



sembcorp
marine



ANNUAL REPORT 2022

60 JUBILEE YEARS A KALEIDOSCOPE OF STRENGTHS

ENGINEERING



This year marks the 60th anniversary of Sembcorp Marine. Over these six decades, the Company has taken strategic steps to evolve and transform. From its humble beginnings in ship repair, the Company is today internationally recognised as a leading global provider in the offshore, marine and renewable energy sectors.





YEARS OF GROWTH

This journey has been a significant milestone for us as a homegrown offshore and marine engineering company. Over the years, we have built on our solid foundations to move up the value chain and diversify our strengths beyond oil & gas to renewables and new energy.

Our transformation strategy has enabled us to develop future-ready capabilities and broaden our suite of leading solutions to seize opportunities and position ourselves for sustainable growth.

As we reflect on our past achievements, we also focus our sight on new milestones as we advance and make the leap towards greater heights.





“ I’ve been with Sembcorp Marine for 22 years. It is a privilege to spend time in our yards. Working on safety guidelines is immensely fulfilling, and my team plays a critical role to ensure our peers work in safe conditions and in good spirits. ”

- Mr Alex Teo
Head, Health,
Safety &
Environment

“ I’ve been with Sembcorp Marine for 30 years. Being part of the R&D and Sustainability teams, I have had the privilege to work with like-minded people who are passionate and driven by our work. ”

- Mr Simon Kuik
Vice President and Head of R&D,
Research and Development

“ The journey with the Company over the years is a fulfilling one for me. I experienced different aspects of HR function and one which brings me much joy is Community Outreach. I am thrilled that these programmes get the full support of our leadership. ”

- Ms Koh Guat Siew
Vice President (HR Operations),
Human Resource

“ Over my 20 years with Sembcorp Marine, our solutions have evolved and grown with our customers, and now envelop numerous complex areas in offshore and marine. Team Sembmarine’s commitment and passion is the driving force behind our growth as a dominant player in the industry. ”

- Mr Patrick Tan
Vice President,
Rigs & Floaters



KALEIDOSCOPE

“When I first looked at green plans, it was 2018. I am heartened by my dedicated team who work tirelessly on plans, efforts and reporting, and with much care for our yard to be future ready!”

- Mr Lim Eng Seng
Senior Manager, Yard Operations Support

“I’m pleased to be part of the Company’s journey transitioning into the renewables space.”

- Mr Yee Loke Yeen
Lead, Transformation

“I’ve been with Sembcorp Marine for almost 20 years, and worked with many amazing colleagues, peers and customers. It has been an exciting and eventful journey, with never a dull moment.”

- Ms Tan Yah Sze
Senior Vice President, Legal

“I’ve seen the growth of Admiralty Yard and Sembcorp Marine over the years. Really proud and happy to be part of the success story where our people evolve and adapt to new challenges and continue to grow. We have our differences but we come together as One Team, and a very resilient team too!”

- Ms Wang Huiping
Assistant Vice President (Marketing)



OF STRENGTHS

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Our Core Values

HEALTH, SAFETY & ENVIRONMENT

We are committed to promoting a healthy and safe work environment for our customers, employees, contractors and the community. We take responsibility for our personal safety and accountability for the safety of others. We also take concrete steps to ensure environmental sustainability.

INTEGRITY

We perform our duties with honesty, dedication and respect for confidentiality. We value loyalty, trustworthiness and openness as essential personal attributes in our corporate culture.

CUSTOMER ALIGNMENT

Meeting customers' needs is fundamental to our success. We provide innovative solutions that are aligned with the changing requirements and expectations of our customers and build lasting relationships with them based on trust and shared purpose.

INNOVATION

We believe innovation and creativity are essential for staying ahead of the competition. We achieve industry leadership through constant innovation in technology and engineering solutions.



TEAMWORK

We work together as one cohesive team, with mutual trust and respect, to achieve our collective goals. We embrace diversity, foster close relationships and develop team spirit through effective communication and caring for one another.

COMMUNITY RESPONSIBILITY

We view our business as an integral part of society. We are committed to being a responsible corporate citizen, both locally and globally, by building a caring organisation and contributing to the community.

PEOPLE-CENTRIC

We respect and value every individual in our organisation. We provide our people with opportunities, rewards and recognition, as well as a conducive environment to enjoy their work and realise their potential.

QUALITY

We are committed to achieving quality standards in fulfilling our customers' requirements. We uphold Quality as we do for Health, Safety and Environment.



Mission

We are a global company providing innovative and sustainable engineering solutions, products and services to the offshore, marine and energy industries.



Vision

To be the partner of choice for the offshore, marine and energy industries.

Corporate Profile

SEMBCORP MARINE LTD provides innovative engineering solutions to the global offshore, marine and energy industries. Headquartered in Singapore, the Group has close to 60 years of track record in the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types. Sembcorp Marine's diversified portfolio of products and solutions cover Renewables, Process, Gas, Ocean Living and Advanced Drilling Rigs with a growing focus on sustainable solutions that advance the global energy transition and maritime decarbonisation.

As a premier global player offering offshore renewables, new energy, and cleaner offshore & marine solutions, Sembcorp Marine is committed to delivering high standards of safety, quality, and performance to its customers who include major energy companies, owners of floating production units, shipping companies and cruise and ferry operators. The Group's businesses are supported by four commercial units: Rigs & Floaters; Repairs & Upgrades; Offshore Platforms and Specialised Shipbuilding.

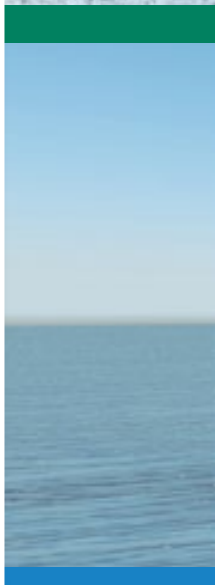
Sembcorp Marine operates shipyards and other facilities in Singapore, Brazil, China, Indonesia, Japan, Philippines, Norway, the United Kingdom and the United States.



Our solutions,
products and
services are
supported by

4

COMMERCIAL
UNITS





RIGS &
FLOATERS



REPAIRS &
UPGRADES



OFFSHORE
PLATFORMS



SPECIALISED
SHIPBUILDING

2022 HIGHLIGHTS



GROUP REVENUE

S\$1.95
BILLION



NET LOSS

-S\$261
MILLION



NET ORDER BOOK

S\$6.75¹
BILLION

Notes:

(1) Comprises S\$6.31 billion of projects under execution and S\$0.44 billion of ongoing Repairs & Upgrades projects





Successfully Delivered in FY2022 and 1Q2023

Newbuild FPSO

P-71 for Petroleo Brasileiro S.A.

