC REIT Management, Mr Chua was Senior Vice President of Keppel REIT Management Limited (the Manager of Keppel REIT) where he headed the investment team.

From 2006 to 2008, Mr Chua was Director of Business Development and Asset Management at Ascott Residence Trust Management Limited (the Manager of Ascott Residence Trust) and before that, he was with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management, where he was responsible for the business development and asset management activities of group-owned properties.

**Past principal directorships in the last five years**

Various subsidiaries and associated companies of Keppel DC REIT.

**Ms Anthea Lee, 47**

Bachelor of Science (Estate Management), Second Class Honours (Upper Division), National University of Singapore; Master of Science (International Construction Management), Nanyang Technological University.

With effect from 15 February 2021, Ms Lee is the Chief Executive Officer of Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT). Ms Lee has over 20 years of experience in real estate investment, business development, asset management and project management.

She joined the Manager in 2015 as Head of Investment and Asset Management and has been instrumental in growing Keppel DC REIT through various accretive acquisitions. She was appointed Deputy CEO and Head of Investment in 2018, and has been actively involved in all aspects of Keppel DC REIT's business.

Prior to joining the Manager, Ms Lee was Vice President, Investment at Keppel REIT Management Limited (the Manager of Keppel REIT), managing regional investments and divestments. Before joining the Keppel Group in 2006, she was with JTC Corporation and Ascendas Land, where she was responsible for business development, asset management and project management of industrial and business park facilities and development for approximately 10 years.

**Past principal directorships in the last five years**

Nil

**David Eric Snyder, 50**

Bachelor of Science in Business Administration, Biola University.

Mr Snyder was part of the management team that led the successful listing of Keppel Pacific Oak US REIT and has been the Chief Executive Officer and Chief Investment Officer since its listing on 9 November 2017. Prior to his current appointment, Mr Snyder was a consultant to KBS Capital Advisors where he managed the AFRT portfolio.

From 2008 to 2015, Mr Snyder was the Chief Financial Officer (CFO) of KBS Capital Advisors and five of its non-traded REITs. In addition to his CFO responsibilities, he led the negotiation for the transfer of the AFRT portfolio comprised of over 800 properties valued at over US\$1.7 billion. He subsequently managed that portfolio for KBS Real Estate Investment Trust.

From 1998 to 2008, Mr Snyder was the Financial Controller for Nationwide Health Properties, a publicly-traded healthcare REIT. Prior to that he was the Director of Financial Reporting for Regency Health Services.

Mr Snyder started his career as an auditor at Arthur Andersen LLP after graduating from Biola University.

**Past principal directorships in the last five years**

Nil



**Alvin Mah, 49**

Bachelor of Business Administration (Honours), National University of Singapore; CFA® charterholder.

Mr Mah is the Chief Executive Officer of Alpha Investment Partners Limited (Alpha). He currently sits on the Investment Committee for various funds under management and is also an Executive Director of Alpha's Board. Prior to his current appointment, Mr Mah served as the Chief Investment Officer, leading all investment efforts including crafting the investment strategies for the various funds.

Mr Mah has been active in Asian finance and investment activities for about 25 years and has conducted investments in key Asian markets. He is well-versed in various aspects of investment and finance, having played key leadership roles in investment and banking. With a wide-ranging exposure to finance, he has been able to customise structured solutions to meet specific investment objectives and has done pioneering work for structured real estate investments, including Real Estate Investment Trusts and securitisation.

**Past principal directorships in last five years**

Nil

**Devarshi Das, 49**

Master of Business Administration, University of Chicago Booth School of Business; Master of Science in Civil Engineering, Purdue University; Bachelor of Technology in Civil Engineering, Indian Institute of Technology.

Mr Das is the Chief Executive Officer (CEO), Infrastructure, Keppel Capital Alternative Asset Pte Ltd, a wholly-owned subsidiary of Keppel Capital Holdings Pte Ltd (Keppel Capital). He joined Keppel Capital in January 2019 and is focused on building the private infrastructure fund business. Mr Das has more than 20 years of private equity, principal investment and financial services experience.

Prior to Keppel Capital, Mr Das was the CEO of Capital Advisors Partners Asia Pte Ltd (CapAsia). Mr Das joined CapAsia, an infrastructure private equity fund manager specialising in mid-market energy and infrastructure companies and assets, at the launch of its first fund in 2006. Over a tenure of more than 12 years in CapAsia, Mr Das was involved in all aspects of fund management of multiple funds and a key executive of their funds. He was on the board of various portfolio companies representing the power, transportation, renewable energy and telecommunications sectors.

Prior to CapAsia, Mr Das was with Australia and New Zealand Bank in their Project and Structured Finance group in Singapore. Mr Das also has principal investment experience in the United States (US). He worked in the US energy industry for Enron Energy Services as an asset investment manager, and also worked for Sempra Energy Solutions on investments into their contracted energy assets. Mr Das has also acted as a product manager for the commercial auto insurance product of Progressive Insurance where he was responsible for the product profitability across various midwestern states in the US.

**Past principal directorships in last five years**

Nil

## MAJOR PROPERTIES

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
<b>Completed properties</b>					
Keppel REIT	49%	Ocean Financial Centre Collyer Quay, Singapore	Land area: 6,221 sqm 43-storey office tower with ancillary retail space	999 years leasehold	Commercial office building with rentable area of 81,450 sqm
		One Raffles Quay, Singapore	Land area: 15,497 sqm Two office towers of 50-storey and 29-storey	99 years leasehold	Commercial office building with rentable area of 123,042 sqm
		Marina Bay Financial Centre Towers 1 and 2, and Marina Bay Link Mall Marina Boulevard, Singapore	Land area: 33,220 sqm Two office towers of 33-storey and 50-storey with ancillary retail space	99 years leasehold	Commercial office building with rentable area of 161,243 sqm
		Marina Bay Financial Centre Tower 3 Marina Boulevard, Singapore	Land area: 9,710 sqm 46-storey office tower with retail podium	99 years leasehold	Commercial office building with rentable area of 124,171 sqm
		275 George Street Brisbane, Australia	Land area: 3,655 sqm 31-storey office tower	Freehold	Commercial office building with rentable area of 41,720 sqm
		8 Exhibition Street Melbourne, Australia	Land area: 4,329 sqm 35-storey office tower with ancillary retail space	Freehold	Commercial office building with rentable area of 45,043 sqm
		8 Chifley Square Sydney, Australia	Land area: 1,581 sqm 30-storey office tower	99 years leasehold	Commercial office building with rentable area of 19,334 sqm
		David Malcolm Justice Centre Perth, Australia	Land area: 2,947 sqm 33-storey office tower	99 years leasehold	Commercial office building with rentable area of 31,175 sqm
		311 Spencer Street Melbourne, Australia	Land area: 5,136 sqm 40-storey office tower	Freehold	Commercial office building with rentable area of 67,666 sqm
		Pinnacle Office Park Sydney, Australia	Land area: 23,355 sqm Three office towers of 8-storey, 7-storey and 4-storey	Freehold	Commercial office building with rentable area of 35,132 sqm
T Tower Seoul, South Korea	Land area: 5,346 sqm 28-storey office tower	Freehold	Commercial office building with rentable area of 21,216 sqm		
Keppel DC REIT	21%	Keppel DC Singapore 1 Serangoon, Singapore	Land area: 7,333 sqm 6-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 10,193 sqm
		Keppel DC Singapore 2 Tampines, Singapore	Land area: 5,000 sqm 5-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 3,575 sqm
		Keppel DC Singapore 3 Tampines, Singapore	Land area: 5,000 sqm 5-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 5,103 sqm
		Keppel DC Singapore 4 Tampines, Singapore	Land area: 6,805 sqm 5-storey data centre	30 years lease and extended for another 30 years	Data centre with rentable area of 7,854 sqm

