

## MEDIA RELEASE

### Keppel's FY 2021 net profit surges to S\$1.02 billion, the highest in 6 years

- **Strong results & earnings growth:**
  - Full year net profit crossed S\$1 billion mark for first time since FY 2015.
  - 2H 2021's net profit grew to S\$723 million, from S\$31 million in 2H 2020.
  - Group revenue rose 31% to S\$8.63 billion in FY 2021 from S\$6.57 billion in FY 2020.
  - Free cash inflow surged to S\$1.75 billion in FY 2021 from S\$72 million outflow in FY 2020.
- **Robust asset monetisation:** Announced monetisation of S\$2.9 billion in assets from 4Q 2020 to end-2021 and collected S\$2.7 billion in cash.
- **Significantly higher dividends:** Proposing final cash dividend of 21.0 cts/share. FY 2021's total distribution would be 33.0 cts/share, more than triple the 10.0 cts/share for FY 2020.
- **Announced S\$500 million Share Buyback Programme.**

**Singapore, 27 January 2022** – Keppel Corporation Limited (Keppel) reported strong earnings growth with a net profit of S\$1.02 billion for the full year ended 31 December 2021, bolstered by improved performance across all business segments. This is the highest earnings achieved in the past six years since the offshore & marine (O&M) downturn, and marks a sharp reversal of FY 2020's net loss of S\$506 million.

The Group's recurring income grew 33% year-on-year (yoy) and contributed S\$292 million to the Group's net profit for FY 2021, anchored by contributions from the Group's stakes in its REITs & Trust, infrastructure services, as well as asset management.

All business segments recorded higher revenues, contributing collectively to a 31% increase in Group revenue at S\$8,625 million in FY 2021, compared to S\$6,574 million in FY 2020.

The Group also performed strongly in 2H 2021, with net profit growing over 23 times to S\$723 million from S\$31 million in 2H 2020, while its revenue rose 46% to S\$4,948 million over the same period.

In 2021, Keppel continued to accelerate the execution of the Group's Vision 2030, making significant progress in various goals spanning asset monetisation, business transformation and sustainability, in addition to financial performance. From October 2020 through December 2021, Keppel announced the monetisation of S\$2.9 billion in assets and collected S\$2.7 billion of this in cash.

Keppel's asset-light business model and strategy to proactively monetise its assets have contributed to marked improvements in the Group's return on equity (ROE), free cash flow as well as net gearing. In FY 2021, the Group achieved a positive ROE of 9.1%, compared to negative 4.6% a year ago. The Group's free cash inflow was S\$1.75 billion for FY 2021, compared to an outflow of S\$72 million in FY 2020, while its net gearing was 0.68x as at 31 December 2021, down from 0.91x at the end of 2020.

On account of the strong results achieved, the Board of Keppel Corporation will be proposing a final cash dividend of 21.0 cents per share for FY 2021, bringing the total cash dividend for FY 2021 to 33.0 cents per share, which is more than triple that of FY 2020. This translates into a gross dividend yield of 6.4% on the Company's last transacted share price of S\$5.12 as at 31 December 2021. The proposed final dividend, if approved at the annual general meeting scheduled to be held on 22 April 2022, will be paid on 12 May 2022.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Keppel performed strongly in 2021 as we accelerated our Vision 2030 plans. The strong earnings growth and cash inflow, underpinned by our asset monetisation programme, allow us to pursue growth opportunities and reward shareholders with higher dividends. As the world focuses increasingly on climate change, we are well-placed to seize opportunities as a provider of solutions for sustainable urbanisation. We are in the right space, at the right time.

"The Keppel of tomorrow will be defined by our focus on Sustainability, being Asset Light, and harnessing Technology. I am confident that, guided by Vision 2030, we will emerge stronger, more relevant, and on a faster growth path than before."

On the progress of its business transformation, Keppel updated that discussions on the proposed combination of Keppel O&M and Sembcorp Marine were progressing steadily, with both parties undertaking detailed diligence and working towards signing definitive agreements by the end of 1Q 2022. The Group also aims to reach a conclusion on the divestment of its logistics business in Southeast Asia and Australia by the end of 1Q 2022.

In December 2021, Keppel's proposed acquisition of the Singapore Press Holdings (SPH) portfolio was approved by Keppel's shareholders at the Company's Extraordinary General Meeting. The proposed acquisition is now pending the Scheme Meeting to be called by SPH, where the Keppel Scheme will be voted on by SPH's shareholders.

Over the past few years, Keppel has stepped up efforts to invest in start-ups and venture capital funds that will give the Group early access to intellectual property and technology across its focus areas. Notably, Keppel's investment in leading electric vehicle battery business, Envision AESC<sup>1</sup>,

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<sup>1</sup> Envision AESC is one of the world's leading battery technology companies. Through AIoT-driven innovations in battery technology and multidisciplinary applications, Envision AESC establishes scenarios to enable electric vehicles to participate in the renewable energy eco-system, and provides a dynamic balance to promote common development of clean energy and new energy electric vehicle industry. In 2019, Keppel entered into an agreement with Envision AESC to invest US\$50 million for a minority stake in Envision AESC Group Ltd. This co-investment is in

yielded fair value gains of S\$277 million in FY 2021, while its investment in iGlobe Partners Platinum Fund I yielded dividends of S\$56 million in FY 2021.

During the year, Keppel also made bold strides forward in other Vision 2030 targets, such as strengthening governance, driving innovation, enhancing employee engagement, and contributing to the community. The Group achieved its zero-fatality target in 2021 and recorded improvements across metrics such as Total Recordable Injury, Accident Frequency and Accident Severity Rates. Reflecting its commitment to sustainability, Keppel announced its target to halve the Group's Scope 1 and 2 carbon emissions by 2030 from 2020 levels and achieve net zero by 2050.

More details on the business segments' updates for FY 2021 can be found in the addendum to this media release.

Separately, Keppel also announced today, a S\$500 million Share Buyback Programme that will see the Company progressively repurchasing its shares from the open market. The shares repurchased will be held as treasury shares, which will be used in part for the annual vesting of employee share plans, and also as possible currency for future merger and acquisition activities. As Keppel embarks on acquisitions, especially of founders' platforms, using Keppel shares as acquisition currency would help to align the interests of these founders with Keppel's interests.

– END –

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**Responsibility Statements**

The directors of the Company (including those who may have delegated detailed supervision of this media release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this media release which relate to the Company (excluding information relating to SPH) are fair and accurate and that there are no other material facts not contained in this media release, the omission of which would make any statement in this media release misleading. The directors of the Company jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from SPH, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the

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line with Keppel's strategy to expand its energy solutions with cleaner fuels sources and renewables in the deployment of innovative concepts and solutions for sustainable urbanisation.

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## ADDENDUM

### Financial Highlights

	FY 2021 (S\$ m)	FY 2020 (S\$ m)	Change (%)	2H 2021 (S\$ m)	2H 2020 (S\$ m)	Change (%)
<b>Revenue</b>	8,625	6,574	31	4,948	3,392	46
<b>Operating Profit</b>	898	8	>500	710	157	352
<b>Net Profit/(Loss)</b>	1,023	(506)	n.m.f.	723	31	>500
<b>Earnings/(Loss) per Share</b>	56.2 cents	(27.8) cents	n.m.f.	39.7 cents	1.7 cents	>500

Note: n.m.f denotes no meaningful figure.

- ROE was 9.1% for FY 2021, compared to negative 4.6% for FY 2020
- Net gearing was 0.68x as at end-2021, down from 0.91x at end-2020
- Free cash inflow was S\$1.75 billion in FY 2021, compared to an outflow of S\$72 million in FY 2020
- A final cash dividend of 21.0 cents per share will be proposed for FY 2021

### Energy & Environment

The Energy & Environment segment narrowed its net loss significantly to S\$414 million for FY 2021 compared to the net loss of S\$1,181 million for FY 2020, with lower impairments, as well as a share of Floatel International's (Floatel) restructuring gain.

Notwithstanding lower COVID-19-related government grants, Keppel O&M's performance improved yoy with higher revenue recognition from its projects, coupled with a reduction in overheads, and a lower share of losses from associated companies<sup>2</sup>. Keppel O&M's net loss of S\$77 million<sup>3</sup> for FY 2021, was a significant reduction from S\$1,194 million for FY 2020. At the Op Co<sup>4</sup> level, Keppel O&M achieved a net profit of S\$66 million for FY 2021. During the year, Keppel O&M secured S\$3.5 billion of new orders. Its net orderbook stood at S\$5.1 billion as at end-2021, of which 39% comprised renewables and gas solutions.

With rising oil prices, the offshore drilling rig market has shown signs of improvement, and utilisation and dayrates for modern jackups are projected to rise even further over the next few

<sup>2</sup> Excludes a S\$269m share of Floatel's restructuring gain.

<sup>3</sup> Excludes impairments made by Keppel O&M for its exposure to KrisEnergy.

<sup>4</sup> Op Co comprises Keppel O&M (excluding the legacy completed and uncompleted rigs and associated receivables) and its interests in Floatel and Dyna-Mac.

years. With improving market conditions, Keppel is hopeful that Keppel O&M's legacy rigs can be substantially monetised over the next three to five years.

Meanwhile, Keppel Infrastructure continued to contribute resiliently to the Group. Its net contribution<sup>5</sup> was S\$103 million for FY 2021, compared to S\$144 million for FY 2020, as the FY 2021 results included S\$23 million of closure costs on interest rate swaps as part of the refinancing plan for an asset. During the year, Keppel Infrastructure announced several initiatives including exploring the import of renewable energy to Singapore, developing electric vehicle charging infrastructure, securing Singapore's first Energy-as-a-Service contract, and studying the feasibility of developing an Asia-Pacific green ammonia supply chain.

### Urban Development

The Urban Development segment's net profit soared 74% to S\$763 million for FY 2021, from S\$438 million for FY 2020. Keppel Land's net contribution<sup>6</sup> rose 88% to S\$717 million, underpinned by higher contributions from property trading projects in China and Vietnam, as well as gains from its asset monetisation efforts. In 2021, Keppel Land completed the monetisation of eight projects with total proceeds of about S\$1.9 billion and a net gain of over S\$450 million<sup>7</sup>. During the year, Keppel Land sold about 4,870 homes, with a total sales value of S\$4.0 billion, compared to 3,340 homes sold in 2020 with a total sales value of S\$2.5 billion.

Meanwhile, the Sino-Singapore Tianjin Eco-City contributed a profit of S\$14 million to the Group in 2021, due mainly to the sale of a commercial and residential land plot.

### Connectivity

The Connectivity segment recorded a net profit of S\$64 million for FY 2021, significantly higher than the S\$13 million in FY 2020, supported by the monetisation of China logistics assets during the year.

Keppel Data Centres' performance improved yoy, with losses narrowing to S\$1 million in FY 2021 from S\$12 million in FY 2020, supported by higher monetisation gains during the year. This does not include Keppel Data Centres' share of profits from the Group's data centre REIT and private funds, reported under Asset Management, which amounted to S\$87 million in FY 2021. In line with the Group's efforts to reduce the carbon footprint of data centres, Keppel Data Centres plans to commence the development of its innovative, energy-efficient floating data centre in Singapore in 2022, subject to regulatory approval.

M1 continued to contribute resiliently to the Group, registering a net profit of S\$57 million for FY 2021, compared to S\$65 million in FY 2020. Excluding COVID-19-related government grants in both years, M1's net profit would have been S\$7 million higher year-on-year. In 2021, M1 continued to have the second largest postpaid base in Singapore with over 1.7 million customers, and achieved 50% outdoor coverage in Singapore in its 5G Standalone network rollout. M1 is

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<sup>5</sup> Does not include contribution from the business trust.

<sup>6</sup> Does not include contributions from REITs, private funds and SSTEC.

<sup>7</sup> About S\$380 million of the net gains were recognised in FY 2021, while the rest was recognised in FY 2020.

also growing its enterprise business and has embarked on regional expansion with the acquisition of Malaysian digital solutions provider, Glocomp System.

### Asset Management

The Asset Management segment's net profit grew 8% to S\$301 million for FY 2021, underpinned by a 38% increase in Keppel Capital's contribution<sup>8</sup> of S\$117 million.

Keppel Capital's assets under management grew 14% over the year to reach S\$42 billion as at end-2021. Attesting to its growing track record as a leading manager of multi-asset classes bolstered by sustainable urbanisation trends, Keppel Capital's asset management fees<sup>9</sup> grew by about 29% yoy to S\$233 million in FY 2021. In FY 2021, Keppel Capital raised total equity of about S\$3.5 billion and completed around S\$5.5 billion in acquisitions and divestments.

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<sup>8</sup> Includes 100% contribution from the manager of Keppel DC REIT.

<sup>9</sup> Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on a shareholding stake in an associate with which Keppel has strategic alliance.

**KEPPEL CORPORATION LIMITED**  
Co Reg No. 196800351N  
(Incorporated in the Republic of Singapore)

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

**FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021**

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**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**For the six months and full year ended 31 December 2021**

	Note	Second Half			Full Year			
		31.12.2021 \$'000	31.12.2020 \$'000	+/- %	31.12.2021 \$'000	31.12.2020 \$'000	+/- %	
<b>Revenue</b>	6	<b>4,947,533</b>	3,391,864	+45.9	<b>8,624,713</b>	6,574,342	+31.2	
Materials and subcontract costs		<b>(3,964,787)</b>	(2,384,371)	+66.3	<b>(6,603,496)</b>	(4,591,235)	+43.8	(i)
Staff costs		<b>(612,221)</b>	(536,327)	+14.2	<b>(1,115,650)</b>	(1,120,128)	-0.4	(ii)
Depreciation and amortisation		<b>(209,791)</b>	(212,409)	-1.2	<b>(406,402)</b>	(413,506)	-1.7	
Expected credit loss on financial assets, contract assets and financial guarantee	7	<b>(76,905)</b>	(16,558)	+364.5	<b>(364,436)</b>	(651,082)	-44.0	
Other operating income/(expense)	7	<b>625,941</b>	(84,377)	n.m.f.	<b>763,062</b>	210,010	+263.3	
<b>Operating profit</b>		<b>709,770</b>	157,822	+349.7	<b>897,791</b>	8,401	>+500	
Investment income		<b>27,189</b>	16,962	+60.3	<b>110,952</b>	29,346	+278.1	(iii)
Interest income		<b>59,548</b>	56,927	+4.6	<b>110,374</b>	162,053	-31.9	(iv)
Interest expenses		<b>(129,473)</b>	(135,420)	-4.4	<b>(251,021)</b>	(292,266)	-14.1	(v)
Share of results of associated companies and joint ventures	2	<b>152,332</b>	6,344	>+500	<b>466,900</b>	(162,221)	n.m.f.	(vi)
<b>Profit/(loss) before tax</b>		<b>819,366</b>	102,635	>+500	<b>1,334,996</b>	(254,687)	n.m.f.	
Taxation		<b>(106,203)</b>	(74,597)	+42.4	<b>(324,984)</b>	(253,407)	+28.2	(vii)
<b>Profit/(loss) for the period / year</b>		<b>713,163</b>	28,038	>+500	<b>1,010,012</b>	(508,094)	n.m.f.	
<b>Attributable to:</b>								
Shareholders of the Company		<b>722,855</b>	31,271	>+500	<b>1,022,651</b>	(505,860)	n.m.f.	
Perpetual securities holders	5	<b>3,401</b>	-	n.m.f.	<b>3,401</b>	-	n.m.f.	
Non-controlling interests		<b>(13,093)</b>	(3,233)	+305.0	<b>(16,040)</b>	(2,234)	>+500	
		<b>713,163</b>	28,038	>+500	<b>1,010,012</b>	(508,094)	n.m.f.	
Earnings per ordinary share								(viii)
- basic		<b>39.7 cts</b>	1.7 cts	>+500	<b>56.2 cts</b>	(27.8) cts	n.m.f.	
- diluted		<b>39.5 cts</b>	1.7 cts	>+500	<b>55.9 cts</b>	(27.7) cts	n.m.f.	