Conversion of Armada Sterling V

FPSO vessel for Shapoorji Pallonji Oil & Gas and Bumi Armada

Newbuild Deepwater Atlas

the first of two 8th generation drillships for Transocean

Newbuild Deepwater Titan

the second of two 8th generation drillships for Transocean

Design and newbuild

of three zero-emission battery-powered Roll-on/Roll-off passenger (Ropax) for Norled

EPCI of Gallaf Batch 2 Project for North Oil Company

221 projects requiring repair, upgrade and maintenance



Our Integrated Global Platform

One integrated team operating in strategic locations across the globe to serve our customers

Sembcorp Marine's global network includes facilities in Singapore, Brazil, China, Indonesia, Japan, Philippines, Norway, the United Kingdom and the United States. These facilities operate as pooled resources, supporting projects of any scale and complexity for deployment in worldwide locations.









STRONG AT THE CORE

As a premium global player in the maritime industry, Sembcorp Marine has 60 years of proven capabilities in providing innovative engineering solutions for the offshore, marine and energy industries



A Premier Global Player

in offshore
renewables, new
energy and cleaner
offshore and marine



“Today, we are building on the proud heritage of both companies to create a new company with twice the scale and twice the opportunity. Our strategy in the last decade has created an organisation with future-ready capabilities and knowhow, technological bench strength and a broad suite of products and solutions. These capabilities will underpin a return to a more robust financial performance of the business.”

Mr Mark Gainsborough
Chairman

Mr Chris Ong
CEO

“With strong fundamentals and capabilities, we are confident we are able to compete effectively at the highest levels, continuously building our order pipeline. We believe we are better positioned for the path ahead and we expect to participate and deliver more green energy solutions across the entire energy value chain.”

Dear Fellow Shareholders

The global energy transition has gathered pace in the last few years amid concerns about climate change. Growing commitments by governments and companies around the world seeking to achieve net zero carbon emissions are driving increasing demand for renewable and clean energy solutions. Offshore renewables, gas and new energy’s share of the energy mix has been steadily growing over time. At the same time, renewed concerns over security of energy supply are driving a wave of new investments in offshore oil. Competition in the offshore and marine industry remains intense, with significant industry consolidation taking place after several years of low profitability.

These developments, underpin the combination of Sembcorp Marine and Keppel Offshore & Marine, to create a premier global player with a deep engineering heritage to offer products, services and solutions to meet today and tomorrow’s energy needs.

As the incoming Chairman and CEO of the new Combined Entity, we are excited to be part of this milestone partnership. This combination has been envisioned for a long time. The completion at end February 2023 is a culmination of many months of hard work and a significant milestone for the Company and for the country.

A TRANSFORMATIVE COMBINATION

We have brought together two quality O&M companies with deep world-class engineering capabilities and global operational capabilities. The combination presents significant synergies to be realised from the combined operational capabilities, engineering bench strength and track record of both entities.

This transformative change allows us to scale up and accelerate our advance into the cleaner and greener O&M market, offshore renewables and new energy. There are many exciting opportunities ahead. Total investment in the global energy sector is expected to double to US\$4-5 trillion per annum in the next few decades.

Even as investment in renewables gain momentum, oil and gas remain a critical resource in the short- to mid-term with anticipation of uptick because of



Global Employee Townhall

under-investment during the last down cycle. We estimate that the market for the offshore and marine business serving Oil & Gas will be around US\$290 billion between 2021 and 2030, while the market for offshore renewables will grow to US\$260 billion over the same period.

We have an existing order book of about S\$18 billion with projects scheduled for completion from 2023 to 2026.

With strong fundamentals and capabilities, we are confident we are able to compete effectively at the highest levels, continuously building our order pipeline. We believe we are better positioned for the path ahead and we expect to participate and deliver more green energy solutions across the entire energy value chain.

OUR SUSTAINABILITY PURSUIT

As sustainability continues to gain importance with governments and companies worldwide, demand for offshore green energy and renewables solutions will continue to grow in tandem.

It is a catalyst for us to forge new courses through continuous innovation and engineering pursuit. Leveraging the combined technical capabilities and distinct intellectual property, we will be able to augment our thought leadership with Singapore as the centre of excellence, generating greater business access and penetration into emerging opportunities.

Chairman and CEO's Joint Report

With the combined strengths of two historic key pillars of the maritime industry in Singapore, we will also be better able to support collaborations with academic and governmental institutions, certification agencies and industry partners to tap existing and new market opportunities.

We have made early investments in new energy sources, such as hydrogen and ammonia, and in carbon capture technologies. We have a strong track record in these areas with ongoing collaborative projects to develop the world's first green ammonia-fuelled tanker; a first-of-its-kind ammonia bunkering vessel and hydrogen as a marine fuel.

As we continue to champion decarbonisation in the maritime industry and help our customers to advance their business and EESG (economic, environmental, social and governance) objectives, we remain focused in upholding our own corporate sustainability goals.

We are pleased to report that Sembcorp Marine has achieved a 23.2% reduction of our GHG emissions in 2022, bringing us

a step closer to our Vision 2030 target of a 40% reduction of our emissions from 2008. As of end 2022, our renewable wind energy and clean solutions account for roughly S\$2.5 billion or 37% of our net order book and we achieved 24% of annual company turnover from sustainable solutions.

We will continue to work towards our Sustainability Vision 2030, where we aim to have 40% of our annual company turnover generated from sustainable solutions.

OUR HUMAN CAPITAL

At Sembcorp Marine, we are mission-driven and passionate about our work, but even more so, about our people. We are cognizant the skills, competency, loyalty and dedication of our team have contributed to strong order book wins.

We have been able to visit the yards and walk the shop floor to meet the people and see at first hand the projects we are executing and to understand the depth of our combined





engineering capabilities. We have been impressed with the calibre of our experienced and extremely loyal workforce.

We have started planning the post-merger integration with the leaders and teams. While changes are to be expected, we would like to assure our people that there are detailed plans and a dedicated transformation team in place to drive the integration in a structured and phased process. We will be communicating regularly and as early as possible to support our people through the integration. Naturally, there are areas of the business to improve, but we are starting from a strong foundation. Together, we will be able to expand our global suite of products and services, as well as technological capabilities and intellectual property, to better serve our customers.

The Group's human resource strategy will continue to focus on developing our workforce competency by fostering a culture of learning. We will also continue to create a workplace where our employees feel mentored and inspired to reach their fullest potential. We value our employees and endeavour to provide equal opportunities to every individual based on merit.

As a single organisation, the collective workforce will benefit from expanded opportunities for career development and growth in the areas of renewables, new energy and cleaner O&M solutions.

IN APPRECIATION

At the EGM held on 16 February 2023, the ordinary resolution for the Proposed Combination with Keppel O&M was approved and passed with strong support of 95.28% from our shareholders. On behalf of the Company's Board of Directors, we would like to express our appreciation to our shareholders for supporting the resolution tabled.

We would also like to extend our appreciation to our customers, suppliers, and partners, for your continued belief and trust in Sembcorp Marine. We remain focused on delivering great outcomes for our customers and partners.

This year marks the 60th anniversary of Sembcorp Marine. Over these six decades, the Company has taken strategic steps to evolve and transform. As we reflect on the past six decades, we would like to recognise the efforts of our employees and how you have responded to the many challenges, yet remained motivated to uphold excellence, passion, and pride in your work. Thank you for your commitment and steadfastness. We would not have come this far without each and every one of you.