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
		Keppel DC Singapore 5 Jurong, Singapore	Land area: 7,742 sqm 5-storey data centre	30 years lease	Data centre with rentable area of 8,717 sqm
		DC1 Riverside Road, Singapore	Land area: 8,538 sqm 5-storey data centre	70 years and 5 months lease	Data centre with rentable area of 19,864 sqm
		Gore Hill Data Centre Sydney, Australia	Land area: 6,692 sqm 4-storey data centre	Freehold	Data centre with rentable area of 8,450 sqm
		Almere Data Centre Amsterdam, Netherlands	Land area: 7,930 sqm 3-storey data centre	Freehold	Data centre with rentable area of 11,000 sqm
		Keppel DC Dublin 1 Dublin, Ireland	Land area: 20,275 sqm 2-storey data centre	999 years leasehold	Data centre with rentable area of 6,328 sqm
		Keppel DC Dublin 2 Dublin, Ireland	Land area: 13,900 sqm Single-storey data centre	999 years leasehold	Data centre with rentable area of 2,383 sqm
		maincubes Data Centre Offenbach am Main, Germany	Land area: 5,596 sqm 4-storey data centre	Freehold	Data centre with rentable area of 9,016 sqm
		Kelsterbach Data Centre Kelsterbach, Germany	Land area: 46,369 sqm 5-storey data centre	Freehold	Data centre with rentable area of 50,248 sqm
Keppel Pacific Oak US REIT	7%	The Plaza Buildings 8th Street, Bellevue, Washington, USA	Land area: 16,295 sqm 16 and 10 storey multi-tenanted office buildings	Freehold	Commercial office building with rentable area of 45,615 sqm
		Bellevue Technology Center 24th Street, Bellevue, Washington, USA	Land area: 188,570 sqm Office campus featuring 9 multi-tenanted office buildings	Freehold	Commercial office buildings with rentable area of 30,705 sqm
		The Westpark Portfolio 8200-8644 154th Avenue NE Redmond, Washington, USA	Land area: 167,621 sqm Business campus comprising 19 office buildings and 2 flex buildings which are multi-tenanted	Freehold	Commercial office and flex buildings with rentable area of 72,667 sqm
		Westmoor Center Westmoor Drive, Colorado, USA	Land area: 176,953 sqm Business campus featuring 6 multi-tenanted office buildings	Freehold	Commercial office building with rentable area of 56,939 sqm
		1800 West Loop South Houston, USA	Land area: 7,627 sqm A 21-storey high rise office multi-tenanted property	Freehold	Commercial office building with rentable area of 37,171 sqm
		Maitland Promenade I & II 485 & 495 N Keller Road, Florida, USA	Land area: 78,379 sqm Office campus featuring 2 multi-tenanted office buildings	Freehold	Commercial office building with rentable area of 42,804 sqm
		One Twenty Five 125 East John Carpenter Freeway, Texas, USA	Land area: 25,594 sqm Office complex comprising 2 office buildings and a 7-storey parking garage which are multi-tenanted	Freehold	Commercial office building with rentable area of 41,371 sqm

## MAJOR PROPERTIES

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Bay Pte Ltd	100%	Reflections at Keppel Bay Singapore	Land area: 83,538 sqm	99 years leasehold	A 1,129-unit waterfront condominium development
	100%	Corals at Keppel Bay Singapore	Land area: 38,830 sqm	99 years leasehold	A 366-unit waterfront condominium development
Keppel Bay Tower Pte Ltd <sup>(a)</sup>	100%	Keppel Bay Tower HarbourFront Avenue, Singapore	Land area: 10,441 sqm 18-storey office tower	99 years leasehold	Commercial office building with rentable area of 35,916 sqm
Katong Retail Trust	100%	112 Katong East Coast Road, Singapore	Land area: 7,261 sqm	99 years leasehold	A 6-storey shopping mall
Beijing Changsheng Property Management Co Ltd	100%	Linglong Tiandi Beijing, China	Land area: 3,546 sqm	50 years lease (office) 40 years lease (retail)	A 11-storey office tower with ancillary retail space in Haidian District
China The9 Interactive (Shanghai) Ltd, The9 Computer Technology Consulting (Shanghai) Ltd and Shanghai Kai E Information Technology Co Ltd	100%	The Kube Shanghai, China	Land area: 3,686 sqm	50 years lease	A 4-storey office building at the core area of Zhangjiang high-tech Park
Win Up Investment Ltd	30%	Westmin Plaza Guangzhou, China	Land area: 9,278 sqm	50 years lease (office) 40 years lease (retail)	A 17-storey office tower with ancillary retail space in Liwan District
Spring City Golf & Lake Resort Co (owned by Kingsdale Development Pte Ltd)	69%	Spring City Golf & Lake Resort Kunming, China	Land area: 2,507,653 sqm Two 18-hole golf courses	70 years lease (residential) 50 years lease (golf course)	Integrated resort comprising golf courses, resort homes and resort facilities
North Bund Pte Ltd	30%	International Bund Gateway (f.k.a North Bund Plaza) Shanghai, China	Land area: 13,373 sqm	50 years lease (office) 40 years lease (retail)	A mixed-use development in Hongkou District
Vision (III) Pte Ltd	30%	Trinity Tower Shanghai, China	Land area: 16,427 sqm	50 years lease (office) 40 years lease (retail)	A mixed-use development in Hongkou District
PT Kepland Investama	100%	International Financial Centre (Tower 2) Jakarta, Indonesia	Land area: 10,428 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 50,200 sqm
Tanah Sutera Development Sdn Bhd	18%	Taman Sutera and Taman Sutera Utama Johor Bahru, Malaysia	Land area: 2,018,390 sqm	Freehold	A township comprising residential units, commercial space and recreational facilities in Skudai
City Square Office Co Ltd	40%	Junction City Tower (Phase 1) Yangon, Myanmar	Land area: 26,406 sqm	50 years BOT with option for another two 10-years	A mixed-use development in CBD
Straits Greenfield Ltd	100%	Sedona Hotel Yangon Yangon, Myanmar	Land area: 32,000 sqm	50 years BOT with option for another two 10-years	A 5-star hotel in Yangon with 789 rooms
First King Properties Ltd <sup>(c)</sup>	100%	75 King William Street London, United Kingdom	Land area: 1,940 sqm 9-storey office tower	Freehold	Commercial office building with rentable area of 11,731 sqm

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Land Watco I Co Ltd	61%	Saigon Centre (Phase 1) Ho Chi Minh City, Vietnam	Land area: 2,730 sqm 25-storey office, retail cum serviced apartments development	50 years leasehold	Commercial building with rentable area of 11,683 sqm office and 10,099 sqm of serviced apartments
Keppel Land Watco II & III Co Ltd	61%	Saigon Centre (Phase 2) Ho Chi Minh City, Vietnam	Land area: 8,355 sqm	50 years leasehold	Commercial building with rentable area of 37,600 sqm retail, 34,000 sqm office and 195 units of serviced apartments
<b>Properties under development</b>					
Garden Development Pte Ltd	60%	The Garden Residences Serangoon, Singapore	Land area: 17,189 sqm	99 years leasehold	A 613-unit condominium development *(2021)
K-Commercial Pte Ltd	100%	Keppel Towers and Keppel Towers 2 Hoe Chiang Road, Singapore	Land area: 9,126 sqm	Freehold	Commercial office buildings *(2024)
Parkville Development Pte Ltd	100%	19 Nassim Nassim Hill, Singapore	Land area: 5,785 sqm	99 years leasehold	A 101-unit condominium development *(2023)
Keppel Bay Pte Ltd	100%	Keppel Bay Plot 6 Singapore	Land area: 43,701 sqm	99 years leasehold	A proposed 86-unit waterfront condominium development
Shanghai Floraville Land Co Ltd	99%	Park Avenue Central Shanghai, China	Land area: 27,958 sqm	40 years lease (retail) 50 years lease (office)	An office and retail development *(2023)
Shanghai Jinju Real Estate Development Co Ltd	99%	Sheshan Riviera Shanghai, China	Land area: 175,191 sqm	70 years lease (residential) 40 years lease (commercial)	A 217-unit landed development in Sheshan *(2022 Phase 2)
Chengdu Hilltop Development Co Ltd <sup>(d)</sup>	50%	Hill Crest Villas Chengdu, China	Land area: 249,330 sqm	70 years leasehold	A 274-unit landed development in Xinjin County
Chengdu Shengshi Jingwei Real Estate Co Ltd	100%	Serenity Villas Chengdu, China	Land area: 286,667 sqm	70 years leasehold	A 867-unit landed development in Xinjin County *(2021 Phase 2)
Chengdu Wanji Real Estate Development Co Ltd	30%	City Park Chengdu, China	Land area: 47,261 sqm	70 years leasehold	A 772-unit landed development in Tianfu New Area *(2021)
Keppel Heights (Wuxi) Property Development Co Ltd	100%	Park Avenue Heights Wuxi, China	Land area: 66,010 sqm	70 years lease (residential) 40 years lease (commercial)	A mixed-use development with 1,281 residential units with commercial facilities in Liangxi District *(2021 Phase 3)
Keppel Lakefront (Wuxi) Property Development Co Ltd	100%	Waterfront Residences Wuxi, China	Land area: 215,230 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,403-unit residential development with commercial and SOHO facilities in Binhu District *(2021 Phase 6)
Keppel Seasons Residences Property Development (Wuxi) Co Ltd	100%	Seasons Residences Wuxi, China	Land area: 180,258 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,904-unit residential development with integrated facilities in Xinwu District *(2021 Phases 2 & 3)
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd	100%	Development in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 313,265 sqm	70 years lease (residential) 40 years lease (commercial)	A 4,297-unit residential development with retail space *(2021 Seasons Residences Phase 3B)