*n.m.f. - No Meaningful Figure*

- (i) Materials & subcontract costs increased by a larger extent than the increase in revenue for the current year largely due to higher costs incurred by the Energy & Environment and Urban Development segments.
- (ii) Staff costs decreased for the current year mainly due to lower manpower cost in the Energy & Environment segment driven by the focus on overheads management, partly offset by higher manpower cost in the Urban Development and Asset Management segments.
- (iii) Investment income for the current year was higher mainly due to higher distributions received from funds invested.
- (iv) Lower interest income for the current year largely attributable to the Energy & Environment business mainly due to lower interest income recognition from certain trade receivables.
- (v) Lower interest expense was mainly attributable to lower average borrowings and lower weighted average interest rates on borrowings.
- (vi) Share of profits of associated companies and joint ventures for the current year, as compared to share of losses for the prior year, mainly due to share of profits of associated companies in the Energy & Environment segment which included share of Floatel International Ltd's ("Floatel") net restructuring gain, as well as higher share of profits from associated companies and joint ventures in the Asset Management segment.



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(vii) Taxation expenses for the current year were higher mainly due to higher taxable profits in the Urban Development business, and absence of deferred tax credits recognised in relation to the expected credit losses on contract assets in the prior year in Energy & Environment segment.

(viii) Earnings per ordinary share

	2021	2020	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares:	<b>56.2 cts</b>	(27.8) cts	n.m.f.
- Weighted average number of shares (excluding treasury shares) ('000)	<b>1,820,424</b>	1,818,398	+0.1
(ii) On a fully diluted basis	<b>55.9 cts</b>	(27.7) cts	n.m.f.
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	<b>1,830,871</b>	1,827,665	+0.2

*n.m.f. - No Meaningful Figure*

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months and full year ended 31 December 2021

	Second Half			Full Year		
	31.12.2021 \$'000	31.12.2020 \$'000	+/- %	31.12.2021 \$'000	31.12.2020 \$'000	+/- %
<b>Profit/(loss) for the period / year</b>	<b>713,163</b>	28,038	>+500	<b>1,010,012</b>	(508,094)	n.m.f.
<u>Items that may be reclassified subsequently to profit &amp; loss account:</u>						
Cash flow hedges						
- Fair value changes arising during the period / year, net of tax	(236,328)	116,447	n.m.f.	(70,678)	(100,148)	-29.4 (i)
- Realised and transferred to profit & loss account	52,852	78,939	-33.0	74,573	125,112	-40.4 (ii)
Foreign exchange translation						
- Exchange differences arising during the period / year	129,993	89,358	+45.5	187,852	135,212	+38.9 (iii)
- Realised and transferred to profit & loss account	18,068	6,643	+172.0	17,595	17,247	+2.0
Share of other comprehensive income of associated companies and joint ventures						
- Cash flow hedges	15,838	(10,001)	n.m.f.	34,251	(27,370)	n.m.f.
- Foreign exchange translation	61,468	9,066	>+500	96,000	69,751	+37.6
	41,891	290,452	-85.6	339,593	219,804	+54.5
<u>Items that will not be reclassified subsequently to profit &amp; loss account:</u>						
Financial assets, at FVOCI						
- Fair value changes arising during the period / year	(40,667)	75,914	n.m.f.	(96,015)	65,246	n.m.f. (iv)
Foreign exchange translation						
- Exchange differences arising during the period / year	3,242	(584)	n.m.f.	4,217	1,882	+124.1 (iii)
Share of other comprehensive income of associated companies and joint ventures						
- Financial assets, at FVOCI	(230)	(33)	>+500	194	(429)	n.m.f.
	(37,655)	75,297	n.m.f.	(91,604)	66,699	n.m.f.
<b>Other comprehensive income for the period / year, net of tax</b>	<b>4,236</b>	365,749	-98.8	<b>247,989</b>	286,503	-13.4
<b>Total comprehensive income/(loss) for the period / year</b>	<b>717,399</b>	393,787	+82.2	<b>1,258,001</b>	(221,591)	n.m.f.
<b>Attributable to:</b>						
Shareholders of the Company	721,928	396,896	+81.9	1,263,678	(221,151)	n.m.f.
Perpetual securities holders	3,401	-	n.m.f.	3,401	-	n.m.f.
Non-controlling interests	(7,930)	(3,109)	+155.1	(9,078)	(440)	>+500
	717,399	393,787	+82.2	1,258,001	(221,591)	n.m.f.

n.m.f. - No Meaningful Figure

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- (i) Fair value differences were mainly due to the hedging differential on forward exchange contracts and fuel oil forward contracts.
- (ii) These represented cash flow hedges, which were transferred to profit & loss account when the hedged transaction affects the profit and loss account.
- (iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for the year ended 31 December 2021 and 31 December 2020 arose largely from the strengthening of foreign currencies, such as Renminbi against Singapore dollar.
- (iv) Fair value changes were attributable to movements in prices of financial assets measured at fair value with fair value changes recognised in other comprehensive income.

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**As at 31 December 2021**

		Group		Company	
	Note	31.12.2021	31.12.2020	31.12.2021	31.12.2020
		\$'000	\$'000	\$'000	\$'000
<b>Share capital</b>	4	<b>1,305,668</b>	1,305,668	<b>1,305,668</b>	1,305,668
<b>Treasury shares</b>		<b>(4,624)</b>	(13,690)	<b>(4,624)</b>	(13,690)
<b>Reserves</b>		<b>10,354,096</b>	9,436,480	<b>8,495,816</b>	8,185,085
<b>Share capital &amp; reserves</b>		<b>11,655,140</b>	10,728,458	<b>9,796,860</b>	9,477,063
<b>Perpetual securities</b>	5	<b>401,521</b>	–	<b>401,521</b>	–
<b>Non-controlling interests</b>		<b>384,700</b>	427,446	<b>–</b>	–
<b>Total equity</b>		<b>12,441,361</b>	11,155,904	<b>10,198,381</b>	9,477,063
Represented by:					
<b>Fixed assets</b>		<b>2,044,374</b>	2,715,753	<b>8,462</b>	5,764
<b>Investment properties</b>		<b>4,256,428</b>	3,674,075	<b>–</b>	–
<b>Right-of-use assets</b>		<b>529,216</b>	582,706	<b>15,231</b>	11,204
<b>Subsidiaries</b>		<b>–</b>	–	<b>7,993,786</b>	7,962,538
<b>Associated companies and joint ventures</b>	2	<b>6,050,258</b>	5,990,613	<b>–</b>	–
<b>Investments</b>		<b>1,447,664</b>	1,229,492	<b>24,100</b>	22,196
<b>Deferred tax assets</b>		<b>212,679</b>	159,427	<b>9,313</b>	5,096
<b>Long term assets</b>		<b>1,347,354</b>	1,756,399	<b>122,507</b>	39,828
<b>Intangibles</b>		<b>1,589,272</b>	1,608,824	<b>–</b>	–
		<b>17,477,245</b>	17,717,289	<b>8,173,399</b>	8,046,626
<b>Current assets</b>					
Stocks		<b>4,603,985</b>	4,959,427	<b>–</b>	–
Contract assets		<b>3,169,694</b>	2,657,231	<b>–</b>	–
Amounts due from:					
- subsidiaries		<b>–</b>	–	<b>9,852,909</b>	9,804,710
- associated companies and joint ventures		<b>591,744</b>	493,269	<b>22,110</b>	152
Debtors		<b>2,168,612</b>	2,531,075	<b>9,971</b>	12,273
Derivative assets		<b>140,031</b>	124,547	<b>39,153</b>	38,206
Short term investments		<b>27,103</b>	134,634	<b>–</b>	–
Bank balances, deposits & cash		<b>3,616,633</b>	2,479,715	<b>810</b>	574
		<b>14,317,802</b>	13,379,898	<b>9,924,953</b>	9,855,915
Assets classified as held for sale	13	<b>527,880</b>	1,008,692	<b>–</b>	–
		<b>14,845,682</b>	14,388,590	<b>9,924,953</b>	9,855,915
<b>Current liabilities</b>					
Creditors		<b>5,098,788</b>	4,603,677	<b>92,523</b>	63,808
Derivative liabilities		<b>249,690</b>	59,143	<b>31,284</b>	30,614
Contract liabilities		<b>1,002,024</b>	2,072,303	<b>–</b>	–
Provisions for warranties		<b>28,932</b>	39,449	<b>–</b>	–
Amounts due to:					
- subsidiaries		<b>–</b>	–	<b>175,802</b>	201,959
- associated companies and joint ventures		<b>286,085</b>	335,908	<b>882</b>	–
Term loans	3	<b>4,659,308</b>	4,432,602	<b>3,326,730</b>	3,406,552
Lease liabilities	3	<b>89,677</b>	69,377	<b>4,175</b>	4,198
Taxation		<b>505,479</b>	358,802	<b>39,651</b>	29,155
		<b>11,919,983</b>	11,971,261	<b>3,671,047</b>	3,736,286
Liabilities directly associated with assets classified as held for sale	13	<b>38,330</b>	115,220	<b>–</b>	–
		<b>11,958,313</b>	12,086,481	<b>3,671,047</b>	3,736,286
<b>Net current assets</b>		<b>2,887,369</b>	2,302,109	<b>6,253,906</b>	6,119,629
<b>Non-current liabilities</b>					
Term loans	3	<b>6,795,912</b>	7,606,594	<b>4,113,695</b>	4,529,017
Lease liabilities	3	<b>472,042</b>	494,527	<b>12,265</b>	7,725
Deferred tax liabilities		<b>426,891</b>	443,547	<b>–</b>	–
Other non-current liabilities		<b>228,408</b>	318,826	<b>102,964</b>	152,450
		<b>7,923,253</b>	8,863,494	<b>4,228,924</b>	4,689,192
<b>Net assets</b>		<b>12,441,361</b>	11,155,904	<b>10,198,381</b>	9,477,063
<i>Group net debt</i>		<b>8,400,306</b>	10,123,385	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>		<b>0.68x</b>	0.91x	<i>n.a.</i>	<i>n.a.</i>

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### (i) Net asset value

	Group			Company		
	31.12.2021	31.12.2020	+/-%	31.12.2021	31.12.2020	+/-%
Net asset value per ordinary share *	<b>\$6.41</b>	\$5.90	+8.6	<b>\$5.38</b>	\$5.21	+3.3
Net tangible asset per ordinary share *	<b>\$5.53</b>	\$5.02	+10.2	<b>\$5.38</b>	\$5.21	+3.3

\* Based on share capital of 1,819,614,508 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2020: 1,817,506,293 ordinary shares (excluding treasury shares)).

### (ii) Balance sheet analysis

Group shareholder's funds increased by \$0.93 billion to \$11.66 billion at 31 December 2021. The increase was mainly attributable to retained profits, increase in fair value on cash flow hedges and foreign exchange translation gains, partly offset by payment of final dividend of 7.0 cents per share in respect of financial year 2020, payment of interim dividend of 12.0 cents per share in respect of the half year ended 30 June 2021, and fair value losses from investments held at fair value through other comprehensive income.

In the fourth quarter of 2021, the Group announced the divestments of interests in Keppel Smit Towage Private Limited ("KST") and Maju Maritime Pte Ltd ("Maju"), commenced non-binding negotiation with an interested buyer relating to Keppel Infrastructure Holdings Pte Ltd's controlling interest in a subsidiary ("Keppel Infrastructure's subsidiary"), and is committed to sell five Keppel Offshore and Marine Ltd's properties (including its plant and equipment) in Singapore ("Keppel O&M's properties"). The completion of the KST, Maju and Keppel Infrastructure's subsidiary divestments is conditional upon certain conditions precedent being fulfilled, while the sale of Keppel O&M's properties is expected to be completed within one year. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of Keppel Infrastructure's subsidiary and Keppel O&M's properties, as well as the investments in KST and Maju that are accounted for as associated companies and joint ventures, 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 2021.

Group total assets were \$32.32 billion at 31 December 2021, \$0.22 billion higher than the previous year end. Non-current assets decreased mainly due to depreciation and disposal of fixed assets, partly offset by fair value gains in investment properties and fair value gains of investments. There was also reclassification of long-term assets, fixed assets, investments in associated companies and right-of-use assets to assets classified as held for sale in relation to the divestments as mentioned above. Increase in current assets was mainly due to increase in bank balances, deposits & cash and contract assets, partly offset by decrease in debtors and stocks, as well as lower amount of assets classified as held for sale.

Group total liabilities of \$19.88 billion at 31 December 2021 were \$1.07 billion lower than the previous year end. This was largely attributable to the decrease in contract liabilities and net repayment of term loans, partly offset by the increase in creditors.

Group net debt decreased by \$1.72 billion to \$8.40 billion at 31 December 2021, driven largely by proceeds from divestments, partly offset by working capital requirements and dividend payments. Total equity increased by \$1.29 billion, mainly due to increase in shareholders' funds as explained above and issuance of perpetual securities during the year. As a result, group net gearing ratio decreased from 91% at 31 December 2020 to 68% at 31 December 2021.

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the year ended 31 December 2021

Group	Attributable to owners of the Company								
	Share Capital	Treasury Shares	Capital Reserves*	Revenue Reserves	Foreign Exchange Translation Account	Share Capital & Reserves	Perpetual Securities	Non-controlling Interests	Total Equity
2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 January 2021</b>	<b>1,305,668</b>	<b>(13,690)</b>	<b>175,731</b>	<b>9,703,452</b>	<b>(442,703)</b>	<b>10,728,458</b>	<b>-</b>	<b>427,446</b>	<b>11,155,904</b>
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	1,022,651	-	1,022,651	3,401	(16,040)	1,010,012
Other comprehensive income **	-	-	(60,420)	-	301,447	241,027	-	6,962	247,989
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(60,420)</b>	<b>1,022,651</b>	<b>301,447</b>	<b>1,263,678</b>	<b>3,401</b>	<b>(9,078)</b>	<b>1,258,001</b>
<b>Transactions with owners, recognised directly in equity</b>									
<u>Contributions by and distributions to owners</u>									
Dividends paid	-	-	-	(345,752)	-	(345,752)	-	-	(345,752)
Share-based payment	-	-	34,346	-	-	34,346	-	-	34,346
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(11,251)	(11,251)
Purchase of treasury shares	-	(13,048)	-	-	-	(13,048)	-	-	(13,048)
Treasury shares reissued pursuant to share plans	-	22,114	(22,114)	-	-	-	-	-	-
Transfer of statutory, capital and other reserves from revenue reserves	-	-	14,618	(14,618)	-	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	-	1,295	1,295
Issue of perpetual securities, net of transaction cost	-	-	-	-	-	-	398,120	-	398,120
Contributions to defined benefits plans	-	-	(620)	-	-	(620)	-	-	(620)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>9,066</b>	<b>26,230</b>	<b>(360,370)</b>	<b>-</b>	<b>(325,074)</b>	<b>398,120</b>	<b>(9,956)</b>	<b>63,090</b>
<u>Changes in ownership interests in subsidiaries</u>									
Acquisition of additional interest in subsidiaries	-	-	(11,922)	-	-	(11,922)	-	(19,385)	(31,307)
Disposal of interest in subsidiaries	-	-	-	-	-	-	-	(4,327)	(4,327)
<b>Total change in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>(11,922)</b>	<b>-</b>	<b>-</b>	<b>(11,922)</b>	<b>-</b>	<b>(23,712)</b>	<b>(35,634)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>9,066</b>	<b>14,308</b>	<b>(360,370)</b>	<b>-</b>	<b>(336,996)</b>	<b>398,120</b>	<b>(33,668)</b>	<b>27,456</b>
<b>As at 31 December 2021</b>	<b>1,305,668</b>	<b>(4,624)</b>	<b>129,619</b>	<b>10,365,733</b>	<b>(141,256)</b>	<b>11,655,140</b>	<b>401,521</b>	<b>384,700</b>	<b>12,441,361</b>