We would also like to express our appreciation to the former Board. Their guidance, stewardship and contributions particularly through the longest down cycle in the industry have been immeasurable. To the former Chairman Tan Sri Mohd Hassan Marican and former CEO Wong Weng Sun, thank you for steering with steady hands through the unprecedented COVID-19 pandemic, navigating the energy transition and positioning it at the centre of the global shift towards a low-carbon economy.

ENGINEERING OUR FUTURE TOGETHER

Today, we are building on the proud heritage of both companies to create a new company with twice the scale and twice the opportunity. Our strategy in the last decade has created an organisation with future-ready capabilities and knowhow, technological bench strength and a broad suite of products and solutions. These capabilities will underpin a return to a more robust financial performance of the business.

Together with the new Board and Management, we are excited to steward the Company at a time of significant growth and further accelerate our strategic transition into offshore renewables, new energy and cleaner offshore and marine solutions. We will continue to support our customers, ensuring they thrive today while creating a greener and better tomorrow.

Mr Mark Gainsborough
Chairman

Mr Chris Ong
CEO

Significant Events, Awards and Accolades

JANUARY

- ▶ Sembcorp Marine completed the final delivery of Tyra West topside modules and bridges for the Tyra Redevelopment Project.



FEBRUARY

- ▶ Sembcorp Marine delivered Johan Castberg FPSO to Equinor for Completion in Norway.



- ▶ Sembcorp Marine completed the construction of 15 wind turbine jacket foundations for Formosa 2 Offshore Wind Farm for Jan De Nul.

MARCH

- ▶ Sembcorp Marine completed the fabrication of first of three zero-emission battery-powered Ropax ferries – Hella – for Norled. The ferry is built based on proprietary design of the Company’s wholly-owned subsidiary LMG Marin.



JUNE

- ▶ Sembcorp Marine’s Brazilian Yard is awarded research support vessel work for Brazilian Navy.



- ▶ Sembcorp Marine delivered the world’s first eighth-generation drillship – Deepwater Atlas for Transocean.



APRIL

- ▶ Energean Power, a newbuild Floating Production Storage and Offloading vessel (FPSO), was delivered to Technip Energies.

- ▶ Sembcorp Marine won a landmark Wind Turbine Installation Vessel project.



JULY

Sembcorp Marine received the Distinguished Partner Award at the Institute of Technical Education (ITE) 30th Anniversary celebration recognising our strong partnership with ITE in developing the capabilities of ITE staff and students and enhancing the opportunities for learning and development.



Sailaway of Sembcorp Marine's second newbuild zero-emission battery-powered Ropax ferry – Dragsvik.



Sembcorp Marine secured an engineering, procurement, construction and installation contract for a gas topsides project from a major energy company in Australia.

NOVEMBER

- ▶ Sembcorp Marine delivered the Armada Sterling V FPSO conversion.
- ▶ Sembcorp Marine's wholly-owned subsidiary Sembmarine SLP awarded exclusive maintenance contract from Ørsted for Hornsea 2 Offshore Wind Farm Low Voltage Infrastructure.



OCTOBER

- ▶ Sembcorp Marine clinched the US\$3.05b newbuild FPSO P-82 contract from Petrobras.
- ▶ Sembcorp Marine's Brazilian shipyard completed the Petrobras P-71 FPSO project.



- ▶ Sembcorp Marine completed the Gallaf Batch 2 Project, involving the engineering, procurement, construction, transportation, installation, commissioning and offshore brownfield integration of two wellhead platforms in the Al Shaheen field offshore Qatar for North Oil Company.

Significant Events, Awards and Accolades

DECEMBER

Sembcorp Marine delivered Deepwater Titan – world’s second 8th-generation drillship, first with 20,000-psi capability for Transocean.



Sembcorp Marine’s School Book Assistance Grant (SchoolBAG) programme enters its 22-year run.

SchoolBAG beneficiaries received their bursaries from Mr Zaqy Mohamad, Senior Minister of State for Defence and Manpower, and Advisor to Marsiling-Yew Tee GRC GROs.



FEBRUARY 2023

Sembcorp Marine held the Green Wave competition in 2022 and marked the award ceremony in 2023.

The picture below features winners of the Secondary-Level category from Dunman High School with Guest-of-Honour Mr Chan Chun Sing, Minister for Education.

Some 850 students submitted 216 projects in the 2022 year-long competition.



JANUARY 2023

Sembcorp Marine completed the third zero-emission battery-powered Ropax ferry Leikanger for Norled for the Hella-Vangsnes-Dragstvik connection.



AWARDS RECEIVED IN 2022

WORKPLACE SAFETY AND HEALTH PERFORMANCE AWARDS (WSHPA)

Recognition of organisation that have implemented sound safety and health management systems, and went to extraordinary lengths to safeguard their employees and contractors across all their worksites.

Sembcorp Marine Admiralty Yard 2
Silver

Sembcorp Marine Pandan Yard
Silver

SAFETY AND HEALTH AWARD RECOGNITION FOR PROJECTS (SHARP)

Recognition of large-scale projects or worksites that have good safety and health performance, and workplace safety and health management systems.

Sembcorp Marine Tuas Boulevard Yard

- Armada Sterling V
- Armada Sterling V – PC Module
- Brassavola
- Deepwater Atlas
- Deepwater Titan
- Hella
- Dragsvik
- Leikanger
- Johan Castberg FPSO
- Vito FPU
- Whale FPU

Sembcorp Marine Admiralty Yard 1

- Energean Power FPSO – Hull Works
- FSO Prem Pride – Life Extension & Upgrades
- KARMOL LNGT Powership Asia – FSRU Conversion
- M-Class Fleet Reliquefaction Upgrade Projects
- Navy Vessel 1 – Life Extension
- Navy Vessel 2 – Life Extension
- Navy Vessel – Maintenance & Upgrades

Sembcorp Marine Admiralty Yard 2

- Energean Power FPSO – Topside & LQ Integration Works
- Tyra Redevelopment Project

Sembcorp Marine Pandan Yard

- Deep Driller 5 – Repair, Refit & Upgrading Project
- Whale FPU – Fabrication of Blocks & Outfitting

Sembcorp Marine wins two Work Boat World Best of 2022 Awards:

- Best Floating Production Unit (FPU) - Vito Regional Production Facility
- Best Offshore Service Vessel (OSV) - Drillship - Deepwater Atlas



WSH AWARDS FOR SUPERVISORS

Recognition of supervisors who take care of their workers by improving the safety and health performance in their workplaces.