## MAJOR PROPERTIES

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd/ Keppel Hong Tai (Tianjin Eco-City) Property Development Co Ltd/ Keppel Hong Teng (Tianjin Eco-City) Property Development Co Ltd	100%	Seasons City in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 40,451 sqm	40 years leasehold	A commercial sub-centre comprising a retail complex and three office towers *(2021 Phase 1)
Nanjing Jinsheng Real Estate Development Co Ltd	40%	China Chic Nanjing, China	Land area: 87,790 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,589-unit residential development in the core of Nanjing Jiangbei New Area *(2021 Phase 2, 2022 Phase 3)
Nanjing Zhijun Property Development Co Ltd	25%	Noblesse IX (f.k.a Xuanwu Mixed-use Devt) Nanjing, China	Land area: 38,285 sqm	70 years lease (residential) 40 years lease (commercial)	A mixed-use development with about 181 residential units and 417 commercial units in Xuanwu District *(2022)
Shanghai Xindi Real Estate Co Ltd	15%	Upview, Shanghai Shanghai, China	Land area: 84,000 sqm	70 years lease (residential)	A 1,566-unit residential development in Jiading District *(2022)
PT Kepland Investama	100%	International Financial Centre (Tower 1) Jakarta, Indonesia	Land area: 10,428 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 70,000 sqm
PT Harapan Global Niaga	100%	West Vista at Puri Jakarta, Indonesia	Land area: 28,851 sqm	30 years lease with option for another 20 years	A 2,855-unit residential development with ancillary shop houses
Tanah Sutera Development Sdn Bhd	18%	Taman Sutera and Taman Sutera Utama Johor Bahru, Malaysia	Land area: 2,850,774 sqm	Freehold	A township comprising residential units, commercial space and recreational facilities in Skudai
City Square Tower Co Ltd	40%	Junction City Tower (Phase 2) Yangon, Myanmar	Land area: 26,406 sqm	50 years BOT with option for another two 10-years	A mixed-use development in CBD *(2024)
Saigon Sports City Ltd	100%	Saigon Sports City Ho Chi Minh City, Vietnam	Land area: 638,737 sqm	50 years leasehold	A township with about 4,300 apartments, commercial complexes and public sports facilities *(2024 Phase 1)
Empire City LLC	40%	Empire City Ho Chi Minh City, Vietnam	Land area: 146,000 sqm	50 years leasehold	A residential development with commercial space in Thu Thiem New Urban Area, District 2 *(2021 Phase 1)
Kapstone Construction Private Limited	49%	Urbania Township Mumbai, India	Land area: 477,575 sqm	Freehold	A 7,100 residential unit integrated township development located in Thane *(2032)
Dong Nai Waterfront City LLC (owned by Portsville Pte Ltd) <sup>(b)</sup>	30%	Dong Nai Waterfront City Dong Nai Province, Vietnam	Land area: 1,974,000 sqm	50 years leasehold	A residential township with about 6,600 units and commercial space in Long Thanh District

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
<b>Industrial properties</b>					
Keppel FELS Limited	100%	Pioneer and Crescent Yard, Singapore	Land area: 522,097 sqm buildings, workshops, building berths, drydocks and wharves	16 - 30 years leasehold	Offshore oil rig construction and repair
Keppel Shipyard Limited	100%	Benoi and Pioneer Yard, Singapore	Land area: 799,116 sqm buildings, workshops, drydocks and wharves	30 years leasehold	Shiprepairing, shipbuilding and marine construction

\* Expected year of completion

Notes:

- (a) A conditional sale & purchase agreement has been entered to divest 100% of the issued and paid-up share capital of Keppel Bay Tower Pte Ltd to Keppel REIT (refer to Note 36 in the notes to financial statements)
- (b) Portsville Pte. Ltd. is divesting its remaining 30% interest in Dong Nai Waterfront City LLC to Nam Long Investment Corporation (refer to Note 36 in the notes to financial statements)
- (c) Divestment completed on 29 January 2021 (refer to Note 38 in the notes to financial statements)
- (d) Divestment completed on 4 February 2021 (refer to Note 38 in the notes to financial statements)

## OTHER INFORMATION

## GROUP FIVE-YEAR PERFORMANCE

	2016	2017	2018	2019	2020
<b>Selected Profit &amp; Loss Account Data</b>					
<b>(\$ million)</b>					
Revenue	6,767	5,964	5,965	7,580	6,574
Operating profit	901	801	1,055	877	8
Profit before tax	1,088	442 <sup>^</sup>	1,245	954	(255)
Net profit attributable to shareholders of the Company	784	196 <sup>^</sup>	948	707	(506)
<b>Selected Balance Sheet Data</b>					
<b>(\$ million)</b>					
Fixed assets, properties & right-of-use assets	6,195	5,894	5,224	6,684	6,972
Associated companies, joint ventures and investments	6,076	6,575	6,825	7,121	7,355
Stocks, contract assets, debtors, cash & long term assets	17,532	16,084	14,410	15,834	16,170
Intangibles	141	133	129	1,683	1,609
Total assets	29,944	28,686	26,588	31,322	32,106
Less:					
Creditors and contract liabilities	8,034	8,298	6,912	7,325	7,585
Borrowings & lease liabilities	9,053	7,793	7,549	11,657	12,603
Other liabilities	512	622	550	694	762
Net assets	12,345	11,973	11,577	11,646	11,156
Share capital & reserves	11,668	11,443	11,268	11,211	10,728
Non-controlling interests	677	530	309	435	428
Total Equity	12,345	11,973	11,577	11,646	11,156
<b>Per Share</b>					
Earnings (cents) (Note 1):					
Before tax	57.1	23.3 <sup>^</sup>	67.7	48.8	(14.3)
After tax	43.2	10.8 <sup>^</sup>	52.3	38.9	(27.8)
Total distribution (cents)	20.0	22.0	30.0 <sup>*</sup>	20.0	10.0
Net assets (\$)	6.43	6.29	6.22	6.17	5.90
Net tangible assets (\$)	6.35	6.22	6.15	5.25	5.02
<b>Financial Ratios</b>					
Return on shareholders' funds (%) (Note 2):					
Profit before tax	9.1	3.7	10.8	7.9	(2.4)
Net profit	6.9	1.7	8.4	6.3	(4.6)
Dividend cover (times)	2.2	0.5	1.7 <sup>*</sup>	1.9	(2.8)
Net cash / (gearing) (times)	(0.56)	(0.46)	(0.48)	(0.85)	(0.91)
<b>Employees</b>					
Average headcount (number)	28,879	21,862	18,186	18,297	18,452
Wages & salaries (\$ million)	1,282	1,107	1,018	1,187	1,166

<sup>^</sup> Includes the one-off financial penalty from the global resolution and related costs of \$619 million.

<sup>\*</sup> Includes the special dividend paid of 5.0 cents per share.

## Notes:

- Earnings per share are calculated based on the Group profit by reference to the weighted average number of shares in issue during the year.
- In calculating return on shareholders' funds, average shareholders' funds has been used.



## 2020

Group revenue of \$6,574 million for 2020 was \$1,006 million or 13% lower than the preceding year. Revenue from Energy & Environment decreased by \$1,026 million or 21% to \$3,943 million led by lower revenue in the offshore & marine business due to slower progress from certain on-going projects as a result of COVID-19 related disruptions, suspension of revenue recognition on Awilco contracts, fewer new contracts secured in 2020 and deferral of some projects, which were partly offset by revenue from new projects. The lower revenue was also due to lower electricity sales, lower progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project, as well as the completion of the Keppel Marina East Desalination Plant project in 2Q 2020 in the infrastructure business. Major jobs delivered by the offshore & marine business in 2020 included two jackup rigs, a dual-fuel bunker tanker, a Floating Production Storage and Offloading vessel (FPSO) modification and upgrading project, a LNG Carrier, a dredger and a production barge. Revenue from Urban Development decreased by \$61 million to \$1,275 million mainly due to lower revenue generated from hospitality and commercial properties and lower revenue from property trading projects in Singapore and Vietnam, which were partly offset by higher revenue from property trading projects in China. Revenue for Connectivity grew by \$92 million to \$1,220 million mainly due to M1 which was consolidated from March 2019, partly offset by lower contribution from the logistics business following the divestment of some China logistics assets in November 2019. Revenue from Asset Management decreased by \$10 million to \$135 million mainly due to lower acquisition and divestment fees, partly offset by higher management fees.

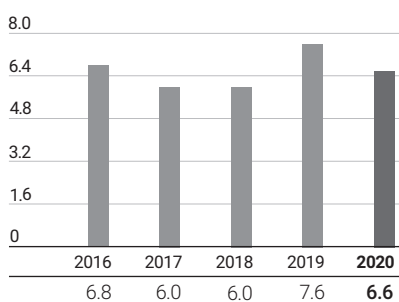
Group pre-tax loss for 2020 was \$255 million, as compared to pre-tax profit of \$954 million in 2019. Excluding impairments of \$1,030 million, pre-tax profit of the Group was \$775 million, which was \$302 million or 28% lower than \$1,077 million (excluding impairments) in 2019. Energy & Environment's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

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

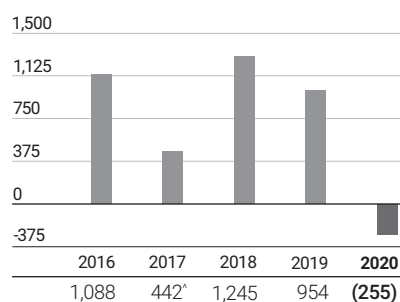
## 2019

Group revenue of \$7,580 million for 2019 was \$1,615 million or 27% higher than in the preceding year. Revenue from Energy & Environment improved by \$647 million or 15% to \$4,969 million mainly due to higher revenue recognition from ongoing projects in the offshore & marine business, increased sales in the power and gas business, as well as higher progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project, partly offset by the absence of revenue recognised in 2018 from the sale of jackup rigs to Borr Drilling Limited. Major jobs delivered by the offshore & marine business in 2019 included five jackup rigs, three FPSO/FSRU conversions and four dredgers. Revenue from Urban Development decreased marginally by \$4 million to \$1,336 million mainly due to lower revenue from property trading projects in Singapore, partly offset by higher revenue from property trading projects in China. Revenue from Connectivity increased by \$946 million to \$1,128 million mainly due to the consolidation of M1. Revenue from Asset Management increased by \$26 million to \$145 million as a result of higher asset management and acquisition fees.