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

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

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

Group	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves* \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non-controlling Interests \$'000	Total Equity \$'000
<b>2020</b>								
<b>As at 1 January 2020</b>	1,291,722	(14,009)	126,099	10,470,627	(663,586)	11,210,853	435,178	11,646,031
<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>	–	–	62,499	(505,860)	222,210	(221,151)	(440)	(221,591)
<b>Transactions with owners, recognised directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Dividends paid	–	–	–	(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)
Shares issued	13,946	–	–	–	–	13,946	–	13,946
Treasury shares reissued pursuant to share plans	–	19,359	(33,305)	–	–	(13,946)	–	(13,946)
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>	13,946	319	(9,873)	(261,315)	(1,327)	(258,250)	(7,431)	(265,681)
<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>	–	–	(2,994)	–	–	(2,994)	139	(2,855)
<b>Total transactions with owners</b>	13,946	319	(12,867)	(261,315)	(1,327)	(261,244)	(7,292)	(268,536)
<b>As at 31 December 2020</b>	1,305,668	(13,690)	175,731	9,703,452	(442,703)	10,728,458	427,446	11,155,904

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

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

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

Company	Attributable to owners of the Company						Total \$'000
	Share Capital	Treasury Shares	Capital Reserves*	Revenue Reserves	Share Capital & Reserves	Perpetual Securities	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>2021</b>							
<b>As at 1 January 2021</b>	<b>1,305,668</b>	<b>(13,690)</b>	<b>209,164</b>	<b>7,975,921</b>	<b>9,477,063</b>	<b>–</b>	<b>9,477,063</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	–	–	–	640,888	640,888	3,401	644,289
Other comprehensive income	–	–	3,363	–	3,363	–	3,363
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>3,363</b>	<b>640,888</b>	<b>644,251</b>	<b>3,401</b>	<b>647,652</b>
<b>Transactions with owners, recognised directly in equity</b>							
Dividends paid	–	–	–	(345,752)	(345,752)	–	(345,752)
Share-based payment	–	–	34,346	–	34,346	–	34,346
Purchase of treasury shares	–	(13,048)	–	–	(13,048)	–	(13,048)
Treasury shares reissued pursuant to share plans	–	22,114	(22,114)	–	–	–	–
Issue of perpetual securities, net of transaction cost	–	–	–	–	–	398,120	398,120
<b>Total transactions with owners</b>	<b>–</b>	<b>9,066</b>	<b>12,232</b>	<b>(345,752)</b>	<b>(324,454)</b>	<b>398,120</b>	<b>73,666</b>
<b>As at 31 December 2021</b>	<b>1,305,668</b>	<b>(4,624)</b>	<b>224,759</b>	<b>8,271,057</b>	<b>9,796,860</b>	<b>401,521</b>	<b>10,198,381</b>
<b>2020</b>							
<b>As at 1 January 2020</b>	<b>1,291,722</b>	<b>(14,009)</b>	<b>205,112</b>	<b>6,567,206</b>	<b>8,050,031</b>	<b>–</b>	<b>8,050,031</b>
<b>Total comprehensive income for the year</b>							
Profit for the year	–	–	–	1,681,793	1,681,793	–	1,681,793
Other comprehensive income	–	–	1,055	–	1,055	–	1,055
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>1,055</b>	<b>1,681,793</b>	<b>1,682,848</b>	<b>–</b>	<b>1,682,848</b>
<b>Transactions with owners, recognised directly in equity</b>							
Dividends paid	–	–	–	(273,078)	(273,078)	–	(273,078)
Share-based payment	–	–	36,302	–	36,302	–	36,302
Purchase of treasury shares	–	(19,040)	–	–	(19,040)	–	(19,040)
Shares issued	13,946	–	–	–	13,946	–	13,946
Treasury shares reissued pursuant to share plans	–	19,359	(33,305)	–	(13,946)	–	(13,946)
<b>Total transactions with owners</b>	<b>13,946</b>	<b>319</b>	<b>2,997</b>	<b>(273,078)</b>	<b>(255,816)</b>	<b>–</b>	<b>(255,816)</b>
<b>As at 31 December 2020</b>	<b>1,305,668</b>	<b>(13,690)</b>	<b>209,164</b>	<b>7,975,921</b>	<b>9,477,063</b>	<b>–</b>	<b>9,477,063</b>

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



**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2021

	Note	Full Year	
		31.12.2021 \$'000	31.12.2020 \$'000
<b>OPERATING ACTIVITIES</b>			
Operating profit		897,791	8,401
Adjustments:			
Depreciation and amortisation		406,402	413,506
Share-based payment expenses		37,369	39,882
(Gain)/Loss on sale of fixed assets		(9,550)	1,667
Gain on disposal of subsidiaries		(241,054)	(63,995)
Gain on disposal of associated companies and joint ventures		(208,635)	(34,419)
Gain from sale of units in associated companies		–	(48,010)
Impairment/write-off of fixed and intangible assets		53,550	62,075
Impairment of associated companies		35,082	48,686
Fair value gain on investment properties		(238,458)	(265,230)
(Gain)/Loss from change in interest in associated companies		(8,516)	1,615
Fair value (gain)/loss on investments		(315,540)	61,023
Gain from reclassification of associated companies to investments carried at fair value through other comprehensive income		–	(124,769)
Fair value gain on remeasurement of remaining interest in an associated company		(69,469)	(26,034)
Unrealised foreign exchange differences		(10,841)	24,990
Operational cash flow before changes in working capital		328,131	99,388
Working capital changes:			
Stocks		58,278	(349,684)
Contract assets		(520,205)	872,481
Debtors		412,841	(427,146)
Creditors		865,176	352,164
Contract liabilities		(1,072,727)	272,478
Investments		120,342	(135,398)
Intangibles		(33,087)	(1,859)
Amount due to/from associated companies and joint ventures		(17,217)	(49,486)
		141,532	632,938
Interest received		93,950	132,046
Interest paid		(251,077)	(385,248)
Income taxes paid, net of refunds received		(259,964)	(177,284)
<b>Net cash (used in)/from operating activities</b>		<b>(275,559)</b>	<b>202,452</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition and further investment in associated companies and joint ventures		(156,783)	(743,600)
Acquisition of fixed assets and investment properties		(538,366)	(487,640)
Disposal of subsidiaries	A	1,146,299	331,761
Proceeds from disposal of fixed assets		592,656	3,187
Proceeds from disposal of associated companies and joint venture, and return of capital		668,040	318,141
Repayment from associated companies and joint ventures		2,438	58,778
Dividends received from investments, associated companies and joint ventures		311,177	245,270
<b>Net cash from/(used in) investing activities</b>		<b>2,025,461</b>	<b>(274,103)</b>

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

	Full Year	
	31.12.2021	31.12.2020
	\$'000	\$'000
<b>FINANCING ACTIVITIES</b>		
Acquisition of additional interest in subsidiaries	(28,385)	(450)
Proceeds from non-controlling shareholders of subsidiaries	–	1,881
Proceeds from term loans	1,709,321	2,240,500
Repayment of term loans	(2,308,566)	(1,159,414)
Principal element of lease payments	(68,573)	(53,413)
Proceeds from issuance of perpetual securities, net of transaction cost	398,120	–
Purchase of treasury shares	(13,048)	(19,040)
Dividend paid to shareholders of the Company	(345,752)	(273,078)
Dividend paid to non-controlling shareholders of subsidiaries	(11,251)	(24,325)
<b>Net cash (used in)/from financing activities</b>	<b>(668,134)</b>	<b>712,661</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,081,768</b>	<b>641,010</b>
<b>Cash and cash equivalents as at beginning of year</b>	<b>2,408,473</b>	<b>1,777,244</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>	<b>53,401</b>	<b>(9,781)</b>
<b>Cash and cash equivalents as at end of year</b>	<b>3,543,642</b>	<b>2,408,473</b>

B

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**A. Disposal of Subsidiaries**

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

	<b>Full Year</b>	
	<b>31.12.2021</b>	31.12.2020
	<b>\$'000</b>	\$'000
Fixed assets and investment properties	<b>(22)</b>	(192)
Stocks	<b>(311,921)</b>	(293,591)
Debtors and other assets	<b>(10,741)</b>	(10,377)
Associated companies	<b>(1,208)</b>	(158,670)
Bank balances and cash	<b>(3,145)</b>	(5,352)
Assets classified as held for sale*	<b>(875,971)</b>	–
Amount due from associated companies and joint ventures	<b>(4,731)</b>	–
Creditors and other liabilities	<b>110,586</b>	251,693
Liabilities directly associated with assets classified as held for sale*	<b>156,412</b>	–
Current and deferred taxation	<b>6,201</b>	–
Non-controlling interests deconsolidated	<b>2,228</b>	2,195
Net assets disposed of	<b>(932,312)</b>	(214,294)
Net gain on disposal	<b>(241,054)</b>	(63,995)
Amount accounted for as associated company	<b>18,980</b>	59,927
Realisation of foreign currency translation reserve	<b>1,395</b>	(2,950)
Sale proceeds	<b>(1,152,991)</b>	(221,312)
Less: Bank balances and cash disposed	<b>6,692</b>	5,352
Less: Deferred proceeds received	<b>–</b>	(115,801)
<b>Cash inflow on disposal</b>	<b>(1,146,299)</b>	(331,761)

\* Breakdown of assets classified as held for sale and liabilities directly associated with assets classified as held for sale disposed during the year:

	<b>2021</b>
	<b>\$'000</b>
<b>Assets classified as held for sale</b>	
Fixed assets	(53,358)
Investment properties	(648,430)
Right-of-use assets	(153,602)
Associated companies	(9,399)
Debtors	(7,635)
Bank balances, deposits & cash	(3,547)
	<b>(875,971)</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Creditors	56,063
Term loans	91,327
Current and deferred taxation	9,022
	<b>156,412</b>

During the year, significant disposal of subsidiaries relates to Keppel Bay Tower Pte. Ltd., First King Properties Limited, Chengdu Shengshi Jingwei Real Estate Co., Ltd. and the disposal of 51% equity stake in Tianjin Fushi Real Estate Development Co., Ltd.

Disposal during the prior year relates to the First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, Jiangyin Evergro Properties Co., Ltd and Chengdu Hilltop Development Co Ltd. During the prior year, the Group also received deferred proceeds from FY2019 sale of 70% interest in Dong Nai Waterfront City LLC.

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### B. Cash and Cash Equivalents

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

	2021 \$'000	2020 \$'000
Bank balances, deposits and cash	3,616,633	2,479,715
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and other liabilities	(72,991)	(71,242)
	<u>3,543,642</u>	<u>2,408,473</u>

### C. Cash flow analysis

#### Full Year

Net cash used in operating activities was \$276 million as compared to net cash from the prior period of \$202 million. This was mainly due to higher working capital requirements. The working capital changes were higher by \$265 million as compared to the prior year. The changes exclude the effects of provisions made for stocks, contract assets and doubtful debts amounting to \$246 million during the year and \$701 million during the prior year.

Net cash from investing activities was \$2,025 million compared to net cash used in investing activities of \$274 million in the prior year. Divestments and dividend income of \$2,718 million and receipts from associated companies and joint ventures of \$2 million was partly offset by acquisitions and capital expenditure of \$695 million. Proceeds from disposal of fixed assets includes the proceeds of \$580 million arising from the disposal of M1 Limited's network assets to M1 Network Private Limited, a jointly controlled entity of the Group. The acquisitions and capital expenditure comprised investment in associated companies and joint ventures as well as acquisitions of fixed assets and investment properties.

Net cash used in financing activities was \$668 million. This was mainly attributable to the net repayment of term loans of \$599 million and dividend of \$357 million paid to shareholders of the Company and non-controlling shareholders of subsidiaries, partly offset by the proceeds from issuance of perpetual securities, net of transaction costs, of \$398 million during the year.

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2021

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 Basis of Preparation

The condensed consolidated interim financial statements as at and for the six months and full year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 *Interim Financial Reporting* (SFRS(I) 1-34). This set of condensed consolidated interim financial statements do not include all the disclosures included in the Group's financial report. Accordingly, this report should be read in conjunction with the Group's Annual Report for the financial year ended 31 December 2020 and any public announcements made by Keppel Corporation Limited during the interim reporting period.

##### 1.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2020, except for the adoption of new and revised standards effective as of 1 January 2021.

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) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: *Interest Rate Benchmark Reform - Phase 2*
- Amendment to SFRS(I) 16 *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

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

##### Interest Rate Benchmark Reform – Phase 2

The Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2* effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current year opening reserves amounts on adoption.

##### *Hedge relationships*

The Phase 2 amendments address issues arising during interest rate benchmark reform ("IBOR reform"), including specifying when hedge designations and documentation should be updated, and when amounts accumulated in cash flow hedge reserve should be recognised in profit or loss.

Note 11 provides further information about the reliefs applied by the Group and the 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 year as a result of these amendments. In the current year, the Group has adopted the following hedge accounting reliefs provided by the 'Phase 2' amendments to existing cash flow hedges (refer to Note 11 for the notional amount) that have transitioned to alternative benchmark rates required by IBOR reform:

- *Hedge designation*: When the 'Phase 1' amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationship.
- *Amounts accumulated in the cash flow hedge reserve*: When the interest rate benchmark on which the hedged future cash flows were based is changed as required by IBOR reform, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate.

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#### *Financial instruments measured at amortised cost and lease liabilities*

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the Group applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

For the year ended 31 December 2021, the Group has applied the practical expedients provided under Phase 2 to amendments to S\$200 million of its long-term debt, as disclosed in Note 11.

#### Effect of IBOR reform

The Group's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the Singapore Swap Offer Rate ("SOR") or the United States Dollar London Interbank Offered Rate ("USD LIBOR"). A significant portion of these floating rate borrowings are hedged using interest rate swaps, which have been designated as cash flow hedges.

SOR will cease publication after 30 June 2023, and it is expected to be replaced by the Singapore Overnight Rate Average ("SORA"). The Group has S\$700 million of variable-rate SGD borrowings which references to SOR, with interest rate fixing dates falling after 30 June 2023. The Group hedges the variability in cash flows using SOR-linked interest rate swaps. While most swaps have been restructured in view of IBOR reform, the Group's communication with its swap and debt counterparties is still ongoing, as specific changes required by IBOR reform for most of its debt and some of its swaps have not yet been agreed. The Group also has S\$35,604,000 variable-rate SGD receivables which references to SOR, with interest rate fixing dates falling after 30 June 2023. The Group's communication with its receivables counterparties is ongoing, but specific changes required by IBOR reform have not yet been agreed. As IBOR uncertainty is still present, the Group continues to apply the Phase 1 temporary amendments for hedge accounting on cash flow hedges relating to SOR risk, and further information on the hedging relationship has been disclosed in Note 11. The expected transition from SOR to SORA had no effect on the amounts reported for the current and prior financial years.

USD LIBOR will cease publication after 30 June 2023, and it is expected to be replaced by the Secured Overnight Financing Rate ("SOFR"). The Group has US\$625 million (or S\$854 million equivalent) of variable-rate USD borrowings which references to USD LIBOR, with interest rate fixing dates falling after 30 June 2023. The Group hedges the variability in cash flows using USD LIBOR-linked interest rate swaps. While some swaps have been restructured in view of IBOR reform, the Group's communication with its swap and debt counterparties is still ongoing, as specific changes required by IBOR reform for most of its debt and swaps have not yet been agreed. The Group also has S\$377,660,000 variable-rate USD receivables which references to USD LIBOR, with interest rate fixing dates falling after 30 June 2023. The Group's communication with its receivables counterparties is ongoing, but specific changes required by IBOR reform have not yet been agreed. As IBOR uncertainty is still present, the Group continues to apply the Phase 1 temporary amendments for hedge accounting on cash flow hedges relating to USD LIBOR risk, and further information on the hedging relationship has been disclosed in Note 11. The expected transition from USD LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years.