Sembcorp Marine Tuas Boulevard Yard

- Mr. Kok Hon Kuan (Kok & Chan Marine Services Pte Ltd)
- Mr. Kwok Soon Ting (Hongrong Engineering Pte Ltd)

Sembcorp Marine, wholly-owned subsidiary, LMG Marin, also joins the winning chart with two titles for the Work Boat World Best of 2022 Award

- Best Electric Ropax (Ryfylke)
- Best Ice-Class Patrol Boat (NoCGV Jan Mayen)

NALCOM BEST SAFETY AWARD

Recognition of Nalcom Best Safety (Contractor) Award

Sembcorp Marine Ltd received the Best Safety Award from Republic Singapore of Navy

U SAFE CHAMPION AWARD

Recognition of unionized companies who have demonstrated exemplary efforts in upholding workplace safety standards by taking effort to care for the workers health and mental wellbeing

Sembcorp Marine Admiralty Yard 1 received the U Safe Champion Award from National Trades Union Congress (NTUC) on the 1st November 2022



INDONESIA, CERTIFICATE OF MERIT AWARD

PT Karimun Shipyard received the Certificate of Merit from Governor of the Riau Islands, Indonesia





MOVING TO THE NEXT FRONTIER

Through selective and strategic investments in
research, technology and engineering knowhow,
Sembcorp Marine continues to transform and
innovate into the future



Group Financial Review

FINANCIAL SUMMARY

The Group registered significant improvement in its financial performance and cut full-year net loss by 78% year-on-year to S\$261 million for the 12 months ended 31 December 2022 ("FY2022"). The net loss was impacted by one-off cost increases from residual COVID-19 challenges.

Financial Results

S\$'M	2022	2021	% Change
Gross Loss	(132)	(1,082)	(88)
EBITDA	(7)	(1,028)	(99)
Net Loss	(261)	(1,171)	(78)

TURNOVER

The Group recorded a 5% increase in revenue year-on-year, closing the year with a revenue of S\$1.95 billion for FY2022.

NET LOSS

The Group cut its net loss to S\$261 million for the 12 months ended 31 December 2022, a 78% reduction from FY2021's net loss of S\$1,171 million. Residual COVID-19 challenges contributed to one-off increases in costs in FY2022 due to project delays, additional consumables and manhours.

The full-year EBITDA was negative S\$7 million, a 99% improvement against the negative S\$1,028 million EBITDA for FY2021. Overall, the Group's operational and financial performance improved significantly with the progressive resolution of COVID-19 challenges. This enabled smoother completion of projects, and prudent management of costs and overheads.

FINANCIAL POSITION

The Covid-19 pandemic and on-going Russia-Ukraine conflict had impacted the execution and completion of projects, along with deferrals of deliveries and payments by customers. As the Covid-19 situation recovers during the year, the Group successfully delivered its projects and generated positive operating cash flows for the year ended 31 December 2022.

Despite the improved cashflows, as at 31 December 2022, the Group recorded net current liabilities of \$301 million arising mainly from loans which mature in 2023. The Group is in talks with lenders to refinance and re-profile current loans with longer term maturities. The Group has adequate liquidity and unutilised loan facilities to refinance current borrowings as they fall due.

The Group's shareholders' funds decreased to S\$3.8 billion as at 31 December 2022.

CASH FLOW AND LIQUIDITY

Following the successful completion of the S\$1.5 billion Rights Issue in September 2021, part of the rights proceeds has been utilised for working capital and debt repayment in accordance with the intended use of the net cash proceeds stated in the Offer Information Statement. This includes approximately S\$35 million used for materials and equipment, S\$85 million for subcontractors' labour services, S\$80 million for employees' payroll expenses and S\$580 million towards repayment of loan facilities in 2021. Following further disbursement in September 2022 of S\$20 million used for materials and equipment, S\$56 million for subcontractors' labour services, S\$44 million for employee's payroll expenses, the balance of the net proceeds stands at approximately S\$600 million.

The Group continues to register improving operating cash flows and overall cash balance in FY2022. Such improvement is mainly attributed to cash collections from long term receivables, as well as progress and delivery payments for projects from its customers. These will be used to pay payables and other working capital needs in FY2023.

Compared to the Group's net debt/equity ratio of 0.49 times at end FY2021, its net debt to equity ratio has improved further to 0.26 times as at 31 December 2022.

With the ongoing support from its lenders, and anticipation of continuing stability in its operating cash flows and overall cash balance, the Group expects to have the necessary liquidity to fund its operations for the foreseeable future.

SHAREHOLDER RETURNS

The Group recorded a return on equity of -6.7% in FY2022. There was no dividend proposed for the financial year ended 31 December 2022.

PROPOSED COMBINATION

The ordinary resolution for the Proposed Combination with Keppel Offshore & Marine Ltd ("KOM"), as set out in the notice of the Extraordinary General Meeting (EGM) dated 31 January 2023, was approved and passed with strong 95.28% support from the Company's shareholders at the EGM held on 16 February 2023.

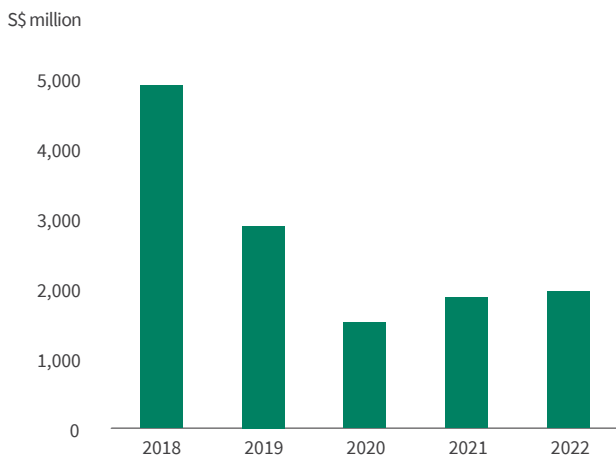
The completion of the proposed combination has taken place on 28 February 2023. Following completion, KOM has become a wholly-owned subsidiary of the Company.

Group Financial Highlights

	2022 S\$'000	2021 S\$'000	Change %
Group Income Statement			
Turnover	1,947,195	1,862,215	5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(6,634)	(1,027,534)	(99)
Operating loss	(206,444)	(1,224,115)	(83)
Loss before tax	(239,744)	(1,254,780)	(81)
Net loss attributable to owners of the Company	(261,141)	(1,170,558)	(78)
Group Balance Sheet			
Total assets	9,101,888	9,299,873	(2)
Total liabilities	5,313,497	5,274,803	1
Net tangible assets	3,594,650	3,802,858	(5)
Equity attributable to owners of the Company	3,769,355	4,001,277	(6)
Non-controlling interests	19,036	23,793	(20)
Total equity	3,788,391	4,025,070	(6)
Cash and cash equivalents	2,090,843	1,104,118	89
Interest-bearing borrowings	3,088,696	3,075,809	0
Net debt	997,853	1,971,691	(49)
Economic Value Added (EVA)			
Net operating loss after tax (NOPAT)	(122,492)	(1,205,425)	(90)
Capital charge	730,069	539,769	35
EVA	(852,561)	(1,745,194)	(51)
EVA attributable to owners of the Company	(844,583)	(1,737,034)	(51)
Financial Ratios			
Earnings per share (EPS)			
Basic (cents)	(0.83)	(6.49)	(87)
Diluted (cents)	(0.83)	(6.49)	(87)
Net asset value per share (cents)	12.01	12.75	(6)
Net tangible assets per share (cents)	11.45	12.12	(6)
Return on turnover (%)	(13.41)	(62.86)	(79)
Return on total assets (%)	(1.40)	(11.96)	(88)
Return on equity (%)	(6.72)	(30.53)	(78)