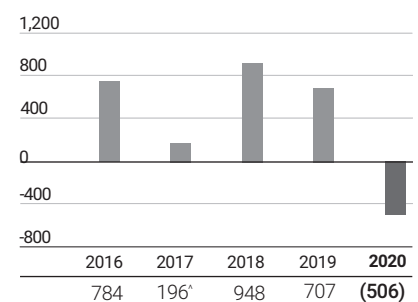
**Revenue** (\$ billion)



**Pre-Tax Profit** (\$ million)



**Net Profit** (\$ million)



<sup>^</sup> Includes the one-off financial penalty and related costs of \$619 million.

## GROUP FIVE-YEAR PERFORMANCE

Group pre-tax profit for the current year was \$954 million, \$291 million or 23% below the previous year. Energy & Environment's pre-tax loss was \$121 million as compared to pre-tax loss of \$168 million in 2018. The lower loss was mainly due to higher operating results arising from higher revenue, lower impairment provisions and lower net interest expense from the offshore & marine business, as well as higher contributions from energy infrastructure and environmental infrastructure, and lower provision for impairment of an associated company, partly offset by share of losses from associated companies and the absence of write-back of provisions for claims in 2018 in the offshore & marine business, higher fair value loss on KrisEnergy warrants and lower contributions from infrastructure services. Pre-tax profit from Urban Development decreased by \$525 million to \$676 million mainly due to the lower gains from the en-bloc sale of development projects in 2019 (disposal of a partial interest in the Dong Nai project in Vietnam) as compared to 2018 (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company), the absence of gain from divestment as compared against 2018 (Aether Limited), lower contribution from property trading projects in Singapore, higher net interest expense and lower share of profit from the Sino-Singapore Tianjin Eco-City, partly offset by higher contribution from property trading projects in China, higher fair value gains on investment properties and higher contribution from associated companies. Pre-tax profit of Connectivity increased by \$191 million to \$196 million mainly due to fair value gain from the remeasurement of the previously held interest in M1 at acquisition date and higher contributions from M1 resulting from the consolidation, partly offset by financing cost and amortisation of intangibles arising from the acquisition of M1 and lower contribution from the logistics business. Pre-tax profit of Asset Management increased by \$19 million to \$239 million mainly due to higher asset management fees and investment income, and higher fair value gains on data centres, partly offset by lower share of associated companies' profits as well as the absence of gain arising from the sale of stake in Keppel DC REIT in 2018.

Taxation expenses decreased by \$92 million or 32% mainly due to lower taxable profits. Non-controlling interests were \$42 million higher than in the preceding year. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2019 was \$707 million, a decrease of \$241 million from \$948 million in 2018. Urban Development was the largest contributor to the Group's net profit with a 68% share, followed by Asset Management's 30% and Connectivity's 19%, while Energy & Environment and Corporate & Others contributed negative 14% and negative 3% to the Group's net profit respectively.

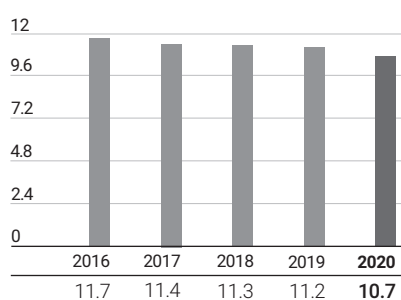
### 2018

Group revenue of \$5,965 million for 2018 was at almost the same level as in 2017. Revenue from Energy & Environment improved by \$490 million or 13% to \$4,322 million mainly due to revenue recognition in relation to the jackup rigs sold to Borr Drilling Limited and higher revenue recognition from ongoing projects in the offshore & marine business, as well as increased sales in the power and gas business, partly offset by lower progressive revenue recognition from the Keppel Marina East Desalination Plant project. Major jobs completed and delivered by the offshore & marine business in 2018 included two jackup rigs, a gas carrier refurbishment, two Floating Production Storage and Offloading (FPSO) conversions, a Roll-on/Roll-off (RORO) conversion and two dual-fuel Liquefied Natural Gas (LNG) tugs. Revenue from Urban Development decreased by \$442 million to \$1,340 million mainly due to lower revenue from Singapore, China and Vietnam property trading. Revenue from Connectivity increased by \$5 million to \$182 million mainly due to higher contribution from the data centre business. Revenue from Asset Management decreased by \$20 million to \$119 million mainly due to lower asset management fees.

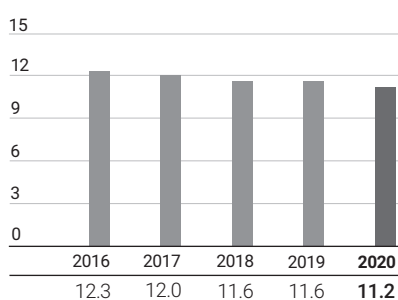
Group pre-tax profit for the current year was \$1,245 million, \$803 million or 182% above the previous year. Group pre-tax profit for 2017 included \$619 million for the one-off financial penalty and related costs. Excluding the one-off financial penalty and related costs from 2017, Group pre-tax profit for 2018 of \$1,245 million was \$184 million or 17% above the pre-tax profit of \$1,061 million for 2017.

Energy & Environment's pre-tax loss was \$168 million as compared to pre-tax loss, excluding the one-off financial penalty and related costs, of \$202 million in 2017. This was mainly due to higher operating results in the offshore & marine business arising from higher revenue, write-back of provisions for claims and lower net interest expense, lower share of loss from KrisEnergy and higher contribution from environmental infrastructure and infrastructure services, partly offset by higher impairment provisions in the offshore & marine business, absence of gain from divestment of Keppel Verolme, lower contribution from energy infrastructure, provision for impairment of an associated company, and absence of gain from divestment of GE Keppel Energy Services Pte Ltd compared against last year. Pre-tax profit from Urban Development increased by \$273 million to \$1,201 million mainly due to en-bloc sales of development projects (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company) and gain from divestment of the stake in Aether Limited. The positive variance was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, lower share of profit from land sales in the Sino-Singapore Tianjin Eco-City and other associated companies. Pre-tax profit of Connectivity decreased by \$46 million to \$5 million mainly due to higher operating losses from the logistics business, fair value loss on a data centre asset, and absence of the fair value gain on investment recognised in 2017. Profits from Asset Management increased by \$47 million to \$220 million mainly due to higher share of associated companies' profits, gains from change in interest in associated companies, dilution gain following Keppel DC REIT's private placement exercise and the gain arising from the sale of stake in Keppel DC REIT, partly offset by lower asset management fees.

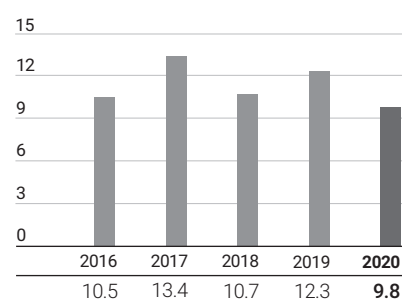
Shareholders' Fund (\$ billion)



Total Equity (\$ billion)



Market Capitalisation (\$ billion)



Taking into account income tax expenses and non-controlling interests, and excluding the one-off financial penalty from the global resolution and related costs of \$619 million in 2017, net profit attributable to shareholders for 2018 was \$948 million, an increase of \$133 million from \$815 million in 2017. Urban Development was the largest contributor to the Group's net profit with a 100% share, followed by Asset Management's 20% and Connectivity at breakeven, while Energy & Environment and Corporate & Others contributed negative 18% and negative 2% to the Group's net profit respectively.

## 2017

Group revenue of \$5,964 million for 2017 was \$803 million or 12% below that of 2016. Revenue from Energy & Environment declined by \$578 million to \$3,832 million mainly due to lower volume of work and deferment of some projects in the offshore & marine business, partly offset by increased sales in the power and gas business and progressive revenue recognition from the Keppel Marina East Desalination Plant project. Major jobs completed and delivered by the offshore & marine business in 2017 include a semisubmersible (semi), a subsea construction vessel, an FPSO conversion, an FPSO topsides installation/integration, a module fabrication & integration, a floating LNG conversion and an ice-class multi-purpose vessel project. Revenue from Urban Development decreased by \$253 million to \$1,782 million mainly due to lower revenue from China and Singapore, partly offset by higher revenue from Vietnam. Revenue from Connectivity decreased by \$11 million to \$177 million mainly due to lower contributions from the data centre business resulting from the absence of contribution from Keppel DC Singapore 3, which was injected into Keppel DC REIT in January 2017. Revenue from Asset Management increased by \$9 million to \$139 million mainly due to higher performance and acquisition fees.