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**As at and for the six months and full year ended 31 December 2021**

Affected financial instruments are SOR or USD LIBOR-linked instruments, with interest rate fixing dates falling after 30 June 2023. The following table contains details of all the affected financial instruments that the Group and Company holds at 31 December 2021 which are referenced to SOR and have not yet transitioned to new benchmark rates:

	SOR			
	Group Carrying Amount \$'000	Of which: Not yet transitioned to an alternative benchmark rate \$'000	Company Carrying Amount \$'000	Of which: Not yet transitioned to an alternative benchmark rate \$'000
<b>31 December 2021</b>				
<b>Assets</b>				
- Derivative financial instruments	6,457	–	6,457	–
- Amounts due from an associated company	22,500	22,500	–	–
- Loan to a joint venture	13,104	13,104	–	–
<b>Liabilities</b>				
- Borrowings	699,510	499,510	200,000	–
- Derivative financial instruments	45,878	36,418	9,460	–

The following table contains details of all the affected financial instruments that the Group and Company holds at 31 December 2021 which are referenced to USD LIBOR and have not yet transitioned to new benchmark rates:

	USD LIBOR			
	Group Carrying Amount \$'000	Of which: Not yet transitioned to an alternative benchmark rate \$'000	Company Carrying Amount \$'000	Of which: Not yet transitioned to an alternative benchmark rate \$'000
<b>31 December 2021</b>				
<b>Assets</b>				
- Derivative financial instruments	16,566	16,566	16,566	16,566
- Trade Receivables	377,660	377,660	–	–
<b>Liabilities</b>				
- Borrowings	854,063	854,063	854,063	854,063
- Derivative financial instruments	8,036	55	8,036	55

The above table excludes receivables from KrisEnergy of S\$109,513,000 which are referenced to USD LIBOR as the carrying amount of these receivables are primarily measured based on the expected recoveries for the Group. Refer to Note 2(a) for more details on the Group's investments in KrisEnergy and related exposures.

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#### 1.3 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 with significant updates since the audited financial statements as at 31 December 2020 and is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements, except for:

(i) Interest Rate Benchmark Reform – Phase 1

SOR

In calculating the change in fair value attributable to the hedged SGD borrowings, the Group assumes that:

- The existing floating-rate borrowings will move to SORA at the same time as the interest rate swaps (hedging instruments) with similar adjustment spreads;
- No other material changes to the terms of the borrowings and interest rate swaps are anticipated; and
- The interest rate swaps will not be derecognised.

Given that the critical terms are assumed to continue to match, the change in fair value of the hedged risk is the same as the change in fair value of the hedging instrument. Therefore, no hedge ineffectiveness is recognised as a result of the expected transition of the cash flow hedges from SOR to SORA.

USD LIBOR

In calculating the change in fair value attributable to the hedged USD borrowings, the Group assumes that:

- The existing floating-rate borrowings will move to SOFR at the same time as the interest rate swaps (hedging instruments) with similar adjustment spreads;
- No other material changes to the terms of the borrowings and interest rate swaps are anticipated; and
- The interest rate swaps will not be derecognised.

Given that the critical terms are assumed to continue to match, the change in fair value of the hedged risk is the same as the change in fair value of the hedging instrument. Therefore, no hedge ineffectiveness is recognised as a result of the expected transition of the cash flow hedges from USD LIBOR to SOFR.

(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, are as follows:

(ii) Coronavirus Disease 2019 ("COVID-19") and volatility in oil prices

The evolving situation of the COVID-19 pandemic, including emergence of new variants of the virus, and volatility in oil prices could impact the assessment of the carrying amounts of the Group's assets and liabilities. In the assessment for the current period, 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 in the assessment of the appropriateness of the carrying values of the Group's assets as at 31 December 2021.



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Should the COVID-19 situation take a longer than expected period to recover and/or the recovery of the 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.

(iii) 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.

On 12 October 2021, the Group entered into a 2nd Supplemental Agreement to the Settlement Agreement in relation to the two SPEs and together with the Supplemental Agreement signed on 31 May 2021 for the four uncompleted rigs, essentially terminates all the EPC contracts and related agreements entered into in relation to the six rigs 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 had obtained full title to the four uncompleted rigs, albeit two of which are still encumbered. Sete is to procure the release of the mortgage on the two encumbered rigs placed with the ship registry. The receivables the Group has with Sete of approximately US\$260,000,000 shall be recognised as an undisputed debt and be recognised as part of the debt under the 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.

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 (31 December 2020: \$183,000,000) and the provision for related contract costs of \$245,000,000 (31 December 2020: \$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 2021 (31 December 2020: \$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;

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- (ii) Magni or any other potential investor 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.

As disclosed in the audited financial statements for the year ended 31 December 2020, the Group continues to be in active discussion with relevant stakeholders as Sete negotiates with Petrobras. Should the conclusion of the negotiation result in significant changes to the key assumptions as disclosed 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 \$157,449,000 as at 31 December 2021 (31 December 2020: \$113,645,000).

#### *Other contracts*

As at 31 December 2021, 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 \$791,952,000 as at 31 December 2021 (31 December 2020: \$848,117,000) of which \$791,952,000 (31 December 2020: \$772,443,000) is secured on the rigs and \$nil (31 December 2020: \$75,674,000) 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.

Whilst there are indicators of improvement during the year, the global economic environment 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 expects the full recovery for the industry to take some time. 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.

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 2021. The VIU model used by the independent firm is consistent with prior years and is based on Discounted Cash Flow ("DCF") calculations that cover each class of rig. In addition to the independent firm responsible for the valuation based on DCF calculations, management has also engaged a separate industry expert to

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independently provide a view of the market outlook, assumptions and parameters which are used in the valuation 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 on the recoverability of unsecured receivables as at 31 December 2021.

Based on the results of the assessments, the Group did not recognise any (2020: \$430,842,000) expected credit loss on contract assets, but recognised an expected credit loss allowance of \$75,952,000 (2020: \$169,611,000) on receivables during the financial year ended 31 December 2021 as follows:

	Contract assets \$'000	Financing to customers		Total \$'000
		Secured \$'000	Unsecured \$'000	
<b>As at 31 December 2021</b>				
Gross balance	3,393,984	892,407	141,654	4,428,045
Less: Expected credit loss				
Balance, 1 January	432,541	99,162	62,921	594,624
Currency alignment	–	1,293	2,781	4,074
Impairment charged	–	–	75,952	75,952
Balance, 31 December	432,541	100,455	141,654	674,650
Net balance	2,961,443	791,952	–	3,753,395
<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	(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

The valuations of the rigs based on estimated VIU are most sensitive to discount rates and dayrates.

- A discount rate of 7.6% has been used in the valuation as at 31 December 2021 (At 31 December 2020: 7.0%). An increase of 1% of the discount rate would increase the expected credit loss by approximately \$7,000,000 (31 December 2020: \$7,000,000).
- A decrease in dayrates of US\$5,000 per day across the entire asset useful life of 25 years would not increase the expected credit loss (31 December 2020: \$nil).

(iv) 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 2021, 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.

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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 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.

(v) 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 2021, stocks under work-in-progress amounted to \$1,289,838,000. The assessment of the carrying value of these stocks amounting to \$1,137,665,000 were performed in conjunction with the recoverability assessment of contract assets based on a VIU approach as described above in Note 1.3(b)(iii).

Based on the results of the VIU assessment, the Group did not recognise further impairment on stocks under work-in-progress for the financial year ended 31 December 2021 (2020: \$41,508,000 and \$50,000,000 in years prior to 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 \$46,500,000 (31 December 2020: \$158,000,000).
- A decrease in dayrates of US\$5,000 per day across the entire asset life of 25 years would not result in an impairment (31 December 2020: \$21,000,000).
- A delay in charter start date of 12 months would result in an impairment of approximately \$24,200,000 (31 December 2020: \$85,000,000).

For properties held for sale, there were no significant changes to the estimates and assumptions applied since the audited financial statements as at 31 December 2020.

(vi) Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units ("CGU"s). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. Management performed impairment tests on fixed assets, goodwill, investments in subsidiaries, investments in associated companies and joint ventures, and intangibles as at 31 December 2021.

Management has performed the impairment assessment of its investments and related exposures in KrisEnergy Limited ("KrisEnergy"). Refer to Note 2(a) for more details on the impairment assessment of Group's investments in KrisEnergy.

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(vii) Fair value measurement of unquoted investment funds

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

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

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

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

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

These unobservable inputs that require significant judgement have been disclosed in Note 11.

(viii) 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.

There were no instance of significant claims, litigations and reviews or significant updates since the audited financial statements as at 31 December 2020, except for the following:

***Arbitration in relation to two Floating Production Storage and Offloading Units***

Two of Keppel Offshore and Marine Limited's wholly-owned subsidiaries ("KOM subsidiaries") have received a request for arbitration from the customer ("Claimant") to two engineering, procurement and construction contracts relating to Floating Production Storage and Offloading units ("EPC Contracts"). The Claimant has withheld a total of approximately US\$11.3 million due to the KOM subsidiaries and has claimed a further amount of approximately US\$38.2 million on the basis that the Claimant is allegedly entitled to a price reduction and remediation costs associated with defective equipment supplied under the EPC contracts (the "Claim").

The KOM subsidiaries, in consultation with legal advisors, deny the Claimant's alleged right to such price reductions and the defective equipment and vehemently challenge the Claimant's right to withhold payments due to the KOM subsidiaries and its supposed right to claim such price reductions. The KOM subsidiaries intend to vigorously defend the claim and in addition, seek remedies, including counterclaims for the sums unduly withheld by the Claimant.

Based on currently available information, including opinion from the legal advisors, no provision was made in respect of the Claim as at 31 December 2021.

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#### *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 on 22 December 2020. 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 to 22 December 2021 and thereafter for a further 6 months to 22 June 2022.

In June 2020, the Office of the Comptroller General of Brazil ("CGU") 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. 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.

Based on currently available information, no additional provision was made in relation to the ongoing discussions with the specified Brazilian authorities.

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2021

#### 2. ASSOCIATED COMPANIES AND JOINT VENTURES

	2021 \$'000
At 1 January	5,990,613
Share of profits for the year	466,900
Dividends received	(221,387)
Share of reserves	130,445
Provision for impairment on notes issued by an associated company	(35,082)
Additions	306,624
Advances to associated companies and joint ventures	262
Disposals of associated companies and return of capital	(399,924)
Gain from change in interest in associated companies	8,516
Reclassification to	
- Investments	(14,138)
- Amount due from associates	(116,484)
- Assets classified as held for sale	(60,798)
Others	(5,289)
	<u>6,050,258</u>
At 31 December	<u>6,050,258</u>

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

	2021 \$'000
At 1 January	152,509
Disposal	(674)
Reclassification to Investments	(7,830)
	<u>144,005</u>
At 31 December	<u>144,005</u>

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.

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

	2021 \$'000	2020 \$'000
Keppel REIT	1,953,614	1,898,249
KrisEnergy Limited (a)	-	35,084
Keppel DC REIT	470,649	420,124
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	673,007	636,366
Floatel International Limited (b)	262,146	95,668
Other associated companies and joint ventures	<u>2,690,842</u>	<u>2,905,122</u>
	<u>6,050,258</u>	<u>5,990,613</u>

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2021

#### (a) Investments in KrisEnergy Limited ("KrisEnergy") and related exposures

	2021 \$'000	2020 \$'000
Equity interest	–	–
Zero-coupon notes	–	35,084
Total carrying amount of investment	<u>–</u>	<u>35,084</u>
Trade receivable for production barge <sup>1</sup>	–	–
Loan receivable under CBA loan facility	–	77,193
Loan receivable under the revolving credit facility ("RCF") <sup>2</sup>	109,513	–
Advances for receivership funding <sup>3</sup>	5,876	–
Contract assets <sup>1</sup>	–	29,225
Total carrying amount of other related exposures	<u>115,389</u>	<u>106,418</u>
Other related off balance sheet exposure:		
Guarantee <sup>2</sup>	–	247,340
Non-current (excluding carrying amount of investment)	<u>93,311</u>	<u>77,193</u>

<sup>1</sup> In relation to a construction contract for a production barge for KrisEnergy. The exposure was reclassified from contract assets to receivable in June 2021 as a result of the Group exercising its rights to the production barge.

<sup>2</sup> In relation to a bilateral agreement between the Group and a bank, on a revolving credit facility (RCF) granted to KrisEnergy. KrisEnergy defaulted on the repayment of the RCF on 30 June 2021, on which the Group had made payment to the bank and recorded a loan receivable (net of impairment provision) from KrisEnergy.

<sup>3</sup> In relation to a short term interest free bridging facility extended to KrisEnergy (in receivership) for the purpose of its working capital requirements and receivership expenses.

KrisEnergy's ordinary shares were suspended from trading from the Singapore Exchange in August 2019. Whilst the scheme of arrangement was approved by different groups of creditors progressively in early 2021, KrisEnergy announced in April 2021 that consensual restructuring was no longer viable and even if the restructuring exercise was completed, there remained material uncertainty over KrisEnergy's ability to continue as a going concern. On 13 July 2021, KrisEnergy announced that the Grand Court of Cayman Islands had granted the approval for the winding-up petition.

The Group has a comprehensive first ranking security package over the assets of the KrisEnergy group through the RCF and CBA Loan Facility. With KrisEnergy in the process of winding up, the Group has implemented detailed recovery plans which were developed in consultation with its financial adviser, Borrelli Walsh (trading as "Kroll"), and legal adviser to preserve KrisEnergy's assets and to maximise recoveries for the Group. Amongst other things, the Group has appointed Borrelli Walsh as receiver over the assets of a number of members of the KrisEnergy group under the security package.

In assessing expected credit losses, management had reviewed the cash flow projections prepared by Borrelli Walsh, based on the estimated amount of cash available from producing assets to be held over the remaining lives of the concession period of 8.5 to 12 years and expected proceeds from assets to be sold, taking into account the rights to these cash flows from the secured assets on a receivership basis. The cash flow estimates from producing assets were based on forecasted production volumes and oil prices, determined by taking reference from external information sources, ranging from US\$67 to US\$73 per barrel for 2022 to 2033 (December 2020: US\$50 to US\$62 from 2021 to 2029). The estimated recoverable amounts for assets to be sold are based on the binding bids received from external parties.

The timing of the cash flows, estimated production volumes, expected proceeds from assets to be sold and discount rates used in assessing recoverable amounts are subject to risk and uncertainty.

Based on the assessment, no additional impairment provision was required for the half year ended 31 December 2021. The Group had earlier recognised a loss of \$318 million for the half year ended 30 June 2021. Taking into account the rights to the cash flows from the secured assets on a receivership basis as at 31 December 2021, the loss of \$318 million comprised expected credit loss of \$282.9 million on financial guarantee in relation to the bilateral agreement with the bank, receivables for production barge and CBA loan facility and the full impairment of the Group's investment in the zero-coupon notes of \$35.1 million.



## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2021

In the financial year ended 31 December 2020, management had performed an assessment which had taken into consideration the terms of restructuring and with KrisEnergy continuing as a going concern, and recognised an impairment charge of \$39.2 million on the investment in zero-coupon notes.

Management had also reviewed the cash flow projections prepared by Borelli Walsh and determined that the cash flow projections are most sensitive to the timing of withheld cash (December 2020: most sensitive to oil prices).

The existing cash from one of the producing assets under the security package have been withheld as the operator of this asset is performing a study on the estimated costs to decommission the asset at the end of field life in 2031. The study is expected to be completed in the first quarter of 2022 and a further assessment of the release of withheld cash is expected to be carried out in the same year. If the release of the withheld cash were delayed by an additional year, this would lead to a decrease in estimated recoverable amount of \$3 million but not result in additional impairment for the financial year ended 31 December 2021.

Based on the assessment performed for the financial year ended 31 December 2020, the estimated cash available from producing assets and forecasted production from assets under development would decrease if the oil prices were to decrease by 2% across the forecasted period of 2021 to 2029, and this would result in an additional impairment of \$34.4 million.

#### (b) Investments in Floatel International Limited ("Floatel")

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Equity interest	<b>262,146</b>	–
Loan receivable	–	95,668
Total carrying amount	<b>262,146</b>	95,668
	<b>2021</b>	
	<b>\$'000</b>	
Other related exposures:		
Guarantee <sup>1</sup>	<b>119,386</b>	

<sup>1</sup> In relation to a bilateral agreement between the Group and financial institutions, on the US\$100 million revolving credit facility granted to Floatel.

On 24 March 2021, Floatel successfully completed its debt restructuring where Floatel retained its existing fleet of five operating vessels, substantially reduced its debt by approximately US\$610 million and secured a new super senior US\$100 million Revolving Credit Facility ("RCF") from financial institutions. Keppel Offshore & Marine Ltd ("KOM"), a wholly owned subsidiary of the Company, entered into participation agreements with these financiers that would require KOM to make whole for any loss the financier suffers under this RCF.