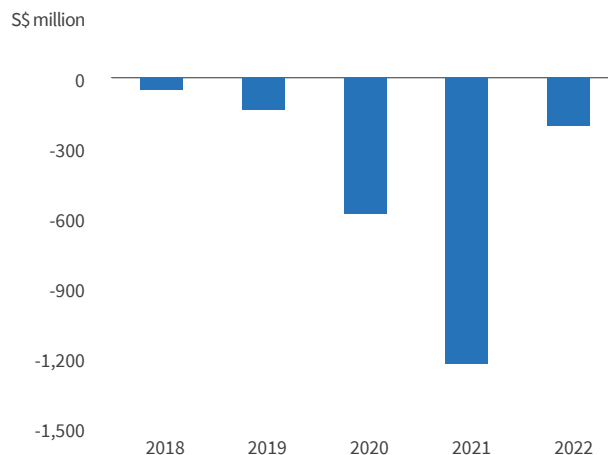
Group Financial Review

Turnover



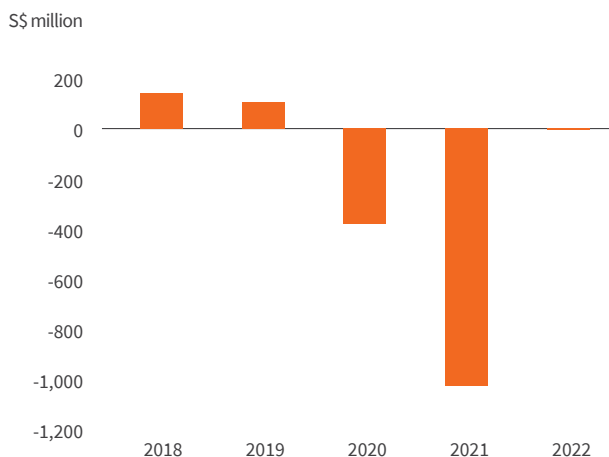
Turnover	2018	2019	2020	2021	2022
	4,888	2,883	1,510	1,862	1,947

Operating Loss



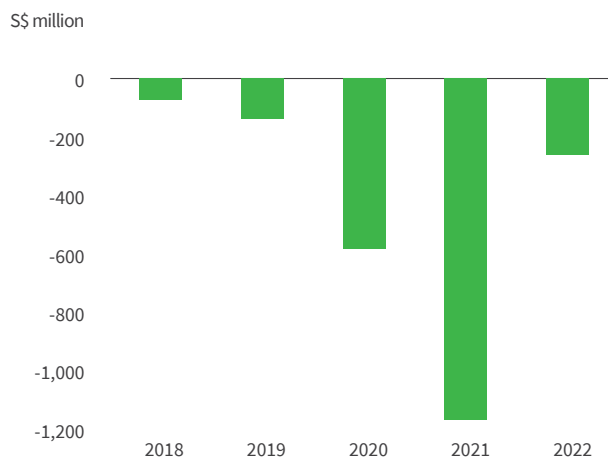
Operating Loss	2018	2019	2020	2021	2022
	(52)	(139)	(582)	(1,224)	(206)

EBITDA



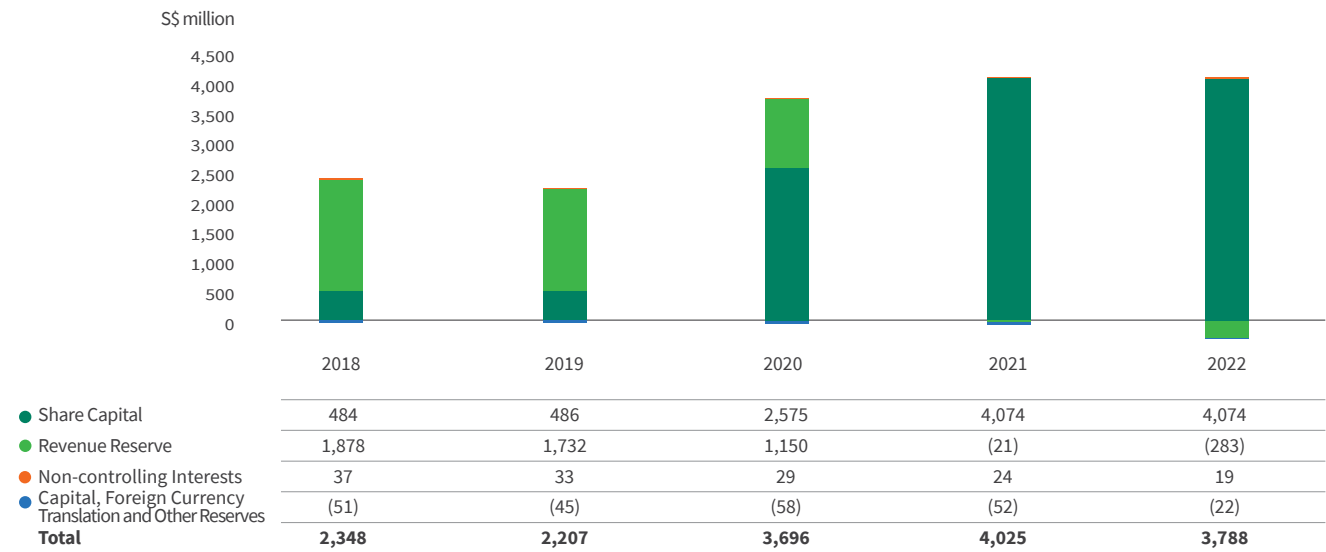
EBITDA	2018	2019	2020	2021	2022
	143	104	(380)	(1,028)	(7)

Net Loss

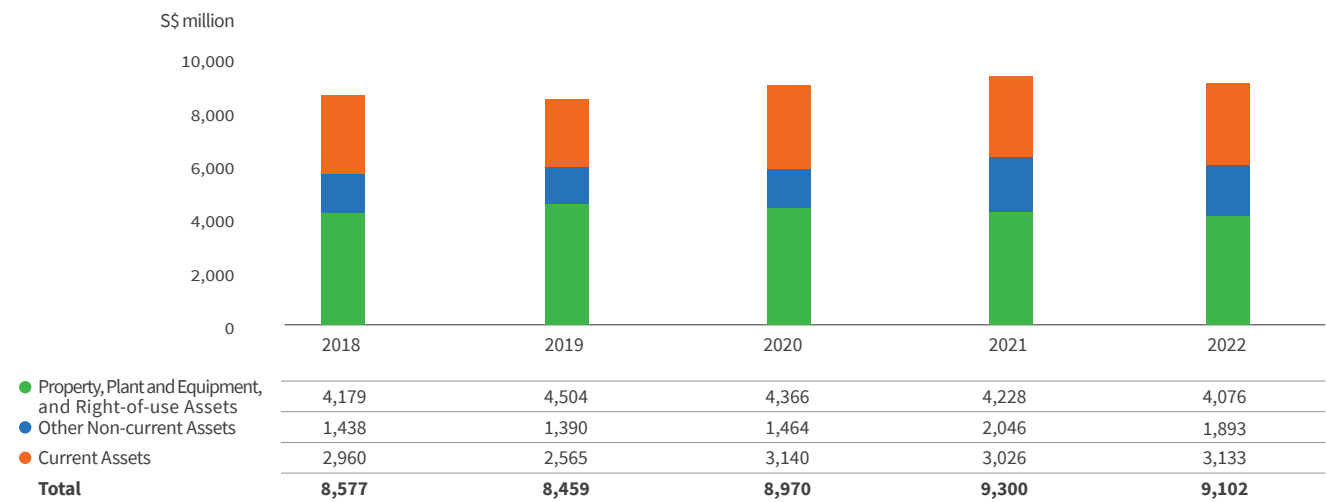


Net Loss	2018	2019	2020	2021	2022
	(74)	(137)	(583)	(1,171)	(261)