Group pre-tax profit for the current year was \$442 million, \$646 million or 59% below the previous year. Excluding the one-off financial penalty from the global resolution and related costs, the Group registered a pre-tax profit of \$1,061 million which is \$27 million lower than that of the preceding year.

Energy & Environment's pre-tax loss in 2017 was \$821 million. Excluding the one-off financial penalty from the global resolution and related costs, Energy & Environment's pre-tax loss was \$202 million as compared to pre-tax profit of \$12 million in 2016. This was mainly due to lower operating results in the offshore & marine business arising from lower revenue and higher share of associated companies' losses, higher share of loss from KrisEnergy and recognition of fair value loss on KrisEnergy warrants, partly offset by lower impairment provisions and lower net interest expense in the offshore & marine business, higher contributions from Energy Infrastructure, the gain on divestment of its interest in GE Keppel Energy Services Pte Ltd, as well as the write-back of provision for impairment of an associated company. Provisions in the offshore & marine business mainly for impairment of fixed assets, stocks & works-in-progress (WIP), investments and an associated company, and restructuring costs, of \$140 million in 2017 was lower than the \$277 million impairment provisions recorded in 2016. Pre-tax profit from Urban Development of \$928 million was \$134 million or 17% higher than that in 2016. This was mainly due to higher share of profit from the Sino-Singapore Tianjin Eco-City, higher fair value gains on investment properties and higher contribution from Singapore and Vietnam property trading, and en-bloc sales of development projects, partly offset by lower share of associated companies' profits, mainly resulting from the absence of the gains from divestment of the stakes in Life Hub @ Jinqiao and 77 King Street last year, and the absence of reversal of impairment for hospitality assets. Profits from Connectivity increased marginally by \$1 million to \$51 million mainly due to recognition of fair value gain on investment, partly offset by lower contribution from the logistics business and the data centre business, resulting from the absence of contribution from Keppel DC Singapore 3, which was injected into Keppel DC REIT in January 2017. Pre-tax profit of Asset Management decreased by \$5 million to \$173 million mainly due to lower share of associated companies' profits, partly offset by higher performance and acquisition fees.

Taking into account income tax expenses and non-controlling interests, and excluding the one-off financial penalty from the global resolution and related costs of \$619 million, net profit attributable to shareholders was \$815 million, an increase of \$31 million from last year. Urban Development was the largest contributor to the Group's net profit with an 89% share, followed by Asset Management's 19%, Corporate & Others' 11% and Connectivity's 4%, while Energy & Environment contributed negative 23% to the Group's net profit.

## 2016

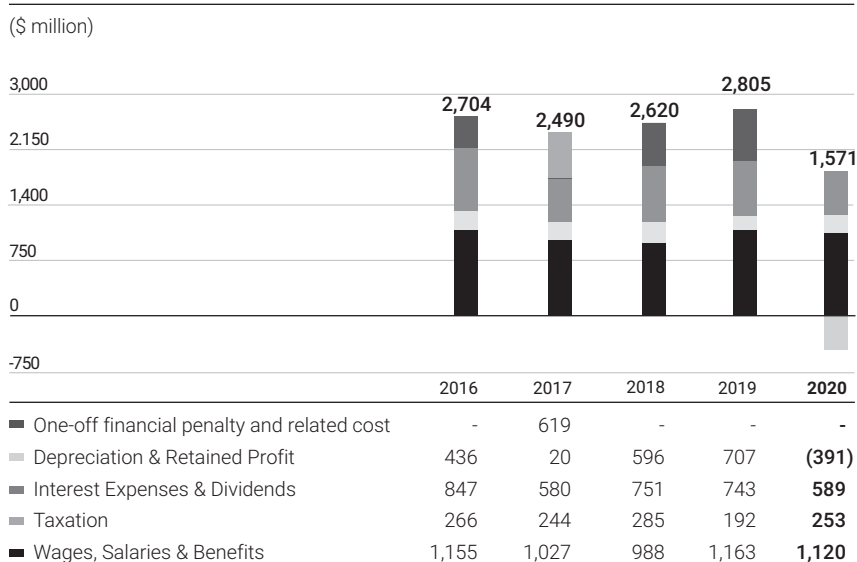
Group revenue of \$6,767 million for 2016 was \$3,529 million or 34% lower than that for the full year of 2015. Energy & Environment's revenue of \$4,410 million was 45% below the \$8,091 million for 2015 mainly due to lower volume of work, deferment of some projects and the suspension of the Sete contracts in the offshore & marine business, as well as lower revenue recorded by the power and gas business from lower prices and volume. Major jobs completed by the offshore & marine business in 2016 include four jackup rigs, a land rig, a derrick lay vessel, an accommodation semi and two FPSO conversions. Urban Development saw its revenue increase by 12% to \$2,035 million mainly due to higher revenue from Singapore and China. Revenue from Connectivity increased by \$1 million to \$188 million mainly due to higher revenue from the data centre business, partly offset by lower contributions from the logistics business. Revenue from Asset Management remained unchanged at \$130 million.

The Group's pre-tax profit for the current year was \$1,088 million, \$903 million or 45% below the previous year. Energy & Environment reported a \$762 million drop in pre-tax profit to \$12 million mainly due to lower operating results in the offshore & marine business arising from lower revenue, lower share of associated companies' profits and impairment of assets, share of loss from KrisEnergy, provision for impairment of an associated company and absence of gains recognised in 2015. In 2015, there were gains from disposal of the 51% interest in Keppel Merlimau Cogen Pte Ltd. Impairment of assets in the offshore & marine business for the year amounted to \$277 million and comprises impairment of fixed assets, stocks & WIP and investments. The negative variance was partially offset by the absence of provision for losses for the Sete rigbuilding contracts of about \$230 million in 2015 and the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant. Urban Development's profit of \$794 million for 2016 was \$66 million or 9% higher than 2015 mainly due to higher share of associated companies' profits, reversal of impairment of hospitality assets and share of profits from the Sino-Singapore Tianjin Eco-City, partly offset by lower fair value gains on investment properties, lower contribution from Singapore property trading and the absence of cost write-back upon finalisation of project cost for Reflections at Keppel Bay in 4Q 2015. The higher share of associated companies' profits was mainly due to share of profits arising from divestment of the stake in Life Hub @ Jinqiao and 77 King Street, partly offset by lower share of fair value gains on investment properties. Profits from Connectivity decreased by \$34 million to \$50 million mainly due to lower fair value gains on data centres and provision for impairments for logistics assets, partly offset by an adjustment to gain on disposal of data centres as a result of revised property tax assessments. Pre-tax profit of Asset Management decreased by \$142 million to \$178 million mainly due to lower share of associated companies' profits and absence of gains recognised in 2015 relating to the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust. The lower share of associated companies' profits was mainly due to lower share of fair value gains on investment properties.

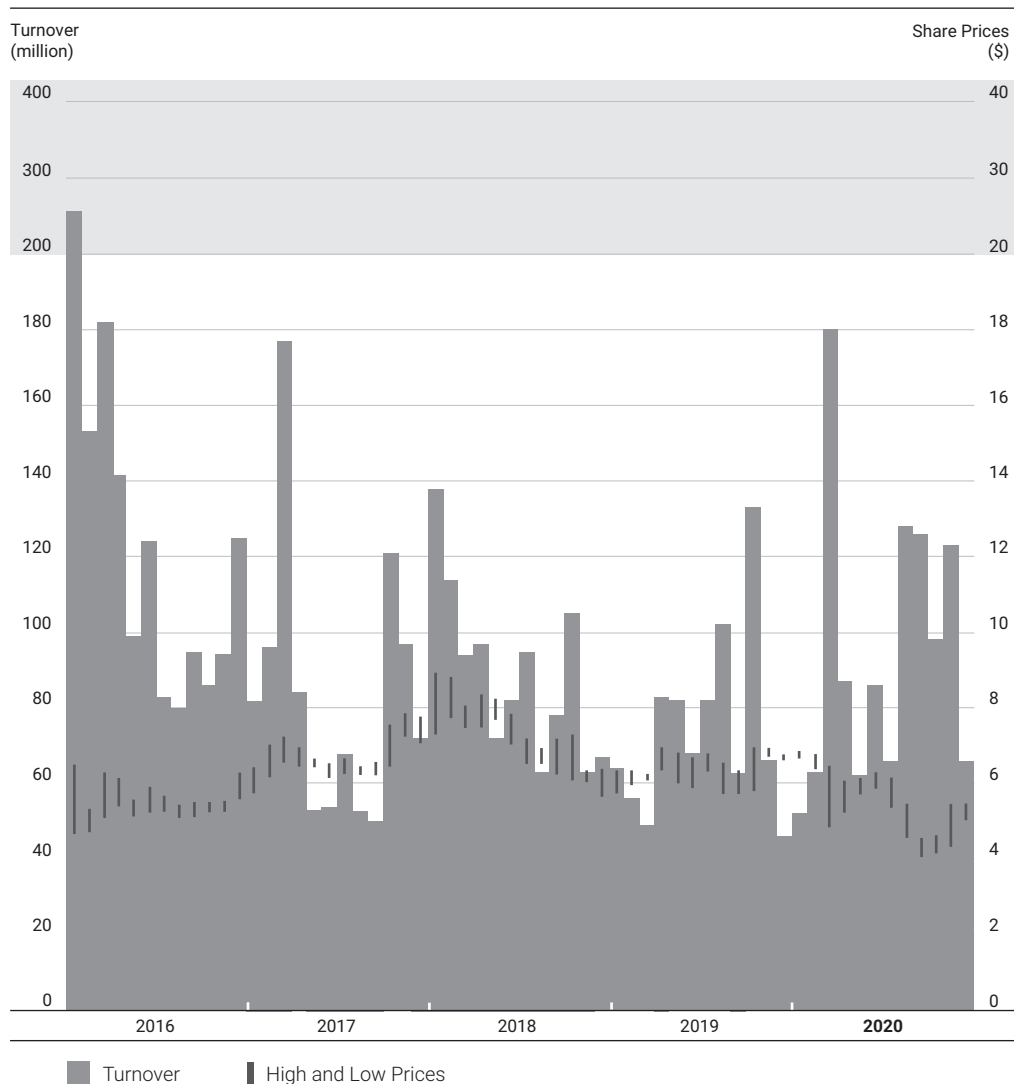
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$784 million, \$741 million or 49% lower than last year. Urban Development was the largest contributor to Group net profit at 74%, followed by Asset Management's 20%, Connectivity's 5% and Corporate & Others' 7%, while Energy & Environment contributed negative 6% to the Group's net profit.