Following the restructuring, KOM retains its equity interest of 49.92% in Floatel but forgave the loan receivable from Floatel amounting to notional amount of approximately US\$244 million. The Group continues to equity account for Floatel's results and during the financial year ended 31 December 2021, the Group equity accounted for Floatel's profits amounting to approximately \$161 million. This comprised approximately \$269 million gain from debt restructuring, \$54 million loss from vessel impairment and \$54 million losses from operations.

The significantly improved capital structure post debt restructuring has provided a runway for Floatel to recover and emerge financially stronger. Since completion of the restructuring, Floatel had also successfully won multiple charter contracts and extension option for its vessels. Accordingly, no further impairment loss was recognised on the Group's investment in Floatel for the financial year ended 31 December 2021.

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**As at and for the six months and full year ended 31 December 2021**

**3. TERM LOANS**

Group's borrowings and debt securities

	2021		2020	
	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	700,000	2,053,710	–	2,653,932
Keppel Land Medium Term Notes	199,978	709,403	–	629,617
Keppel Telecommunications & Transportation Medium Term Notes	–	100,000	–	100,000
Bank and other loans				
- secured	8,852	818,577	110,485	596,215
- unsecured	3,750,478	3,114,222	4,322,117	3,626,830
	<u>4,659,308</u>	<u>6,795,912</u>	<u>4,432,602</u>	<u>7,606,594</u>

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

As at 31.12.2021		As at 31.12.2020	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
98,529	4,650,456	179,862	4,322,117

(ii) Amount repayable after one year

As at 31.12.2021		As at 31.12.2020	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,290,619	5,977,335	1,090,742	7,010,379

(iii) Details of any collateral and securities

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of \$2,235,635,000 (31 December 2020: \$2,220,363,000) to banks for loan facilities. Included in secured borrowings as at 31 December 2021 are current lease liabilities of \$89,677,000 and non-current lease liabilities of \$472,042,000 which are secured over the right-of-use assets of \$529,216,000.

(v) The fair values of term loans for the Group are \$11,307,539,000 (2020: \$12,014,024,000).

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2021

#### 4. SHARE CAPITAL

##### Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2021	1,820,557,767	3,051,474
Treasury shares transferred pursuant to share plans	–	(4,643,154)
Treasury shares purchased	–	2,560,000
<b>As at 30 June 2021</b>	<b>1,820,557,767</b>	<b>968,320</b>
Treasury shares transferred pursuant to share plans	–	(25,061)
<b>As at 31 December 2021</b>	<b>1,820,557,767</b>	<b>943,259</b>

##### Treasury shares

During the year ended 31 December 2021, the Company transferred 4,668,215 (31 December 2020: 2,829,890) treasury shares to employees upon vesting of shares released under the KCL Share Plans. There was 2,560,000 treasury shares purchased (31 December 2020: 3,866,628) during the year. As at 31 December 2021, the number of treasury shares held by the Company represented 0.05% (31 December 2020: 0.17%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the year ended 31 December 2021.

##### KCL Performance Share Plan (“KCL PSP”)

As at 31 December 2021, the number of contingent shares granted but not released were 4,171,880 (31 December 2020: 4,300,000) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 6,257,820 under KCL PSP.

##### KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)

As at 31 December 2021, the number of contingent shares granted but not released were 6,166,706 (31 December 2020: 6,522,171) for KCL PSP-TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 9,250,059 under KCL PSP-TIP.

##### KCL Performance Share Plan – M1 Transformation Incentive Plan (“KCL PSP-M1 TIP”)

As at 31 December 2021, the number of contingent shares granted but not released were 423,500 (31 December 2020: 423,500) for KCL PSP-M1 TIP, out of which 127,900 (31 December 2020: 127,900) is to be vested in three years and 295,600 (31 December 2020: 295,600) is to be vested in six years. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 635,250 under KCL PSP-M1 TIP.

##### KCL Performance Share Plan 2020 (“KCL PSP 2020”)

As at 31 December 2021, the number of contingent shares granted but not released were 1,490,000 (31 December 2020: nil) for KCL PSP 2020. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 2,235,000 under KCL PSP 2020.

##### KCL PSP 2020 Transformation Incentive Plan (“KCL PSP 2020 TIP”)

As at 31 December 2021, the number of contingent shares granted but not released were 11,140,000 (31 December 2020: nil) for KCL PSP 2020 TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 16,710,000 under KCL PSP 2020 TIP.

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2021

#### KCL Restricted Share Plan (“KCL RSP”)

There are no contingent shares granted but not released as at 31 December 2021 and 31 December 2020. As at 31 December 2021 and 31 December 2020, there were no awards released but not vested for KCL RSP.

#### KCL Restricted Share Plan – Deferred Shares (“KCL RSP-Deferred Shares”)

There are no contingent shares granted but not released as at 31 December 2021 and 31 December 2020. As at 31 December 2021, the number of awards released but not vested was 1,576,649 (31 December 2020: 4,669,070) for KCL RSP-Deferred Shares.

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

There are no contingent shares granted but not released as at 31 December 2021 and 31 December 2020. As at 31 December 2021, the number of awards released but not vested was 3,231,494 (31 December 2020: nil) for KCL RSP 2020-Deferred Shares.

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

#### Contingent awards:

Date of Grant	Number of shares					
	At 1.1.21	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.12.21
<u>KCL PSP</u>						
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	1,585,000	–	–	–	(42,153)	1,542,847
31.3.2020	1,535,000	–	–	–	(85,967)	1,449,033
	4,300,000	–	–	–	(128,120)	4,171,880
<u>KCL PSP-TIP</u>						
29.4.2016	3,466,770	–	–	–	(152,153)	3,314,617
28.4.2017	1,875,401	–	–	–	(123,312)	1,752,089
28.2.2020	1,180,000	–	–	–	(80,000)	1,100,000
	6,522,171	–	–	–	(355,465)	6,166,706
<u>KCL PSP-M1 TIP</u>						
17.2.2020	127,900	–	–	–	–	127,900
17.2.2020	295,600	–	–	–	–	295,600
	423,500	–	–	–	–	423,500
<u>KCL PSP 2020</u>						
30.4.2021	–	1,490,000	–	–	–	1,490,000
	–	1,490,000	–	–	–	1,490,000

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**As at and for the six months and full year ended 31 December 2021**

KCL PSP 2020 TIP

30.7.2021	–	11,380,000	–	–	(240,000)	11,140,000
	–	11,380,000	–	–	(240,000)	11,140,000

**Awards:**

Date of Grant	Number of shares					
	At 1.1.21	Awards granted	Adjustment upon release	Released	Cancelled	At 31.12.21
<u>KCL RSP 2020-Deferred Shares</u>						
15.2.2021	–	5,096,700	(7,625)	(5,089,075)	–	–
	–	5,096,700	(7,625)	(5,089,075)	–	–

**Awards released but not vested:**

Date of Grant	Number of shares					
	At 1.1.21	Released	Vested	Cancelled	Other adjustments	At 31.12.21
<u>KCL RSP-Deferred shares</u>						
15.2.2019	1,157,727	–	(1,139,966)	(17,761)	–	–
18.4.2019	101,731	–	(100,160)	(1,437)	(134)	–
17.2.2020	3,409,612	–	(1,715,291)	(114,791)	(2,881)	1,576,649
	4,669,070	–	(2,955,417)	(133,989)	(3,015)	1,576,649
<u>KCL RSP 2020-Deferred Shares</u>						
15.2.2021	–	5,089,075	(1,712,798)	(144,783)	–	3,231,494
	–	5,089,075	(1,712,798)	(144,783)	–	3,231,494

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2021

#### 5. PERPETUAL SECURITIES

On 16 September 2021, the Company issued subordinated perpetual securities with an aggregate principal amount of \$400 million with an initial distribution rate of 2.9% per annum. The distribution will be payable semi-annually in arrear (unless deferred at the discretion of the Company) and will be cumulative in accordance with the terms and conditions of the perpetual securities. The perpetual securities have no fixed redemption date and are redeemable in whole, but not in part, at the Company's option on 16 September 2024 or any subsequent semi-annual distribution payment dates thereafter, at their principal amount, together with any accrued, unpaid or deferred distributions.

Subject to the relevant terms and conditions in the offering memorandum, the Company can elect to defer making distributions on these perpetual securities, without limit to the number of times a distribution can be deferred. As the perpetual securities have no fixed redemption date and the payment of distributions is at the discretion of the Company, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

The Company recognised \$398.1 million of perpetual securities, net of transaction costs, after the issuance. As at 31 December 2021, the perpetual securities of \$401.5 million recognised within equity included accrued distributions for the perpetual securities.

#### 6. REVENUE

	Second Half		Full Year	
	31.12.2021 \$'000	31.12.2020 \$'000	31.12.2021 \$'000	31.12.2020 \$'000
<b><u>Revenue from contracts with customers</u></b>				
Revenue from construction contracts	1,353,048	817,691	2,269,719	1,705,056
Sale of property	672,998	713,955	1,538,477	1,176,590
Sale of goods	289,042	219,788	462,576	396,346
Sale of electricity, utilities and gases	1,986,013	990,547	3,050,539	1,912,901
Revenue from telecommunication services	359,148	356,016	702,263	714,894
Revenue from other services rendered	249,381	247,187	526,223	575,234
	<b>4,909,630</b>	3,345,184	<b>8,549,797</b>	6,481,021
<b><u>Other sources of revenue</u></b>				
Rental income from investment properties	37,903	47,942	74,916	93,321
Others	–	(1,262)	–	–
	<b>4,947,533</b>	3,391,864	<b>8,624,713</b>	6,574,342

#### Breakdown of sales

	2021 \$'000	2020 \$'000	+/-%
<b><u>First Half</u></b>			
Sales reported for first half year	3,677,180	3,182,478	+15.5
Profit/(loss) after tax before deducting profit attributable to perpetual securities holders and non-controlling interests reported for first half year	296,849	(536,132)	n.m.f.
<b><u>Second Half</u></b>			
Sales reported for second half year	4,947,533	3,391,864	+45.9
Profit after tax before deducting profit attributable to perpetual securities holders and non-controlling interests reported for second half year	713,163	28,038	>+500

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**As at and for the six months and full year ended 31 December 2021**

**7. OPERATING PROFIT**

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

	Second Half			Full Year			
	31.12.2021 \$'000	31.12.2020 \$'000	+/- %	31.12.2021 \$'000	31.12.2020 \$'000	+/- %	
Share-based payment expenses	21,333	21,670	-1.6	37,369	39,882	-6.3	
(Gain)/Loss on sale of fixed assets	(8,765)	1,730	n.m.f.	(9,550)	1,667	n.m.f.	(i)
Provision for stocks	35,034	8,845	+296.1	34,905	50,502	-30.9	(ii)
Expected credit loss							
- Contract assets	-	-	-	23,225	430,842	-94.6	(iii)
- Debtors & receivables	76,096	15,986	+376.0	188,356	219,668	-14.3	(iv)
- Financial guarantee	-	-	-	146,024	-	n.m.f.	(v)
Bad debts write-off	809	572	+41.4	6,831	572	>+500	
Fair value (gain)/loss							
- Investments	(295,396)	3,446	n.m.f.	(315,540)	61,023	n.m.f.	(vi)
- Forward contracts	2,271	9,815	-76.9	(534)	(15,008)	-96.4	(vii)
- Financial derivatives	(701)	(536)	+30.8	(1,570)	176	n.m.f.	
Foreign exchange (gain)/loss	21	(29,839)	n.m.f.	(6,532)	(29,806)	-78.1	(viii)
Government grant income	(15,372)	(60,048)	-74.4	(40,718)	(155,284)	-73.8	(ix)
Impairment of associated companies	-	31,143	n.m.f.	35,082	48,686	-27.9	(x)
Impairment/write-off of fixed assets and intangible assets	16,653	62,075	-73.2	53,550	62,075	-13.7	(xi)
Gain on disposal of subsidiaries	(226,899)	(23,909)	>+500	(241,054)	(63,995)	+276.7	(xii)
Gain on disposal of associated companies and joint ventures	(108,997)	(34,419)	+216.7	(208,635)	(34,419)	>+500	(xiii)
(Gain)/Loss from sale of units in associated companies	-	265	n.m.f.	-	(48,010)	n.m.f.	(xiv)
Fair value gain on investment properties	(121,128)	(91,587)	+32.3	(238,458)	(265,230)	-10.1	(xv)
(Gain)/Loss from change in interest in associated companies	(20,531)	854	n.m.f.	(8,516)	1,615	n.m.f.	(xvi)
Fair value gain on remeasurement of remaining interest in an associated company	(69,469)	(26,034)	+166.8	(69,469)	(26,034)	+166.8	(xvii)
(Gain)/Loss from reclassification of associated companies to investments carried at fair value through other comprehensive income	-	5,778	n.m.f.	-	(124,769)	n.m.f.	(xviii)

*n.m.f. - No Meaningful Figure*

- (i) Profit on sale of fixed assets for the current year was largely attributable to disposal of fixed assets in the Energy & Environment business. Loss on sale of fixed assets in the prior year was largely attributable to disposal of assets in the Urban Development business.
- (ii) The provision for stocks for both periods arose mainly from Energy & Environment due to the lower net realisable value for certain stocks.
- (iii) Expected credit loss on contract assets for the current year was attributable to the Energy & Environment business mainly due to impairment of contract assets in relation to the construction contract for a production barge for KrisEnergy. Expected credit loss on contract assets in the prior year arose mainly from several rigs that were under construction for Energy & Environment's customers who had requested for deferral of delivery dates of the rigs in prior years.

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### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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- (iv) Expected credit loss on debtors and receivables for the current year was largely attributable to the expected credit loss on loan receivable from KrisEnergy and expected credit loss for a trade receivable in the Energy & Environment segment. Expected credit loss on debtors and receivables in the prior year arose mainly from the Energy & Environment business which had delivered rigs to customers where receipts of the construction revenue have been deferred under certain financing arrangements, as well as the expected credit loss for a receivable in the Urban Development segment.
- (v) Expected credit loss on a financial guarantee on a loan granted to an associated company was in relation to the revolving credit facility (“RCF”) loan extended by the bank to KrisEnergy, which was assumed by the Group on 30 June 2021. Refer to Note 2(a) for more details on impairments recognised in respect of exposure to KrisEnergy.
- (vi) Fair value gain (mark-to-market) on investment portfolio for the current year was driven largely by higher valuations of unquoted investments, in particular, Envision AESC Global Investment L.P.
- (vii) Fair value gain on forward contracts for the current year arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate.
- (viii) Foreign exchange gain for the current year was mainly attributable to the revaluation of receivables denominated in United States dollar, which appreciated against Singapore dollar and revaluation of certain bank balances denominated in Renminbi, with the Renminbi having appreciated against the Singapore dollar, partly offset by the revaluation of United States dollar loans, with the United States dollar having appreciated against the Singapore dollar.
- (ix) Government grant income of \$17,202,000 (2020: \$105,327,000) 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.
- (x) Impairment of an associated company for the current year was attributable to the Energy & Environment segment due to the impairment of KrisEnergy’s zero-coupon notes. The impairment of associated companies in the prior year was mainly attributable to the Energy & Environment and Connectivity segments.
- (xi) Impairment of fixed assets and intangible assets in the current year was mainly attributable to the Urban Development business. The impairment of fixed and intangible assets in the prior year arose from Energy & Environment, Urban Development and Connectivity.
- (xii) Gain on disposal of subsidiaries was mainly attributable to the divestment of Keppel Bay Tower Pte. Ltd., First King Properties Limited, Chengdu Shengshi Jingwei Real Estate Co., Ltd. and the disposal of 51% equity stake in Tianjin Fushi Real Estate Development Co., Ltd. In the prior year, gain on disposal of subsidiaries was mainly attributable to the sale of First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, Jiangyin Evergro Properties Co., Ltd and Chengdu Hilltop Development Co Ltd.
- (xiii) Gain on disposal of associated companies and joint ventures was mainly attributable to the divestment of Dong Nai Waterfront City LLC, Nanjing Jinsheng Real Estate Development Co., Ltd., Wuhu Sanshan Port Co., Ltd., and gain from divestment of interest in Keppel Logistics (Foshan) following agreement reached with local authorities on Lanshi port closure compensation. In the prior year, gain on disposal of associated companies and joint ventures was mainly attributable to the sale of interest in Business Online Public Company Limited and Taicang Xuchang Property Co., Ltd.
- (xiv) In the prior year, gain from sale of units in associated companies relates to sale of units in Keppel REIT and Keppel DC REIT.