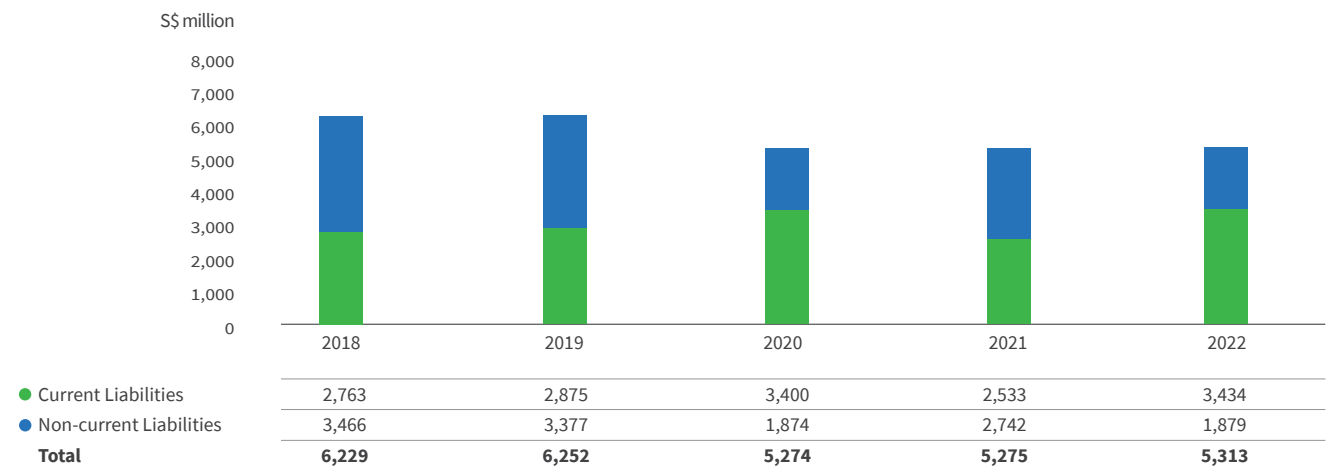
Total Equity



Assets

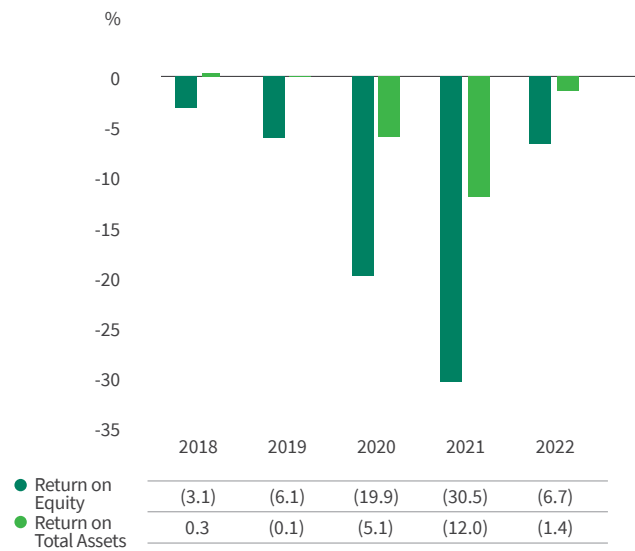


Liabilities

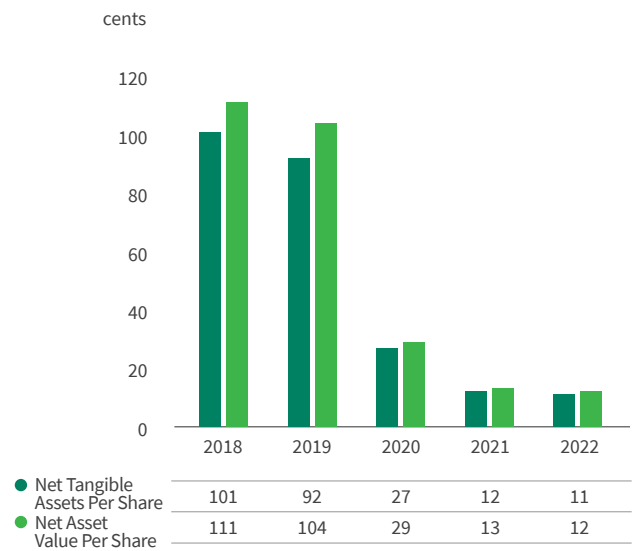


Group Financial Review

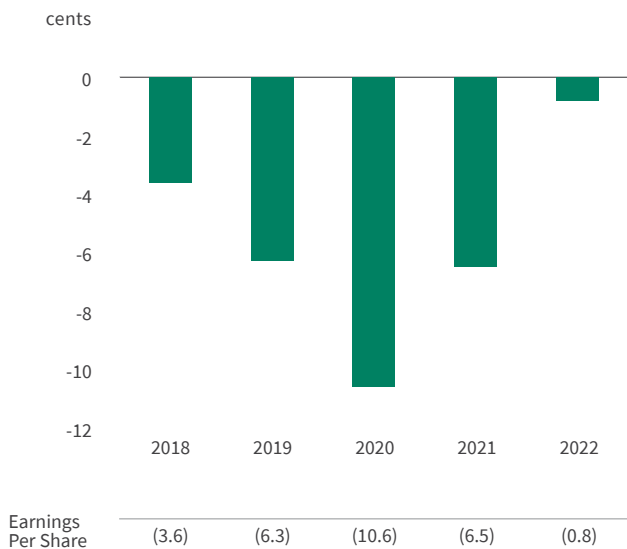
Return on Equity and Return on Total Assets