## GROUP VALUE-ADDED STATEMENTS

	2016	2017	2018	2019	2020
(\$ million)					
<b>Value added from:</b>					
Revenue earned	6,767	5,964	5,965	7,580	6,574
Less: purchases of materials and services	(4,287)	(4,119)	(3,926)	(5,379)	(4,724)
<b>Gross value added from operation</b>	<b>2,480</b>	<b>1,845</b>	<b>2,039</b>	<b>2,201</b>	<b>1,850</b>
<b>In addition:</b>					
Interest and investment income	139	158	174	242	191
Share of associated companies and joint ventures' profits	272	291	221	147	(162)
Other operating income / (expenses)	(187)	196	186	215	(308)
	<b>2,704</b>	<b>2,490</b>	<b>2,620</b>	<b>2,805</b>	<b>1,571</b>
<b>Distribution of Group's value added:</b>					
To employees in wages, salaries and benefits	1,155	1,027	988	1,163	1,120
To government in taxation	266	244	285	192	253
To providers of capital on:					
Interest on borrowings	225	189	205	313	292
Dividends to our partners in subsidiaries	77	27	20	12	24
Dividends to our shareholders	545	364	526	418	273
	847	580	751	743	589
One-off financial penalty & related costs	-	619	-	-	-
<b>Total Distribution</b>	<b>2,268</b>	<b>2,470</b>	<b>2,024</b>	<b>2,098</b>	<b>1,962</b>
<b>Balance retained in the business:</b>					
Depreciation & amortisation	236	212	182	375	414
Non-controlling interests share of profits in subsidiaries	(39)	(25)	(8)	43	(26)
Retained profit for the year	239	(167)	422	289	(779)
	436	20	596	707	(391)
	<b>2,704</b>	<b>2,490</b>	<b>2,620</b>	<b>2,805</b>	<b>1,571</b>
Average headcount (number)	28,879	21,862	18,186	18,297	18,452
<b>Productivity data:</b>					
Gross value added per employee (\$'000)	86	84	112	120	100
Gross value added per dollar employment cost (\$)	2.15	1.80	2.06	1.89	1.65
Gross value added per dollar sales (\$)	0.37	0.31	0.34	0.29	0.28



## SHARE PERFORMANCE



	2016	2017	2018	2019	2020
<b>Share Price (\$)*</b>					
Last transacted (Note 3)	5.79	7.35	5.91	6.77	<b>5.38</b>
High	6.56	7.83	8.92	6.97	<b>6.87</b>
Low	4.64	5.73	5.67	5.67	<b>4.08</b>
Volume weighted average (Note 2)	5.46	6.79	7.35	6.38	<b>5.37</b>
<b>Per Share</b>					
Earnings (cents) (Note 1)	43.2	10.8 <sup>^</sup>	52.3	38.9	<b>(27.8)</b>
Total distribution (cents)	20.0	22.0	30.0 <sup>@</sup>	20.0	<b>10.0</b>
Distribution yield (%) (Note 2)	3.7	3.2	4.1 <sup>@</sup>	3.1	<b>1.9</b>
Net price earnings ratio (Note 2)	12.6	62.9	14.1	16.4	<b>(19.3)</b>
Net assets backing (\$)	6.35	6.22	6.15	5.25	<b>5.02</b>
<b>At Year End</b>					
Share price (\$)	5.79	7.35	5.91	6.77	<b>5.38</b>
Distribution yield (%) (Note 3)	3.5	3.0	5.1 <sup>@</sup>	3.0	<b>1.9</b>
Net price earnings ratio (Note 3)	13.4	68.1	11.3	17.4	<b>(19.4)</b>
Net price to book ratio (Note 3)	0.9	1.2	1.0	1.3	<b>1.1</b>

## Notes:

- Earnings per share are calculated based on the Group net profit by reference to the weighted average number of shares in issue during the year.
  - Volume weighted average share price is used in calculating distribution yield and net price earnings ratio.
  - Last transacted share price is used in calculating distribution yield, net price earnings ratio and net price to book ratio.
- \* Historical share prices are not adjusted for special dividends, capital distribution and dividend in specie.  
<sup>^</sup> Includes the one-off financial penalty from the global resolution and related costs of \$619 million.  
<sup>@</sup> Includes the special dividend paid of 5.0 cents per share.

**SHAREHOLDING STATISTICS**

As at 4 March 2021

Issued and Fully paid-up capital (including Treasury Shares) :	\$1,305,667,320.62
Issued and Fully paid-up capital (excluding Treasury Shares) :	\$1,303,135,405.34
Number of Issued Shares (including Treasury Shares) :	1,820,557,767
Number of Issued Shares (excluding Treasury Shares) :	1,820,023,070
Number/Percentage of Treasury Shares :	534,697 (0.03%)
Number/Percentage of Subsidiary Holdings <sup>1</sup> :	0 (0%)
Class of Shares :	Ordinary Shares
Voting Rights (excluding Treasury Shares) :	One Vote Per Share

The Company cannot exercise any voting rights in respect of treasury shares. Subject to the Companies Act, Chapter 50, subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary holdings.

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	225	0.31	8,037	0.00
100 - 1,000	16,576	22.61	13,254,048	0.73
1,001 - 10,000	45,777	62.45	183,181,199	10.06
10,001 - 1,000,000	10,698	14.59	329,195,871	18.09
1,000,001 and Above	28	0.04	1,294,383,915	71.12
Total	<b>73,304</b>	<b>100.00</b>	<b>1,820,023,070</b>	<b>100.00</b>

Twenty Largest Shareholders	No. of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.40
Citibank Nominees Singapore Pte Ltd	273,266,250	15.01
DBS Nominees (Private) Limited	251,781,203	13.83
DBSN Services Pte. Ltd.	82,143,394	4.51
HSBC (Singapore) Nominees Pte Ltd	79,785,231	4.38
Raffles Nominees (Pte.) Limited	60,927,964	3.35
United Overseas Bank Nominees (Private) Limited	50,064,822	2.75
OCBC Nominees Singapore Private Limited	15,287,403	0.84
BPSS Nominees Singapore (Pte.) Ltd.	14,693,696	0.81
DB Nominees (Singapore) Pte Ltd	13,391,517	0.74
OCBC Securities Private Limited	10,541,165	0.58
Merrill Lynch (Singapore) Pte. Ltd.	10,285,249	0.57
Phillip Securities Pte Ltd	9,322,529	0.51
UOB Kay Hian Private Limited	8,427,435	0.46
BNP Paribas Nominees Singapore Pte. Ltd.	7,370,201	0.40
Shanwood Development Pte Ltd	7,040,000	0.39
Maybank Kim Eng Securities Pte. Ltd.	5,325,705	0.29
Chen Chun Nan	3,957,000	0.22
CGS-CIMB Securities (Singapore) Pte. Ltd.	3,341,514	0.18
Lim Chee Onn	2,579,282	0.14
Total	<b>1,280,939,852</b>	<b>70.36</b>

**Substantial Shareholders (as shown in the Register of Substantial Shareholders)**

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Temasek Holdings (Private) Limited <sup>2</sup>	371,408,292	20.40	10,282,769	0.56	381,691,061	20.97
BlackRock, Inc. <sup>3</sup>	-	-	92,637,845	5.09	92,637,845	5.09

Notes:

<sup>1</sup> "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

<sup>2</sup> Temasek Holdings (Private) Limited is deemed interested in 10,282,769 shares in which its subsidiaries and associated companies have direct or deemed interests.