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- (xv) Lower fair value gain on investment properties was mainly attributable to lower fair value gain on the investment properties in the Urban Development business, including absence of fair value gain arising from the reclassification of a property from stocks, previously carried at cost, to an investment property carried at fair value in the prior year.
- (xvi) Gain from change in interest in associated companies in the current year was mainly attributable to gain from change in interest in Keppel DC REIT, partly offset by loss from change in interest in Keppel REIT.
- (xvii) The fair value gain on remeasurement of remaining interest in an associated company arose from the partial disposal with loss of control over the Group's former wholly-owned subsidiary, Tianjin Fushi Real Estate Development Co., Ltd. In the prior year, the fair value gain on remeasurement of remaining interest in an associated company arose from the partial disposal with loss of control over the Group's former wholly-owned subsidiary, Chengdu Hilltop Development Co Ltd.
- (xviii) In the prior period, gain from reclassification of associated companies to investments carried at fair value through other comprehensive income arose from the loss of significant influence over the Group's former associated company, Keppel Infrastructure Trust, partly offset by loss from reclassification of Dyna- Mac Holdings Ltd, upon the loss of significant influence, to investments carried at fair value through other comprehensive income.

## 8. COMMITMENTS

	Group	
	2021	2020
	\$'000	\$'000
Capital expenditure/commitments not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	484,512	179,635
- for purchase of fixed assets	252,960	6,426
- for purchase/subscription of shares mainly in property development companies	535,175	165,437
- for commitments to associated companies and joint ventures	955,074	1,011,055
- for commitments to private funds	60,553	77,939
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	717,065	931,732
- for purchase of fixed assets	261,849	265,833
- for purchase/subscription of shares mainly in property development companies	32,015	58,450
	<u>3,299,203</u>	<u>2,696,507</u>
Less: Non-controlling shareholders' share	<u>(118,362)</u>	<u>(36,962)</u>
	<u>3,180,841</u>	<u>2,659,545</u>

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

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**9. CONTINGENT LIABILITIES AND GUARANTEES**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	<b>561,896</b>	730,002	<b>655,005</b>	823,419
Bank guarantees	<b>348,074</b>	299,082	-	-
Share of lease rental guarantees granted by associated companies and joint ventures	<b>147,775</b>	172,518	-	-
	<b><u>1,057,745</u></b>	<u>1,201,602</u>	<b><u>655,005</u></b>	<u>823,419</u>

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

Included in the above guarantees is a bilateral agreement between the Group and financial institutions which guaranteed a revolving credit facility granted to Floatel International Limited, an associated company, amounting to \$119,386,000 (2020: \$nil). The guarantee is secured on the assets of Floatel International Limited. See further details in Note 2(b).

**10. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Sales of goods and/or services to		
- associated companies	<b>718,885</b>	151,134
- joint ventures	<b>12,784</b>	36,574
- other related parties	<b>143,829</b>	77,721
	<b><u>875,498</u></b>	<u>265,429</u>
Purchase of goods and/or services from		
- associated companies	<b>266,007</b>	248,820
- joint ventures	<b>14,331</b>	6,527
- other related parties	<b>177,859</b>	130,038
	<b><u>458,197</u></b>	<u>385,385</u>
Treasury transactions with		
- associated companies	<b>1,401</b>	15,074
- joint ventures	<b>7,349</b>	7,294
	<b><u>8,750</u></b>	<u>22,368</u>

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### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the six months and full year ended 31 December 2021

#### 11. 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.

There was no instance of significant updates to the Group's financial risk management since the audited financial statements as at 31 December 2020, except for the following:

(a) Interest Rate Risk

IBOR reform

(i) Derivative financial instruments affected by the IBOR reform

	Contract notional amount \$'000	Group Fair Value	
		Asset \$'000	Liability \$'000
<b>31 December 2021</b>			
Derivatives held for hedging:			
Cashflow hedges			
- Interest rate swaps	2,140,817	23,023	53,914

(ii) Cash flow and fair value interest rate risk

The Group is exposed mainly to the Singapore Swap Offer Rate ("SOR") and the United States Dollar London Inter-bank Offer Rate ("USD LIBOR"). The greatest change will be amendments to the contractual terms of the SOR-referenced floating-rate loans and the associated swaps, the contractual terms of the USD LIBOR-referenced floating-rate loans and the associated swaps and the corresponding update of the relevant hedge designations. Amendments will also be made to the contractual terms of certain receivables that are IBOR-referenced. There is currently uncertainty around the timing and precise nature of these changes.

Hedging relationships for which 'Phase 1' amendments apply

The 'Phase 1' amendments provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly impacted by IBOR reform. The temporary reliefs would end when the uncertainty arising from IBOR reform is no longer present.

The Group has ascertained that IBOR uncertainty is still present with respect to its cash flow hedge of most SOR-linked borrowings and all USD LIBOR-linked borrowings with interest rate fixing dates falling after 30 June 2023, because the hedging instrument and the hedged item have not yet been transitioned to SORA and SOFR respectively.

The following Phase 1 reliefs are applied to the cash flow hedges linked to SOR and USD LIBOR:

- When considering the 'highly probable' requirement, the Group has assumed that the SOR interest rate and USD LIBOR interest rate on which the Group's respective hedged debts are based do not change as a result of IBOR reform;
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the SOR and USD LIBOR interest rates, on which the cash flows of the hedged debts and interest rate swaps that hedges these debts are based, are not altered by the IBOR reform; and

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- The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

#### Hedging relationships for which 'Phase 2' amendments apply

The Group has judged that IBOR uncertainty is no longer present with respect to its cash flow hedge of S\$200 million SOR-linked borrowings with interest rate fixing dates falling after 30 June 2023, once both the hedging instrument and the hedged item have been amended to the alternative benchmark rate with fixed adjustment spreads.

In the current year, the Group has applied the following hedge accounting reliefs provided by the Phase 2 amendments for its hedging relationships that have already transitioned from SOR to SORA:

- *Hedge designation*: When the Phase 1 amendments cease to apply, the Group has amended its hedge designation to reflect the following changes which are required by IBOR reform:
  - designating SORA as a hedged risk;
  - the contractual benchmark rate of the hedged SGD borrowing has been amended from SOR to SORA plus an adjustment spread; and
  - the variable rate of the hedging interest rate swap has been amended from SOR to SORA plus an adjustment spread.

These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

- *Amounts accumulated in the cash flow hedge reserve*: When the Group amended its hedge designation for changes to its SOR borrowing that is required by IBOR reform, the accumulated amount outstanding in the cash flow hedge reserve was deemed to be based on SORA. The amount is reclassified to profit or loss in the same periods during which the hedged SORA cash flows affect profit or loss.

During the year, there was a loss of \$23,065,000 on hedge ineffectiveness in the Energy & Environment segment.

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#### (b) Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

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

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000
<b>Group</b>				
<b>31 December 2021</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	186,294	-	186,294
Call option	-	-	171,520	171,520
Investments				
- Investments at fair value through other comprehensive income	502,310	-	226,052	728,362
- Investments at fair value through profit or loss	71,314	20,791	627,197	719,302
Short term investments				
- Investments at fair value through other comprehensive income	26,834	-	-	26,834
- Investments at fair value through profit or loss	269	-	-	269
	<u>600,727</u>	<u>207,085</u>	<u>1,024,769</u>	<u>1,832,581</u>
<b>Financial liabilities</b>				
Derivative financial instruments	-	348,112	-	348,112
	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000
<b>Non-financial assets</b>				
Investment Properties				
- Commercial and residential, completed	-	-	1,495,780	1,495,780
- Commercial, under construction	-	-	2,760,648	2,760,648
	<u>-</u>	<u>-</u>	<u>4,256,428</u>	<u>4,256,428</u>

During the year, the fair value measurement of certain investments amounting to \$82,443,000 were transferred from Level 2 to Level 3 due to use of inputs not based on market observable data in the valuation techniques. In 2020, the fair values of these investments were categorised under Level 2 as they were based on actual transacted prices.

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),

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interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties.

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

Description	Fair value as at 31 December 2021 \$'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	853,249	Net asset value, discounted cash flow and binomial option pricing	Net asset value* Discount rate Growth rate Discount For Lack of Control	Not applicable 9.00% - 20.00% 4.26% 15.00% - 23.30%
Call option	171,520	Direct comparison method and investment method	Transacted price of comparable properties (psf) Capitalisation rate	S\$1,586 - S\$3,520 3.50%
Investment Properties				
- Commercial and hospitality, completed	1,495,780	Discounted cash flow method and/or direct comparison method; Income capitalisation method	Discount rate Capitalisation rate Net initial yield Transacted price of comparable properties (psm) Transacted price of comparable properties (psf) Terminal capitalisation rate	9.50% to 14.50% 4.25% to 10.50% 6.45% \$4,690 to \$7,504 \$724 to \$3,004 7.75%
- Commercial, under construction	2,760,648	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 Capitalisation rate Transacted price of comparable properties (psf)	\$7,129 to \$9,192 \$239 to \$2,099 12.50% to 17.00% 4.00% to 10.00% \$2,468 to \$3,171

\* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value or assets measured using valuation techniques that take into account key inputs such as revenue multiples, long term growth rate and discount rate.

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.

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The total fair value on investments of \$853,249,000 as at 31 December 2021 comprises \$667,188,000 which are valued based on net asset value. A reasonably possible alternative assumption is when the net asset value of investments increase/decrease by 5%, which would lead to a \$33,359,000 increase/decrease in fair valuation.

#### 12. SEGMENT ANALYSIS

The Group is organised into business units based on their products and services, and has 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 1% and 2% of the Group's total revenue and net profit respectively for the financial year ended 31 December 2021. KLOG accounted for about 1% of the Group's total assets and total liabilities as at 31 December 2021.

(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.

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	Offshore & Marine \$'000	Energy & Environment Infrastructure & Others \$'000	Subtotal \$'000	Urban Development \$'000	Connectivity \$'000	Asset Management \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>									
External sales	2,013,377	3,560,370	5,573,747	1,628,768	1,260,152	162,046	–	–	8,624,713
Inter-segment sales	(110)	13,986	13,876	3,789	6,046	9,868	74,072	(107,651)	–
<b>Total</b>	<b>2,013,267</b>	<b>3,574,356</b>	<b>5,587,623</b>	<b>1,632,557</b>	<b>1,266,198</b>	<b>171,914</b>	<b>74,072</b>	<b>(107,651)</b>	<b>8,624,713</b>
<b>Segment Results</b>									
Operating profit	(229,939)	(292,288)	(522,227)	992,963	86,488	112,880	222,950	4,737	897,791
Investment income	6,091	–	6,091	1,512	270	41,632	61,447	–	110,952
Interest income	23,395	59,064	82,459	36,797	304	147	366,147	(375,480)	110,374
Interest expenses	(178,626)	(9,025)	(187,651)	(52,342)	(19,094)	(30,752)	(331,925)	370,743	(251,021)
Share of results of associated companies and joint ventures	168,328	(15,743)	152,585	93,170	18,528	202,617	–	–	466,900
Profit before tax	(210,751)	(257,992)	(468,743)	1,072,100	86,496	326,524	318,619	–	1,334,996
Taxation	49,369	4,603	53,972	(331,263)	(18,567)	(26,188)	(2,938)	–	(324,984)
<b>Profit for the year</b>	<b>(161,382)</b>	<b>(253,389)</b>	<b>(414,771)</b>	<b>740,837</b>	<b>67,929</b>	<b>300,336</b>	<b>315,681</b>	<b>–</b>	<b>1,010,012</b>
Attributable to:									
Shareholders of Company	(160,394)	(253,451)	(413,845)	762,915	63,953	301,296	308,332	–	1,022,651
Perpetual securities holders	–	–	–	–	–	–	3,401	–	3,401
Non-controlling interests	(988)	62	(926)	(22,078)	3,976	(960)	3,948	–	(16,040)
	<b>(161,382)</b>	<b>(253,389)</b>	<b>(414,771)</b>	<b>740,837</b>	<b>67,929</b>	<b>300,336</b>	<b>315,681</b>	<b>–</b>	<b>1,010,012</b>
<b>External revenue from contracts with customers</b>									
- At a point in time	94,392	12,324	106,716	1,376,396	423,065	23,936	–	–	1,930,113
- Over time	1,918,985	3,548,046	5,467,031	181,183	833,360	138,110	–	–	6,619,684
	<b>2,013,377</b>	<b>3,560,370</b>	<b>5,573,747</b>	<b>1,557,579</b>	<b>1,256,425</b>	<b>162,046</b>	<b>–</b>	<b>–</b>	<b>8,549,797</b>
<b>Other sources of revenue</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>71,189</b>	<b>3,727</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>74,916</b>
<b>Total</b>	<b>2,013,377</b>	<b>3,560,370</b>	<b>5,573,747</b>	<b>1,628,768</b>	<b>1,260,152</b>	<b>162,046</b>	<b>–</b>	<b>–</b>	<b>8,624,713</b>
<b>Other Information</b>									
Segment assets	8,596,939	2,769,124	11,366,063	13,954,820	3,606,910	3,989,870	12,321,120	(12,915,856)	32,322,927
Segment liabilities	9,473,919	2,455,766	11,929,685	6,955,468	2,525,065	1,708,088	9,679,116	(12,915,856)	19,881,566
Net assets	(876,980)	313,358	(563,622)	6,999,352	1,081,845	2,281,782	2,642,004	–	12,441,361



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Investment in associated companies and joint ventures	462,678	164,170	626,848	2,281,122	151,162	2,991,126	–	–	6,050,258
Additions to non-current assets	24,403	38,595	62,998	274,447	349,995	34,098	6,698	–	728,236
Depreciation and amortisation	115,104	31,364	146,468	42,564	201,430	2,796	13,144	–	406,402
Impairment loss on non-financial assets	33,831	58,294	92,125	53,051	1,586	–	–	–	146,762
Allowance for expected credit loss and bad debt written-off	66,325	115,867	182,192	1,346	11,781	–	(132)	–	195,187
Loss on a financial guarantee on a loan granted to an associated company	–	146,024	146,024	–	–	–	–	–	146,024

### 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	6,458,200	1,543,465	73,795	222,502	326,751	–	8,624,713
Non-current assets	8,059,749	3,922,600	160,951	1,803,975	522,273	–	14,469,548

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2021.

### INFORMATION ABOUT A MAJOR CUSTOMER

Revenue of \$1,600,705,000 is derived from a single external customer and is attributable to the Energy & Environment segment for the year ended 31 December 2021.

Note: Pricing of inter-segment goods and services is at fair market value.

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	Energy & Environment			Urban	Connectivity	Asset	Corporate &	Elimination	Total
	Offshore &	Infrastructure &	Subtotal	Development		Management	Others		
	Marine	Others							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<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>(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>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>									
	–	–	–	83,062	9,629	–	630	–	93,321
<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

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**As at and for the six months and full year ended 31 December 2021**

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

**GEOGRAPHICAL INFORMATION**

	<u>Singapore</u> \$'000	<u>China/ Hong Kong</u> \$'000	<u>Brazil</u> \$'000	<u>Other Far East &amp; ASEAN Countries</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
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 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 year ended 31 December 2020.