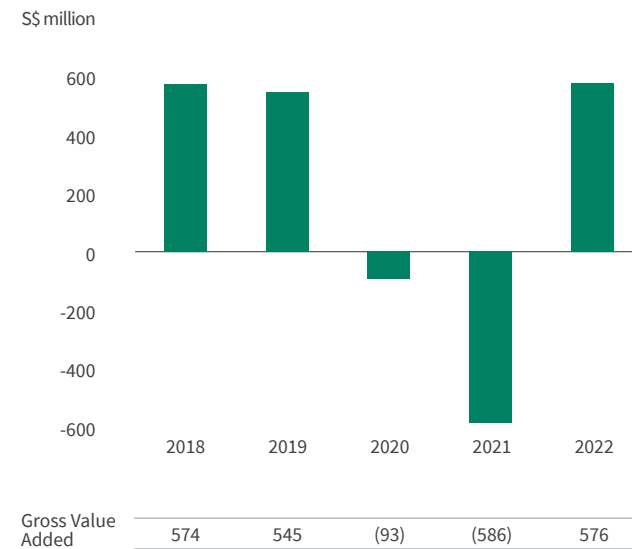
Net Tangible Assets and Net Asset Value Per Share



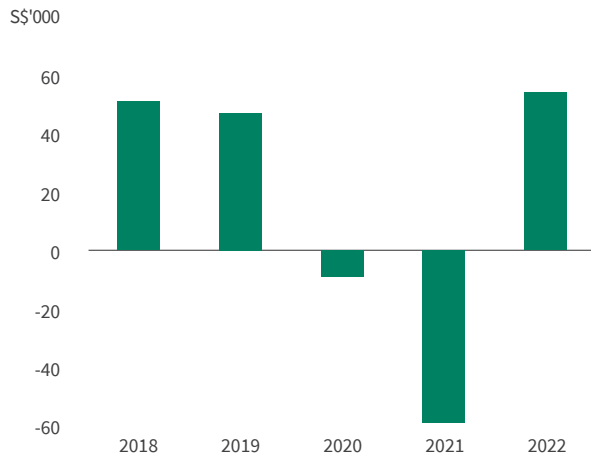
Earnings Per Share



Gross Value Added

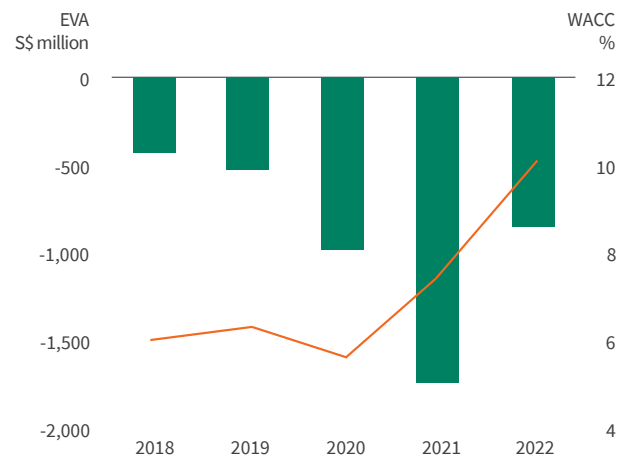


Value Added Per Employee



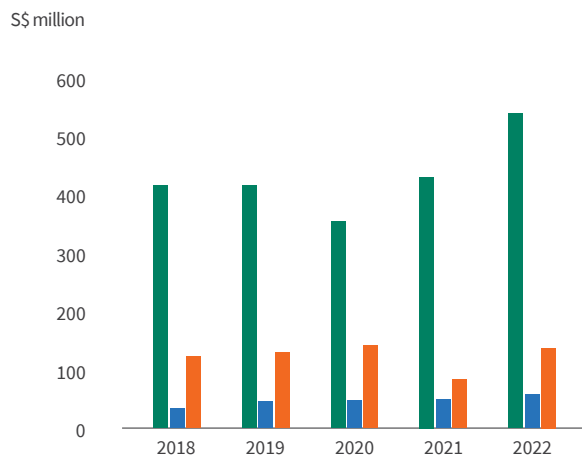
Value Added Per Employee	2018	2019	2020	2021	2022
	51	47	(9)	(59)	54

Economic Value Added (EVA)



	2018	2019	2020	2021	2022
EVA	(431)	(529)	(984)	(1,745)	(853)
Weighted Average Cost of Capital	6.0	6.3	5.6	7.4	10.1

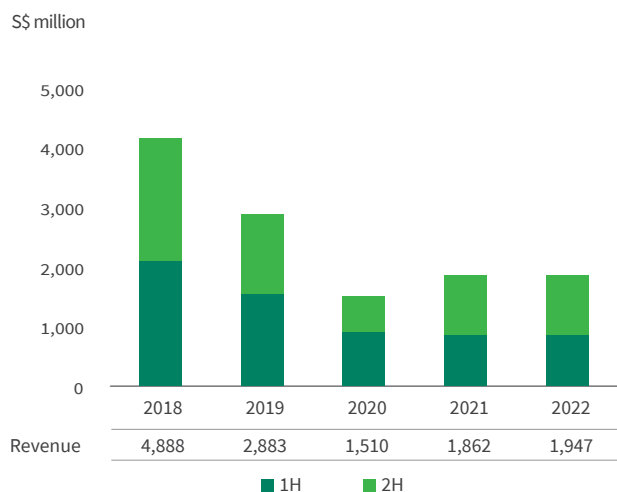
Distribution of Value Added



	2018	2019	2020	2021	2022
Distribution to Employees	415	416	354	430	538
Distribution to Government	34	45	47	49	58
Distribution to Providers of Capital	122	130	142	83	137

Operations Review

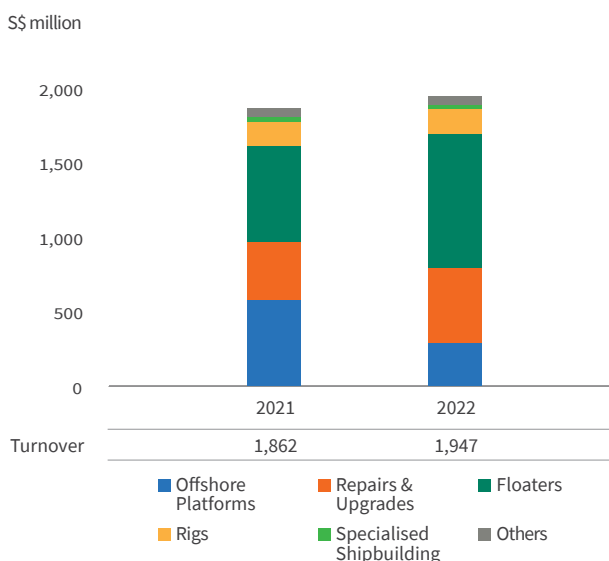
FY2022 Revenue: S\$1.95 billion



The Group closed FY2022 with a total revenue of S\$1,947 million, up 4.6% compared to S\$1,862 million in the prior year. The improvement in revenue is mainly due to significantly higher revenue recognition from the floater segment arising from settlement of final contract negotiation following multiple project completions and initial contributions from new projects, as well as higher repairs & upgrades business.

The Group cut its net loss to -S\$261 million for the 12 months ended 31 December 2022, a 78% reduction from the net loss of -S\$1,171 million for the corresponding period in FY2021. Residual COVID-19 challenges contributed to one-off increases in costs in FY2022 due to project delays, additional consumables and more manhours deployed.