<sup>3</sup> BlackRock, Inc is deemed interested in 92,637,845 shares held through its subsidiaries.

**Public Shareholders**

Based on the information available to the Company as at 4 March 2021, approximately 78% of the issued shares of the Company is held by the public and therefore, pursuant to Rules 723 and 1207 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.

# Keppel Corporation

## Keppel Corporation Limited

Company Registration No. 196800351N  
(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the 53rd Annual General Meeting of the Company will be convened and held by electronic means (see Notes 1 to 8) on Friday, 23rd April 2021 at 3.00 p.m. (Singapore time) to transact the following business:

### Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2020. **Resolution 1**
2. To declare a final tax-exempt (one-tier) dividend of 7.0 cents per share for the year ended 31 December 2020 (2019: final tax-exempt (one-tier) dividend of 12.0 cents per share). **Resolution 2**
3. To re-elect Professor Jean-François Manzoni, who will be retiring by rotation pursuant to Regulation 83 of the Constitution of the Company ("Constitution") and who, being eligible, offers himself for re-election pursuant to Regulation 84 of the Constitution (see Note 9). **Resolution 3**
4. To approve the sum of up to S\$2,491,000 as directors' fees for the year ending 31 December 2021 (2020: S\$2,028,071) (see Note 10). **Resolution 4**
5. To re-appoint PricewaterhouseCoopers LLP as the auditors of the Company, and authorise the directors of the Company ("Directors") to fix their remuneration. **Resolution 5**

### Special Business

To consider and, if thought fit, approve with or without any modifications, the following ordinary resolutions:

6. That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), authority be and is hereby given to the Directors to: **Resolution 6**
  - (1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or
  - (b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force;

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty (50) per cent. of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed five (5) per cent. of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

**NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS**

(a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or sub-division of Shares;

and in sub-paragraph (i) above and this sub-paragraph (ii), "subsidiary holdings" has the meaning given to it in the listing manual of the SGX-ST ("Listing Manual");

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the Listing Manual (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being in force; and

(iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is the earlier (see Note 11).

7. That:

**Resolution 7**

(1) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(2) (unless varied or revoked by the members of the Company in a general meeting) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period ("Relevant Period") commencing from the date of the passing of this Resolution and expiring on the earliest of:

(a) the date on which the next AGM of the Company is held;

(b) the date on which the next AGM of the Company is required by law to be held; or

(c) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(3) in this Resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days (a "Market Day" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchases or acquisitions of Shares are made and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases or acquisitions are made, or in the case of Off-Market Purchases, the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Limit" means that number of issued Shares representing two (2) per cent. of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has at any time during the Relevant Period reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the court, as the case may be. Any Shares which are held as treasury Shares and any subsidiary holdings will be disregarded for purposes of computing the two (2) per cent. limit;



"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a Market Purchase or an Off-Market Purchase, 105 per cent. of the Average Closing Price; and

"subsidiary holdings" has the meaning given to it in the Listing Manual; and

- (4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they, he or she may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution (see Note 12).

8. That:

**Resolution 8**

- (1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and target associated companies (as defined in Appendix 2 to this Notice of AGM ("Appendix 2")), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 2, with any person who falls within the classes of Interested Persons described in Appendix 2, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix 2 (the "IPT Mandate");
- (2) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next AGM is held or is required by law to be held, whichever is the earlier;
- (3) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and
- (4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they, he or she may consider necessary, expedient, incidental or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution (see Note 13).

To transact such other business which can be transacted at this AGM.

**NOTICE IS ALSO HEREBY GIVEN THAT** the Share Transfer Books and the Register of Members of the Company will be closed on 30 April 2021 at 5.00 p.m., for the preparation of dividend warrants. Duly completed transfers of Shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 p.m. on 30 April 2021 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 30 April 2021 will be entitled to the proposed final dividend. The proposed final dividend if approved at this AGM will be paid on 11 May 2021.

BY ORDER OF THE BOARD



**Caroline Chang/Kenny Lee**  
Company Secretaries

Singapore, 1 April 2021

**NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS****Notes:**

1. This AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of AGM will be sent to members by electronic means via publication on the Company's website at <https://www.kepcorp.com/en/investors/annual-general-meeting> and the SGXNet. Printed copies of this Notice of AGM will also be sent to members.
2. The proceedings of this AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only stream. Members and investors holding Shares through the Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors") who wish to follow the proceedings must **pre-register at <https://www.kepcorp.com/en/agm2021> no later than 3.00 p.m. on 20 April 2021**. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to authenticated persons by **22 April 2021**.

Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) ("Investors") (other than CPF/SRS investors) will not be able to pre-register at <https://www.kepcorp.com/en/agm2021> for the "live" broadcast of the AGM. Such Investors who wish to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, via email to [keppel@boardroomlimited.com](mailto:keppel@boardroomlimited.com) no later than **3.00 p.m. on 20 April 2021**.

3. **There will be no personal attendance at the AGM. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM ("Chairman") as his/her/proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.** The instrument for the appointment of proxy ("proxy form") will be sent to members and may be accessed at the Company's website at <https://www.kepcorp.com/en/investors/annual-general-meeting> or the SGXNet. Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
4. The proxy form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her/its relevant intermediary as soon as possible to specify his/her/its voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by **5.00 p.m. on 14 April 2021**, being 7 working days before the date of the AGM to submit his/her voting instructions.
5. **The proxy form must be submitted to the Company in the following manner:**
  - (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or
  - (b) if submitted electronically, be submitted via email to [keppel@boardroomlimited.com](mailto:keppel@boardroomlimited.com),

**in either case, by 3.00 p.m. on 20 April 2021, being 72 hours before the time appointed for holding this AGM.**

A member who wishes to submit the proxy form must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Members are encouraged to submit completed proxy forms electronically via email.**

6. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form submitted if such members are not shown to have Shares entered against their names in the Depository Register (as defined in Part IIIA of the Securities and Futures Act, Chapter 289 of Singapore), as at 72 hours before the time appointed for holding this AGM as certified by The Central Depository (Pte) Limited to the Company.
7. **Members and Investors may submit questions relating to the business of the AGM by 3.00 p.m. on 20 April 2021:**
  - (a) via the pre-registration website at <https://www.kepcorp.com/en/agm2021>;
  - (b) by email to [investor.relations@kepcorp.com](mailto:investor.relations@kepcorp.com); or
  - (c) by post to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623.

**Members and Investors are encouraged to submit their questions via the pre-registration website or by email.** The Company will endeavour to answer all substantial and relevant questions prior to the AGM through publication on SGXNet and the Company's website at <https://www.kepcorp.com/en/investors/annual-general-meeting>, or at this AGM.

8. All documents (including the Annual Report 2020, proxy form, this Notice of AGM and appendices to this Notice of AGM) or information relating to the business of this AGM have been, or will be, published on SGXNet and/or the Company's website at <https://www.kepcorp.com/en/investors/annual-general-meeting>. Members and Investors are advised to check SGXNet and/or the Company's website regularly for updates.
9. Detailed information on these directors can be found in the "Board of Directors" section of the Annual Report 2020.

Professor Jean-François Manzoni will, upon his re-election, continue to serve as Chairman of the Nominating Committee and a member of the Board Risk Committee. Professor Manzoni is currently the President (Dean) and Nestlé Professor at the International Institute for Management Development (IMD) in Switzerland, where he is based. He had served as Professor of Leadership and Organisational Development at IMD and directed, among other programmes, IMD's Breakthrough Program for Senior Executives. Professor Manzoni's research, teaching, and consulting activities are focused on leadership, the development of high-performance organisations and corporate governance. Professor Manzoni is also a member of several International Advisory Panels, including Digital Switzerland, and the Russian Presidential Academy of National Economy and Public Administration. Professor Manzoni is considered by the board of Directors to be an independent Director.

Dr Lee Boon Yang, Mr Alvin Yeo Khim Hai and Mr Tan Ek Kia will be retiring by rotation pursuant to Regulation 83 of the Constitution, and although eligible, are not seeking re-election pursuant to Regulation 84 of the Constitution.

10. Resolution 4 is to approve the payment of Directors' fees for the non-executive Directors of the Company during FY2021. The amount of fees has been computed taking into consideration the number of board committee representations by the non-executive directors and also caters for additional fees (if any) which may be payable due to the formation of additional Board Committees, or additional Board or Board Committee members being appointed in FY2021. In the event that the amount proposed is insufficient, approval will be sought at the next AGM in the financial year ending 31 December 2022 ("2022 AGM") before any payments are made to non-executive Directors for the shortfall. If approved, each of the non-executive Directors (including the Chairman) will receive 70% of his/her total Directors' fees in cash ("Cash Component") and 30% in the form of Shares ("Remuneration Shares") (both amounts subject to adjustment as described below). The Cash Component is intended to be paid half-yearly in arrears. The Remuneration Shares are intended to be paid after the 2022 AGM has been held. The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the 2022 AGM provided that it does not fall within any applicable restricted period of trading ("2022 Trading Day") for delivery to the respective non-executive Directors, will be based on the market price of the Shares on the SGX-ST on the 2022 Trading Day. In the event that the first trading day after the date of the 2022 AGM falls within a restricted period of trading, the Remuneration Shares will be purchased on the first trading day immediately after the end of the restricted period of trading. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash. The Remuneration Shares will rank pari passu with the then existing issued Shares. A non-executive director who steps down before the payment of the share component will receive all of his Directors' fees for FY2021 (calculated on a pro-rated basis, where applicable) in cash.