Note: Pricing of inter-segment goods and services is at fair market value.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2021

Second half ended 31 December 2021

	Offshore & Marine \$'000	Energy & Environment Infrastructure & Others \$'000	Subtotal \$'000	Urban Development \$'000	Connectivity \$'000	Asset Management \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>									
External sales	1,223,917	2,245,782	3,469,699	719,547	674,328	83,959	–	–	4,947,533
Inter-segment sales	(282)	8,046	7,764	287	3,381	440	43,829	(55,701)	–
<b>Total</b>	<b>1,223,635</b>	<b>2,253,828</b>	<b>3,477,463</b>	<b>719,834</b>	<b>677,709</b>	<b>84,399</b>	<b>43,829</b>	<b>(55,701)</b>	<b>4,947,533</b>
<b>Segment Results</b>									
Operating profit	(215,269)	(13,183)	(228,452)	598,187	45,877	54,986	234,416	4,756	709,770
Investment income	3,541	–	3,541	1,211	123	18,837	3,477	–	27,189
Interest income	16,610	29,334	45,944	18,691	149	(1,002)	180,964	(185,198)	59,548
Interest expenses	(85,474)	(4,140)	(89,614)	(30,727)	(8,508)	(11,751)	(169,315)	180,442	(129,473)
Share of results of associated companies and joint ventures	(14,705)	(8,619)	(23,324)	33,483	11,213	130,960	–	–	152,332
Profit before tax	(295,297)	3,392	(291,905)	620,845	48,854	192,030	249,542	–	819,366
Taxation	46,097	11,900	57,997	(153,005)	(8,626)	(9,529)	6,960	–	(106,203)
Profit for the period	(249,200)	15,292	(233,908)	467,840	40,228	182,501	256,502	–	713,163
Attributable to:									
Shareholders of Company	(249,936)	15,332	(234,604)	483,605	36,794	184,155	252,905	–	722,855
Perpetual securities holders	–	–	–	–	–	–	3,401	–	3,401
Non-controlling interests	736	(40)	696	(15,765)	3,434	(1,654)	196	–	(13,093)
	(249,200)	15,292	(233,908)	467,840	40,228	182,501	256,502	–	713,163
<b>External revenue from contracts with customers</b>									
- At a point in time	50,368	7,789	58,157	577,391	247,956	11,106	–	–	894,610
- Over time	1,173,548	2,237,993	3,411,541	106,098	424,529	72,852	–	–	4,015,020
	1,223,916	2,245,782	3,469,698	683,489	672,485	83,958	–	–	4,909,630
<b>Other sources of revenue</b>	–	–	–	36,059	1,844	–	–	–	37,903
<b>Total</b>	<b>1,223,916</b>	<b>2,245,782</b>	<b>3,469,698</b>	<b>719,548</b>	<b>674,329</b>	<b>83,958</b>	<b>–</b>	<b>–</b>	<b>4,947,533</b>

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**As at and for the six months and full year ended 31 December 2021**

**Other Information**

Depreciation and amortisation	<b>57,772</b>	<b>15,654</b>	<b>73,426</b>	<b>26,656</b>	<b>100,425</b>	<b>1,430</b>	<b>7,854</b>	<b>-</b>	<b>209,791</b>
Impairment loss on non-financial assets	<b>34,020</b>	<b>(19)</b>	<b>34,001</b>	<b>16,354</b>	<b>1,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,687</b>
Allowance for expected credit loss and bad debt written-off	<b>65,110</b>	<b>13,045</b>	<b>78,155</b>	<b>1,344</b>	<b>8,832</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>88,371</b>

**GEOGRAPHICAL INFORMATION**

	<u>Singapore</u>	<u>China/ Hong Kong</u>	<u>Brazil</u>	<u>Other Far East &amp; ASEAN Countries</u>	<u>Other Countries</u>	<u>Elimination</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales	<b>4,022,081</b>	<b>644,904</b>	<b>43,546</b>	<b>127,525</b>	<b>109,477</b>	<b>-</b>	<b>4,947,533</b>

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2021

Second half ended 31 December 2020

	Offshore & Marine \$'000	Energy & Environment Infrastructure & Others \$'000	Subtotal \$'000	Urban Development \$'000	Connectivity \$'000	Asset Management \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>									
External sales	734,497	1,184,726	1,919,223	764,127	633,462	74,803	249	–	3,391,864
Inter-segment sales	257	4,725	4,982	4,290	2,924	295	34,121	(46,612)	–
<b>Total</b>	<b>734,754</b>	<b>1,189,451</b>	<b>1,924,205</b>	<b>768,417</b>	<b>636,386</b>	<b>75,098</b>	<b>34,370</b>	<b>(46,612)</b>	<b>3,391,864</b>
<b>Segment Results</b>									
Operating profit	(227,419)	38,570	(188,849)	314,105	17,124	47,092	(31,152)	(498)	157,822
Investment income	2,454	–	2,454	901	93	12,964	550	–	16,962
Interest income	9,597	30,365	39,962	17,201	621	1,390	193,814	(196,061)	56,927
Interest expenses	(90,873)	(5,397)	(96,270)	(30,929)	(12,427)	(17,500)	(174,853)	196,559	(135,420)
Share of results of associated companies and joint ventures	(57,966)	(8,231)	(66,197)	71,826	10,098	(10,095)	712	–	6,344
Profit before tax	(364,207)	55,307	(308,900)	373,104	15,509	33,851	(10,929)	–	102,635
Taxation	92,073	(8,885)	83,188	(147,463)	(3,954)	(12,823)	6,455	–	(74,597)
Profit for the period	(272,134)	46,422	(225,712)	225,641	11,555	21,028	(4,474)	–	28,038
Attributable to:									
Shareholders of Company	(269,050)	46,537	(222,513)	223,066	13,640	21,722	(4,644)	–	31,271
Non-controlling interests	(3,084)	(115)	(3,199)	2,575	(2,085)	(694)	170	–	(3,233)
	(272,134)	46,422	(225,712)	225,641	11,555	21,028	(4,474)	–	28,038
<b>External revenue from contracts with customers</b>									
- At a point in time	68,327	4,373	72,700	656,432	214,776	9,622	(27)	–	953,503
- Over time	666,170	1,180,356	1,846,526	67,939	410,819	66,397	–	–	2,391,681
	734,497	1,184,729	1,919,226	724,371	625,595	76,019	(27)	–	3,345,184
<b>Other sources of revenue</b>									
	–	(3)	(3)	39,756	7,867	(1,216)	276	–	46,680
<b>Total</b>	<b>734,497</b>	<b>1,184,726</b>	<b>1,919,223</b>	<b>764,127</b>	<b>633,462</b>	<b>74,803</b>	<b>249</b>	<b>–</b>	<b>3,391,864</b>

**KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**As at and for the six months and full year ended 31 December 2021**

**Other Information**

Depreciation and amortisation	59,408	15,403	74,811	21,354	110,888	1,318	4,038	–	212,409
Impairment loss on non-financial assets	49,035	24,020	73,055	9,184	19,905	–	(81)	–	102,063
Allowance for expected credit loss and bad debt written-off	7,369	3,176	10,545	405	5,649	–	(41)	–	16,558

**GEOGRAPHICAL INFORMATION**

	<u>Singapore</u> \$'000	<u>China/ Hong Kong</u> \$'000	<u>Brazil</u> \$'000	<u>Other Far East &amp; ASEAN Countries</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
External sales	2,149,528	757,304	25,827	139,575	319,630	–	3,391,864

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2021

#### REVIEW OF SEGMENT PERFORMANCE

##### Revenue by Segments

Group revenue of \$8,625 million was \$2,051 million or 31% higher than the preceding year. Revenue from Energy & Environment increased by \$1,631 million or 41% to \$5,574 million, led by higher electricity and gas sales, higher progressive revenue recognition from the Tuas Nexus Integrated Waste Management Facility project in Singapore which was secured in April 2020, higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project, as well as higher revenue from the offshore & marine business. These were partially offset by the completion of Keppel Marina East Desalination Plant project in June 2020, as well as the absence of revenue from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. The higher revenue in the offshore & marine business was mainly due to higher revenue recognition from certain ongoing projects and revenue from new projects in 2021, which were partly offset by cessation of revenue recognition on Awilco contracts and deferment of some projects. Major jobs delivered by the offshore & marine business in 2021 include two LNG bunker vessels, an LNG carrier, a FLNG turret, four Floating Production Storage and Offloading vessel (FPSO) modification and upgrading projects, and a Floating Storage Regasification Unit (FSRU) conversion project. Revenue from Urban Development increased by \$354 million to \$1,629 million mainly due to higher revenue from property trading projects in China and Singapore. Revenue for Connectivity of \$1,260 million was marginally above that of 2020. Higher revenues from the logistics and data centre businesses, and higher handset and equipment sales in M1, were partly offset by the lower service revenue in M1. Revenue from Asset Management increased by \$27 million to \$162 million mainly due to higher fees resulting from increased acquisition and divestment activities, and from additional fund commitments secured during the year.

##### Net profit by Segments

Group net profit was \$1,023 million, as compared to net loss of \$506 million in 2020. All segments recorded improved performance. Energy & Environment's net loss was \$414 million as compared to net loss of \$1,181 million in 2020. This was largely due to lower impairments and share of Floatel's restructuring gain. Excluding impairments of \$477 million and share of Floatel's restructuring gain of \$269 million, net loss of the segment was \$206 million, as compared to net loss of \$273 million (excluding impairments) in 2020. Net loss for the offshore & marine business was lower year-on-year despite lower government relief measures related to the COVID-19 pandemic. This was mainly driven by savings from overheads reduction and lower share of losses from associated companies, partly offset by higher net interest expense. There was lower contribution from the power & renewables business, as well as loss on hedge ineffectiveness on interest rate swaps following the refinancing plan for an asset. Net profit from Urban Development increased by \$325 million to \$763 million, mainly due to higher contribution from property trading projects in China and Vietnam, as well as gains from the disposal of interests in the Dong Nai project in Vietnam, Serenity Villas project in Chengdu, and China Chic project in Nanjing, and divestment of a partial interest in Tianjin Fushi Real Estate Development Co Ltd. These were partly offset by lower fair value gains from investment properties, impairment provision for a hotel in Myanmar, as well as lower contribution from the Sino-Singapore Tianjin Eco-City. Connectivity's net profit of \$64 million was \$51 million higher than 2020. This was mainly due to the gains from divestment of interests in Keppel Logistics (Foshan) following agreement reached with local authorities on the compensation for the closure of Lanshi port and Wuhu Sanshan Port Company Limited, as well as lower net interest expense. These were partly offset by lower contribution from M1, and absence of gain from the disposal of interest in Business Online Public Company Limited in 2020. Net profit from Asset Management increased by \$21 million to \$301 million. In 2020, there was a mark-to-market gain 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. Excluding the reclassification gain, net profit was \$152 million higher than 2020. For 2021, the segment recorded higher fee income arising from acquisitions and divestments completed, and from additional fund commitments secured during the year. In addition, there was recognition of mark-to-market gains from investments, higher dividend income from KIT, as well as fair value gains on investment properties and data centres from Keppel REIT, Keppel DC REIT, Alpha Data Centre Fund and Keppel Data Centre Fund II. In 2020, there was the recognition



## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six months and full year ended 31 December 2021

of gains from the sale of units in Keppel DC REIT, divestment of interest in Gimi MS Corporation, and mark-to-market losses from investments. Corporate & Others recorded net profit of \$309 million in 2021 as compared to net loss of \$56 million in the prior year. This was mainly due to fair value gain instead of loss on investments, and higher investment income. The fair value gains were largely from investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P.

#### Revenue by Geographical Segments

Revenue from Singapore of \$6,458 million was \$1,894 million higher than that of prior year, with all segments achieving higher revenue during the current year.

### 13. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

- (i) Keppel Smit Towage Private Limited ("KST") and Maju Maritime Pte Ltd ("Maju")  
On 15 November 2021, the Company announced that its indirect wholly-owned subsidiary, KS Investments Pte. Ltd., is divesting its entire 51% shareholding interest in each of KST and Maju to Rimorchiatori Mediterranei Spa. Completion of the divestments, which is expected to take place in the first half of 2022, is conditional upon the receipt of approval from regulatory authorities in Singapore.
- (ii) Subsidiary of Keppel Infrastructure Holdings Pte Ltd ("Keppel Infrastructure's subsidiary")  
The Company's wholly-owned subsidiary, Keppel Infrastructure, has commenced non-binding negotiation with an interested buyer relating to Keppel Infrastructure's controlling interest in a subsidiary. The completion of the sale is subject to execution of definitive documentation for the transaction and other conditions, including regulatory approval, being fulfilled.
- (iii) Keppel Offshore and Marine Ltd's properties ("Keppel O&M's properties")  
The Company's wholly-owned subsidiary, Keppel Offshore and Marine Ltd ("Keppel O&M"), is committed to sell five properties (including its plant and equipment) in Singapore. The sale is expected to be completed within one year. The disposals are part of Keppel O&M's strategic review to streamline and dispose its non-core assets.

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of Keppel Infrastructure's subsidiary and Keppel O&M's properties 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 KST and Maju that are accounted for as associated companies and joint ventures have been presented as "assets classified as held for sale" in the condensed consolidated balance sheet as at 31 December 2021. Details of the assets classified as held for sale and liabilities directly associated with assets classified as held for sale are as follows:

	<b>As at 31 December 2021</b>
	<b>\$'000</b>
<b>Assets classified as held for sale</b>	
Fixed assets	74,765
Associated companies and joint ventures	60,798
Right-of-use assets	32,871
Long term assets	353,039
Debtors	6,407
	<b>527,880</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Creditors	3,402
Derivative liabilities	34,855
Taxation	73
	<b>38,330</b>

The assets and liabilities classified as held for sale pertaining to KST, Maju, Keppel Infrastructure's subsidiary and Keppel O&M's properties are included in Energy & Environment for the purpose of segmental reporting.

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### OTHER INFORMATION

For the six months and full year ended 31 December 2021

#### 1. AUDIT

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

#### 2. AUDITORS' REPORT

Not applicable.

#### 3. REVIEW OF GROUP PERFORMANCE

##### (i) Second Half

Group revenue of \$4,948 million for the second half of 2021 was \$1,556 million or 46% higher than that in the same period in 2020.

Revenue from Energy & Environment increased by \$1,551 million or 81% to \$3,470 million, led by higher electricity and gas sales, higher progressive revenue recognition from the integrated waste management facility projects in Singapore and Hong Kong. The offshore & marine business also recorded increased revenue mainly due to higher revenue recognition from certain ongoing projects and revenue from new projects in 2021. Revenue from Urban Development decreased by \$44 million to \$720 million mainly due to lower revenue from property trading projects in China, which were partly offset by higher revenue from property trading projects in Singapore. Revenue from Connectivity of \$674 million was \$41 million higher as compared to 2H 2020. Higher revenues from the data centre business and M1 were partly offset by lower contributions from the logistics business. Revenue from Asset Management increased by \$9 million to \$84 million mainly due to higher management and acquisition fees.

Group pre-tax profit for the second half of 2021 was \$819 million, which was \$717 million above the same period in 2020. All segments recorded improved pre-tax results.

Energy & Environment's pre-tax loss was \$292 million as compared to pre-tax loss of \$309 million in the same period in 2020. Better operating results from the offshore & marine business was partly offset by higher impairments. Operating results for the offshore & marine business was better than the same period last year despite lower COVID-19 pandemic related government grants. This was mainly due to savings from further overheads reduction, lower share of losses from associated companies, and lower net interest expense. There were also lower contributions from the power & renewables business, as well as loss on hedge ineffectiveness on interest rate swaps following the refinancing plan for an asset.

Pre-tax profit from Urban Development increased by \$248 million to \$621 million mainly due to higher fair value gains from investment properties, and gains from the disposal of interests in Serenity Villas project in Chengdu and China Chic project in Nanjing, as well as disposal of a partial interest in Tianjin Fushi Real Estate Development Co Ltd. These were partly offset by lower contributions from property trading projects in China and from associated companies including the Sino-Singapore Tianjin Eco-City.

Connectivity's pre-tax profit of \$48 million was \$32 million higher than 2H 2020. This was mainly due to gain from divestment of interest in Wuhu Sanshan Port Company Limited, higher contribution from M1, as well as lower net interest expense. These were partly offset by the absence of gain from the disposal of interest in Business Online Public Company Limited in 2020.

Pre-tax profit from Asset Management increased by \$158 million to \$192 million largely due to share of fair value gains on investment properties and data centres from Keppel REIT, Keppel DC REIT, Alpha Data Centre Fund and Keppel Data Centre Fund II, as well as the dilution gain arising from Keppel DC REIT's private placement exercise.

## KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

### OTHER INFORMATION

For the six months and full year ended 31 December 2021

Corporate & Others recorded \$250 million pre-tax profit for 2H 2021 as compared to pre-tax loss of \$12 million in the corresponding period in 2020. This was driven largely by fair value gains from investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P..

Taxation expenses were higher by \$31 million as 2H 2020 recorded recognition of deferred tax credit in relation to the impairment provisions for contract assets. Taking into account income tax expenses, non-controlling interests and profit attributable to holders of perpetual securities, net profit attributable to shareholders for the second half of 2021 was \$723 million as compared to net profit of \$31 million for the same period in 2020.

(ii) Full Year

Group net profit attributable to shareholders was \$1,023 million as compared to net loss of \$506 million in 2020. Earnings per share was 56.2 cents as compared to loss per share of 27.8 cents for 2020. Return on equity was 9.1%.

The net profit for 2021 included impairment provisions amounting to \$514 million, largely from losses recognised in respect of the Group's exposure to KrisEnergy, provision for a hotel in Myanmar, share of impairment provision from Floatel, as well as provision for receivables and stocks in the offshore & marine business. The Group also recognised its share of Floatel's restructuring gain of \$269 million during the year. In 2020, the Group recorded provisions, largely from the offshore & marine business, amounting to \$952 million, as well as a mark-to-market gain of \$131 million from the reclassification of Keppel Infrastructure Trust ("KIT") from an associated company to an investment. Excluding revaluations, impairments and divestments (RIDs), and COVID-19-related government grants, the Group achieved a net profit of \$864 million in 2021, as compared to a net loss of \$85 million in 2020.

Group revenue of \$8,625 million was \$2,051 million or 31% higher than the preceding year. Revenue from Energy & Environment increased by \$1,631 million or 41% to \$5,574 million, led by higher electricity and gas sales, higher progressive revenue recognition from the Tuas Nexus Integrated Waste Management Facility project in Singapore which was secured in April 2020, higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project, as well as higher revenue from the offshore & marine business. These were partially offset by the completion of Keppel Marina East Desalination Plant project in June 2020, as well as the absence of revenue from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. The higher revenue in the offshore & marine business was mainly due to higher revenue recognition from certain ongoing projects and revenue from new projects in 2021, which were partly offset by cessation of revenue recognition on Awilco contracts and deferment of some projects. Major jobs delivered by the offshore & marine business in 2021 include two LNG bunker vessels, an LNG carrier, a FLNG turret, four Floating Production Storage and Offloading vessel (FPSO) modification and upgrading projects, and a Floating Storage Regasification Unit (FSRU) conversion project.

Revenue from Urban Development increased by \$354 million to \$1,629 million mainly due to higher revenue from property trading projects in China and Singapore. Revenue for Connectivity of \$1,260 million was marginally above that of 2020. Higher revenues from the logistics and data centre businesses, and higher handset and equipment sales in M1, were partly offset by the lower service revenue in M1. Revenue from Asset Management increased by \$27 million to \$162 million mainly due to higher fees resulting from increased acquisition and divestment activities, and from additional fund commitments secured during the year.

Group pre-tax profit was \$1,335 million, as compared to pre-tax loss of \$255 million in 2020. All segments recorded improved pre-tax results.

The Energy & Environment's pre-tax loss was \$469 million as compared to pre-tax loss of \$1,251 million in 2020. This was largely due to lower impairments and share of Floatel's restructuring gain. Excluding impairments of \$477 million and share of Floatel's restructuring gain of \$269 million, pre-

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tax loss of the segment was \$261 million, as compared to pre-tax loss of \$269 million (excluding impairments) in 2020. Pre-tax results for the offshore & marine business were better than last year's despite lower government relief measures related to the COVID-19 pandemic. This was mainly driven by savings from overheads reduction and lower share of losses from associated companies, partly offset by higher net interest expense. There was lower contribution from the power & renewables business, as well as loss on hedge ineffectiveness on interest rate swaps following the refinancing plan for an asset.

Pre-tax profit from Urban Development increased by \$352 million to \$1,072 million, mainly due to higher contribution from property trading projects in China and Vietnam, as well as gains from the disposal of interests in the Dong Nai project in Vietnam, Serenity Villas project in Chengdu, and China Chic project in Nanjing, and divestment of a partial interest in Tianjin Fushi Real Estate Development Co Ltd. These were partly offset by lower fair value gains from investment properties, impairment provision for a hotel in Myanmar, as well as lower contribution from the Sino-Singapore Tianjin Eco-City.

Connectivity's pre-tax profit of \$86 million was \$57 million higher than 2020. This was mainly due to the gains from divestment of interests in Keppel Logistics (Foshan) following agreement reached with local authorities on the compensation for the closure of Lanshi port and Wuhu Sanshan Port Company Limited, as well as lower net interest expense. These were partly offset by lower contribution from M1, and absence of gain from the disposal of interest in Business Online Public Company Limited in 2020.

Pre-tax profit from Asset Management increased by \$23 million to \$327 million. In 2020, there was a 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. Excluding the reclassification gain, pre-tax profit was \$154 million higher than 2020. For 2021, the segment recorded higher fee income arising from acquisitions and divestments completed, and from additional fund commitments secured during the year. In addition, there was recognition of mark-to-market gains from investments, higher dividend income from KIT, as well as fair value gains on investment properties and data centres from Keppel REIT, Keppel DC REIT, Alpha Data Centre Fund and Keppel Data Centre Fund II. In 2020, there was the recognition of gains from the sale of units in Keppel DC REIT, divestment of interest in Gimi MS Corporation, and mark-to-market losses from investments.

Corporate & Others recorded pre-tax profit of \$319 million in 2021 as compared to pre-tax loss of \$57 million in the prior year. This was mainly due to fair value gain instead of loss on investments, and higher investment income. The fair value gains were largely from investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P.

Taxation expenses increased by \$71 million mainly due to higher taxable profit at Urban Development. Taking into account income tax expenses, non-controlling interests and profit attributable to holders of perpetual securities, net profit attributable to shareholders was \$1,023 million as compared to net loss of \$506 million in the preceding year. Profits from Urban Development, Asset Management and Connectivity businesses were partly offset by losses at Energy & Environment.

#### 4. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

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#### 5. PROSPECTS

##### Vision 2030

Keppel's Vision 2030 is a long-term roadmap to guide the Group's strategy and transformation. From a conglomerate of largely unrelated parts, the Group will work towards being one integrated business, providing solutions for sustainable urbanisation. It will focus on four business segments, namely Energy & Environment, Urban Development, Connectivity and Asset Management – all part of a connected value chain. Till date, the Group has unveiled a series of initiatives to transform and grow as one integrated business, and also to simplify and better focus its business. Importantly, it is tapping third party capital to grow in line with the Group's asset-light business model, and creating value by collaborating as OneKeppel, to harness the synergies across the Group.

In September 2020, the Group announced further steps in its Vision 2030 roadmap, including a \$3-\$5 billion asset monetisation programme over three years to free up the Group's balance sheet. Since then, the Group has made good progress and has announced about \$2.9 billion of asset monetisation. With the good progress to date, we are on track to exceed the \$5 billion target by the end of 2023. The funds unlocked will allow the Group to build new capabilities, fuel its ambitious growth plans under Vision 2030, and also better reward shareholders.

In September 2020, the Group also announced that as part of the execution of Vision 2030, it would commence a strategic review of the offshore & marine (O&M) business amid the challenging environment facing the sector, including exploring both organic and inorganic options. On 24 June 2021, Keppel signed two non-binding MOUs; the first with Sembcorp Marine Ltd (Sembcorp Marine) to enter into exclusive negotiations with a view to combining Keppel Offshore & Marine (Keppel O&M) and Sembcorp Marine to form a Combined Entity, and the second, with Kyanite Investment Holdings Pte Ltd (Kyanite), a wholly owned subsidiary of Temasek, to sell Keppel O&M's legacy completed and uncompleted rigs and associated receivables to a separate Asset Co, which would be majority owned by external investors which Kyanite intends to procure. These two proposed transactions will be inter-conditional and pursued concurrently.

The two proposed transactions are in line with Keppel's Vision 2030 plans to be more focused and disciplined as it executes its mission to provide solutions for sustainable urbanisation. The proposed transactions, together with Keppel's increasing focus on renewables, will accelerate the Group's pivot towards clean energy and decarbonisation solutions. The proposed transactions are subject to, among others, satisfactory due diligence, negotiation and execution of definitive agreements, relevant regulatory approvals and shareholders' approval of the respective parties. There is no guarantee that a final agreement will be reached or that any transaction will materialise. In the meantime, while negotiations are taking place, Keppel O&M will remain focused on executing its strong orderbook and seizing new opportunities.

To deepen collaboration in its Vision 2030 focus areas, the Group has established OneKeppel data centre and infrastructure teams to take a "cradle to maturity" approach in evaluating business opportunities across the projects' development stages, whether they are investments by the Group's funds, operating entities, listed REITs or business trust. Other projects which the Group is working on, such as energy efficient floating data centre parks and climate resilient nearshore developments of "floating cities", similarly harness diverse capabilities from across the Group, allowing the Group to deliver innovative solutions that differentiate Keppel from competitors.

##### Segment Business

In the Energy & Environment segment, Keppel O&M's net order book, excluding the Sete rigs, was approximately \$5.1 billion as at 31 December 2021. Whilst COVID-19 continues to adversely impact the global economy and recovery of the O&M industry is expected to take some time to materialise, Keppel O&M has been focused on execution and delivering on its transformation objectives. Despite the challenging environment, Keppel O&M was successful in securing new contracts, adding

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approximately \$3.5 billion worth of new orders during 2021. Keppel O&M has also made good progress in its role as an integrator, with the contract to build FPSO P-78 from Petrobras as the key example. It also continues to pivot towards gas and renewables solutions, which make up approximately 39% of its net orderbook as at 31 December 2021. Keppel O&M remains focused on delivering its projects well as it continues to seek opportunities in the energy transition towards more sustainable and cleaner energy sources, in line with Keppel's Vision 2030.

Keppel Infrastructure (KI) will continue to build on its core competencies in the energy and environment-related infrastructure businesses as it pursues opportunities in these growth areas. With the rapid transition towards more sustainable, low carbon energy systems, KI sees growing demand for clean energy generation and energy efficiency solutions, as well as a shift towards resource circularity, as governments and customers intensify their decarbonisation efforts. These present strong tailwinds for KI which is actively pursuing new opportunities, including through M&A, to fortify its power & renewables business and scale up its district cooling, EV charging and environmental businesses in the region. KI will also commit resources to innovate and develop new strengths in areas such as renewables as well as energy storage and distribution, so as to strengthen its value propositions to customers.

Keppel Renewable Energy will continue to explore opportunities as a developer and operator of renewable energy assets, as it contributes to the Group's goal of growing its renewable energy portfolio to 7GW by 2030.

In the Urban Development segment, Keppel Land sold about 4,870 homes in 2021, comprising about 470 in Singapore, 2,780 in China, 1,090 in Vietnam, 240 in Indonesia and 290 in India. It will remain focused on its key markets of 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 continues to pursue opportunities and build a pipeline of projects in the region. As a master developer and integrator of end-to-end smart and sustainable solutions, Keppel Urban Solutions develops sustainable, climate resilient and digitally connected townships, such as Saigon Sports City in Ho Chi Minh City. The Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd (SSTEC) will continue to drive the further development of the Eco-City, including selling land parcels to accelerate the Eco-City's development. In March 2021, SSTEC sold a commercial and residential land plot in the Eco-City for about RMB1.5 billion.

In the Connectivity business, M1 complements the Group's mission as a solutions provider for sustainable urbanisation with its suite of digital connectivity solutions. Through a multi-year transformation plan, M1 is developing and implementing 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 5G network licence to M1 and Starhub Limited by the Infocomm Media Development Authority (IMDA), M1 has started to roll out its 5G standalone network coverage across Singapore and launched a market trial on this new network.

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 South-East Asia and Australia, and are currently in advanced negotiation with shortlisted bidders.

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In the Asset Management business, Keppel Capital continues to harness synergies across the Group to create quality investment solutions and connect investors with real assets in fast growing sectors supported by long-term macro- trends. During the year, Keppel Capital raised \$3.5 billion in equity and achieved successful close of the Keppel Asia Infrastructure Fund and Keppel Data Centre Fund II. Keppel Capital also completed around \$5.5 billion in acquisitions and divestments across its REITs, Trust and private funds, growing its assets under management to \$42 billion as at end-2021, up from \$37 billion the previous year.

The Keppel Group will continue to execute its integrated business strategy to provide solutions for sustainable urbanisation, and deepen collaboration across divisions, while being agile and innovative, and investing in the future.

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#### 6. DIVIDEND

##### 6a. Current Financial Period Reported On

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

The Directors are pleased to recommend a final cash dividend of 21.0 cents per share tax exempt one-tier (2020: 7.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2021 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 12.0 cents per share tax exempt one-tier (2020: cash dividend of 3.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2021 will be 33.0 cents in cash per share (2020: 10.0 cents in cash per share).

Name of Dividend	Final FY2021
Dividend type	<b>Cash</b>
Dividend per share	<b>21.0 cents</b>
Tax rate	<b>Tax exempt</b>

##### 6b. Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Final FY2020
Dividend type	<b>Cash</b>
Dividend per share	<b>7.0 cents</b>
Tax rate	<b>Tax exempt</b>

##### 6c. Date Payable

The proposed final dividend if approved at the annual general meeting scheduled to be held on 22 April 2022 will be paid on 12 May 2022.

##### 6d. Books Closure Date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 29 April 2022 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 HarbourFront Avenue Keppel Bay Tower #14-03/07 Singapore 098632 up to 5.00 p.m. on 29 April 2022 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 29 April 2022 will be entitled to the proposed final dividend.

##### 6e. Total Annual Dividend

Total distribution paid and proposed in respect of the financial year ended 31 December 2021 will be 33.0 cents in cash per share (2020: 10.0 cents in cash per share).

	2021	2020	+/-
	\$'000	\$'000	%
Interim cash dividend	<b>218,350</b>	54,616	+299.8
Final cash dividend	<b>382,119*</b>	127,402	+199.9
Total annual dividend	<b>600,469</b>	182,018	+229.9

\* Estimated based on share capital of 1,819,614,508 ordinary shares (excluding treasury shares) at the end of the financial year.



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#### 7. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 23 April 2021. 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)
		<b>2021</b>	<b>2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Transaction for the Sale of Goods and Services</b>			
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	1,104	1,821
CapitaLand Group		–	2,600
Clifford Capital Group		–	2,432
Keppel Infrastructure Trust Group		160,222	55,853
PSA International Group		–	878
SembCorp Marine Group		–	2,971
Singapore Technologies Engineering Group		184	1,926
Singapore Telecommunications Group		530	6,953
StarHub Group		–	28,491
<b>Transaction for the Purchase of Goods and Services</b>			
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	152	1,789
Clifford Capital Group		–	1,020
Keppel Infrastructure Trust Group		64	–
Lan Ting Holdings Group		–	71,000
PSA International Group		195	632
SembCorp Marine Group		3	1,388
Singapore Technologies Engineering Group		–	6,804
Singapore Technologies Telemedia Group		–	2,485
Singapore Telecommunications Group		40	36,122
SMRT Corporation Group		–	1,047
StarHub Group		–	33,891
Surbana Jurong Group		281	1,158

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Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
<b>Treasury Transactions</b>		<b>2021 \$'000</b>	<b>2021 \$'000</b>
Keppel Infrastructure Trust Group	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The named interested persons are its associates.	<b>43,945</b>	–
Lan Ting Holdings Group		–	<b>8,987</b>
SembCorp Industries Group		–	<b>52</b>
SembCorp Marine Group		<b>30</b>	–
<b>Joint Venture</b> Clifford Capital Group	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The named interested person are its associate.	<b>1,081</b>	–
<b>Total Interested Person Transactions</b>		<b>207,831</b>	<b>270,300</b>

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

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

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

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

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

CAROLINE CHANG/KENNY LEE  
Company Secretaries  
27 January 2022