Details of the Directors' remuneration for FY2020 are set out on page 89 of the Annual Report 2020. The non-executive Directors will abstain from voting, and will procure that their respective associates abstain from voting, in respect of Resolution 4.

11. Resolution 6 is to empower the Directors from the date of this AGM until the date of the next AGM to issue Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury Shares and subsidiary holdings) (with a sub-limit of 5 per cent. of the total number of Shares (excluding treasury Shares and subsidiary holdings) in respect of Shares to be issued other than on a pro rata basis to shareholders). The 5 per cent. sub-limit for non-pro rata issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual. For the purpose of determining the total number of Shares (excluding treasury Shares and subsidiary holdings) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time that this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Resolution 6 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.
12. Resolution 7 relates to the renewal of the Share Purchase Mandate which was originally approved by Shareholders on 18 February 2000 and was last renewed at the AGM of the Company on 2 June 2020. At this AGM, the Company is seeking a "Maximum Limit" of 2 per cent. of the total number of issued Shares, which is lower than the 10 per cent. limit allowed under the Listing Manual. Please refer to Appendix 1 to this Notice of AGM for details.
13. Resolution 8 relates to the renewal of a mandate given by Shareholders on 22 May 2003 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual. Please refer to Appendix 2 to this Notice of AGM for details.
14. Any reference to a time of day is made by reference to Singapore time.

15. **Personal Data Privacy:**

By submitting the proxy form appointing the Chairman to attend, speak and vote at the AGM and/or any adjournment thereof, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

In the case of a member who is a relevant intermediary, by submitting the consolidated list of participants set out in Note 2 of this Notice of AGM, such member represents and warrants that it has obtained the prior consent of the individuals for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such individuals by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the participation of such individuals in the broadcast and proceedings of the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and record of questions asked, and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Lee Boon Yang (Chairman)  
Loh Chin Hua (Chief Executive Officer)  
Alvin Yeo  
Tan Ek Kia  
Danny Teoh  
Till Vestring  
Veronica Eng  
Jean-François Manzoni  
Teo Siong Seng  
Tham Sai Choy  
Penny Goh

### AUDIT COMMITTEE

Danny Teoh (Chairman)  
Alvin Yeo  
Tan Ek Kia  
Veronica Eng  
Tham Sai Choy  
Penny Goh

### REMUNERATION COMMITTEE

Till Vestring (Chairman)  
Lee Boon Yang  
Danny Teoh  
Teo Siong Seng

### NOMINATING COMMITTEE

Jean-François Manzoni (Chairman)  
Lee Boon Yang  
Alvin Yeo  
Till Vestring

### BOARD RISK COMMITTEE

Veronica Eng (Chairman)  
Danny Teoh  
Tan Ek Kia  
Jean-François Manzoni  
Tham Sai Choy  
Penny Goh

### BOARD SAFETY COMMITTEE

Tan Ek Kia (Chairman)  
Lee Boon Yang  
Loh Chin Hua  
Teo Siong Seng

### COMPANY SECRETARIES

Caroline Chang  
Kenny Lee

### REGISTERED OFFICE

1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632  
Telephone: (65) 6270 6666  
Facsimile No.: (65) 6413 6391  
Email: keppelgroup@kepcorp.com  
Website: www.kepcorp.com

### SHARE REGISTRAR

Boardroom Corporate & Advisory  
Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

### AUDITORS

PricewaterhouseCoopers LLP  
Public Accountants and Chartered  
Accountants  
7 Straits View  
Marina One East Tower  
Level 12  
Singapore 018936  
Audit Partner: Yeoh Oon Jin  
Year appointed: 2018

**FINANCIAL CALENDAR****FY 2020**

Financial year-end	31 December 2020
Announcement of 2020 1Q results	29 April 2020
Announcement of 2020 2Q results	30 July 2020
Announcement of 2020 3Q Business Updates	29 October 2020
Announcement of 2020 full year results	28 January 2021
Despatch of Annual Report to Shareholders	1 April 2021
Annual General Meeting	23 April 2021
2020 Proposed final dividend	
Books closure date	5.00 p.m., 30 April 2021
Payment date	11 May 2021

**FY 2021**

Financial year-end	31 December 2021
Announcement of 2021 1Q Business Updates	22 April 2021
Announcement of 2021 half year results	29 July 2021
Announcement of 2021 3Q Business Updates	28 October 2021
Announcement of 2021 full year results	27 January 2022

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# PROXY FORM

## Keppel Corporation

### Keppel Corporation Limited

Company Registration No. 196800351N  
(Incorporated in the Republic of Singapore)

#### IMPORTANT

1. This AGM (as defined below) will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM and this proxy form will be sent to members by electronic means via publication on the Company's website at <https://www.keppcorp.com/en/investors/annual-general-meeting> and the SGXNet. Printed copies of the Notice of AGM and this proxy form will also be sent to members.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman (as defined below) in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman as proxy at the AGM, are set out in Notice of AGM and the accompanying Company's announcement dated 1 April 2021. This announcement may be accessed at the Company's website at <https://www.keppcorp.com/en/investors/annual-general-meeting> and the SGXNet.
3. **There will be no personal attendance at the AGM. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.**
4. This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("Investors") (including investors holding through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by **5.00 p.m. on 14 April 2021**, being 7 working days before the date of the AGM to submit his/her vote.
5. **Personal Data Privacy:** By submitting this proxy form, a member of the Company accepts and agrees to the personal data terms set out in the Notice of AGM dated 1 April 2021.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

#### ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ (Name(s)) \_\_\_\_\_ (NRIC/Passport Number/Co Reg Number)

of \_\_\_\_\_ (Address)

being a member or members of KEPPEL CORPORATION LIMITED (the "Company") hereby appoint the **Chairman of the Annual General Meeting ("Chairman")** as my/our proxy to attend, speak and vote on my/our behalf at the 53rd Annual General Meeting of the Company ("AGM") to be held by way of electronic means on **Friday, 23rd April 2021 at 3.00 p.m.** and at any adjournment thereof in the following manner:

Resolutions	For *	Against *	Abstain *
<b>Ordinary Business</b>			
1. Adoption of Directors' Statement and Audited Financial Statements			
2. Declaration of Dividend			
3. Re-election of Professor Jean-François Manzoni as Director			
4. Approval of fees to non-executive Directors for FY2021			
5. Re-appointment of Auditors			
<b>Special Business</b>			
6. Issue of additional shares and convertible instruments			
7. Renewal of Share Purchase Mandate			
8. Renewal of Shareholders' Mandate for Interested Person Transactions			

\* You may tick (✓) within the relevant box to vote for or against, or abstain from voting, in respect of all your Shares for each resolution. Alternatively, if you may indicate the number of Shares that you wish to vote for or against, and/or abstain from voting, for each resolution in the relevant box. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total Number of Shares held	
-----------------------------	--

\_\_\_\_\_  
Signature(s) or Common Seal of Member(s)

**Important: Please read the notes overleaf before completing this Proxy Form.**

**Notes:**

1. A member should insert the total number of Shares held in the proxy form. If a member only has Shares entered against his/her/its name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), he/she/it should insert that number of Shares. If he/she/it only has Shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of Shares. However, if he/she/it has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of Shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by the member (in both the Register of Members and the Depository Register).
2. **There will be no personal attendance at the AGM. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.** Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. This proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by 5.00 p.m. on 14 April 2021, being 7 working days before the date of the AGM to submit his/her vote.

Fold along this line (1)

Affix  
Postage  
Stamp

Keppel Corporation Limited  
c/o Boardroom Corporate & Advisory Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

Fold along this line (2)

4. The proxy form must be submitted with the Company in the following manner:
  - (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or
  - (b) if submitted electronically, be submitted via email to [keppel@boardroomlimited.com](mailto:keppel@boardroomlimited.com),

in either case, by **3:00 p.m. on 20 April 2021**, being 72 hours before the time appointed for holding this AGM.

A member who wishes to submit the proxy form must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Members are encouraged to submit completed proxy forms electronically via email.**

5. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
6. The Company shall be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company shall be entitled to reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
7. Any reference to a time of day is made by reference to Singapore time.



# NOTES

# NOTES



**EDITED AND COMPILED BY**

Group Corporate Communications, Keppel Corporation

**DESIGNED BY**

Black Sun Pte Ltd



**Keppel Corporation Limited**

(Incorporated in the Republic of Singapore)  
1 HarbourFront Avenue  
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Co Reg No: 196800351N