Turnover Contribution by Segments

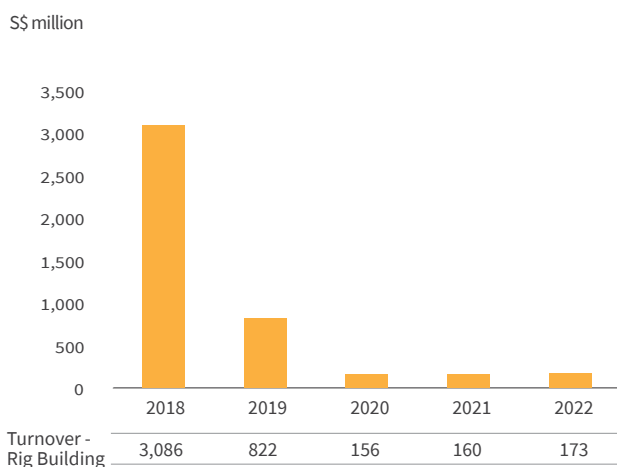


EBITDA for FY2022 was negative S\$7 million, a 99% improvement against the negative S\$1,028 million EBITDA for FY2021.

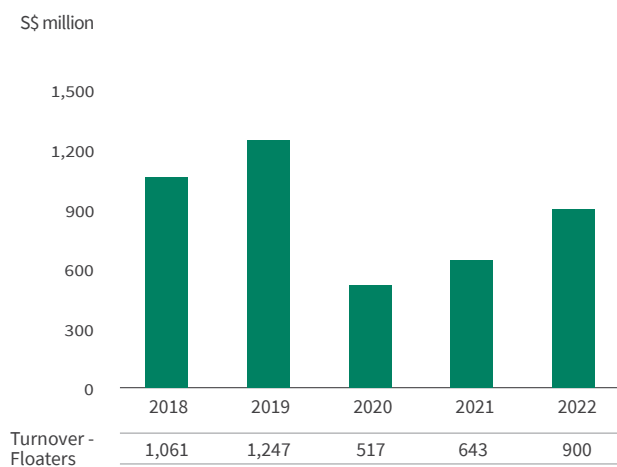
Overall operational and financial performance of the Group improved significantly with the progressive resolution of COVID-19 challenges. This enabled smoother completion of projects, and prudent management of costs and overheads.

The Group reported significant contract wins of more than S\$7 billion (including repairs and upgrades orders) for FY2022, closing the financial year with a net order book of S\$6.75 billion.

Turnover – Rig Building



Turnover – Floaters



SEGMENTAL REVENUE

Rigs & Floaters

The Group's Rigs & Floaters business registered S\$1,073 million in revenue for FY2022, a 33.5% improvement compared with S\$804 million in the previous year.

Revenue from the floaters segment rose to S\$900 million in FY2022, a 40% increase year-on-year from S\$643 million in FY2021. This segment is the largest revenue contributor, accounting for 46% of the Group's turnover.



Deepwater Atlas (above) and Deepwater Titan (below), delivered in June 2022 and December 2022 respectively, are the world's first pair of 8th-generation ultra-deepwater drillships with 20,000 psi drilling capabilities designed and built based on Sembcorp Marine's proprietary Jurong Espadon 3T drillship design

Operations Review

The revenue improvement was due to successive deliveries of several Floating Production Storage and Offloading (FPSO) vessels, including the Johan Castberg newbuild FPSO project for Equinor, Energean Power newbuild FPSO for Technip Energies, the P-71 FPSO project for Petrobras and the Armada Sterling V FPSO conversion project for Shapoorji Pallonji Oil & Gas and Bumi Armada. Ongoing projects under the Floaters segment comprise the Shell Whale newbuild Floating Production Unit (FPU) project and the P-82 newbuild FPSO project.

Revenue from rig building increased slightly by 8% to S\$173 million for FY2022 from S\$160 million in the prior year. The lower revenue reflects the advanced rate of completion of the Group's rig building projects – mainly newbuild drillships Deepwater Atlas and Deepwater Titan for Transocean – with minimal tail-end activities prior to completion and delivery during the year. The Group is currently constructing a Wind Turbine Installation Vessel (WTIV) for Maersk Supply Service.



Sailaway of newbuild FPSO Energean Power following successful construction for operation in the Karish Field in the Eastern Mediterranean



Delivery of Johan Castberg FPSO hull, complete with living quarters, to be deployed for operations in the Barents Sea, Norway



Sailaway of FPSO Armada Sterling V after successful conversion



Completion of modules fabrication and integration for newbuild FPSO P-71 at our EJA Yard in Brazil

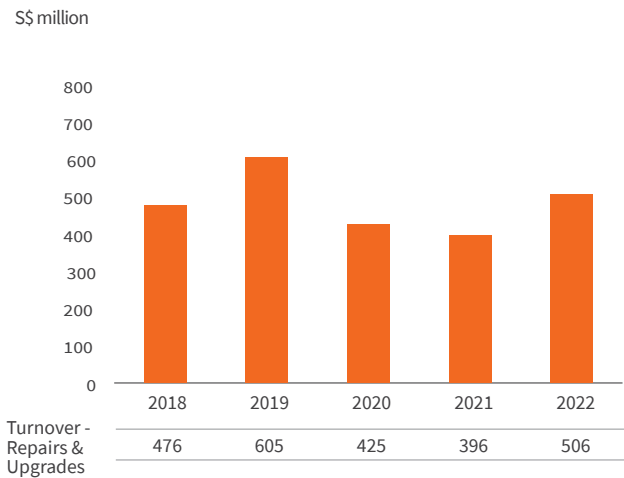


Various marine and offshore projects underway at Tuas Boulevard Yard

Repairs & Upgrades

The Group's Repairs & Upgrades business improved during the course of FY2022, with revenue growing 28% year-on-year from S\$396 million to S\$506 million. During the year, the Group serviced a total of 221 vessels, a 53% increase from 144 vessels in the prior year. These included cruise liners, container vessels, cargo and bulk carriers, crude oil tankers, naval vessels and LNG carriers.

Turnover – Repairs & Upgrades



Cruise vessels undergoing repairs and overhaul

LNG carriers represented the largest revenue segment for Repairs & Upgrades, underpinned by increasing preference for natural gas as the maritime industry strives for a greener future. A total of 25 LNG carrier projects were completed during the year, including LNG reliquefaction plant gas carrier retrofits and ballast water management system installations, for Alliance and FCC (Favoured Customer Contract) partners, such as Seapeak, Shell, GasLog, and North West Shelf Shipping Service Company, as well as regular customers like H-Line, Nimic Shipmanagement, K Line and NYK. The Group also completed work on three Floating Storage and Regasification Unit (FSRU) and Floating Storage Unit (FSU) projects.



Successful conversion and upgrading of FSRU Karmol LNGT Powership Asia for operations offshore Brazil

Operations Review



Multiple LNG carriers undergoing repairs and upgrading in Admiralty Yard



Performing LNG reliquefaction plant retrofits to enhance vessel fuel efficiency for greener operations



Power ship refits underway



Bulk carrier undergoing damage repairs

Noteworthy repairs & upgrades projects completed in 2022 include:

- Delivery of Karmol LNGT Powership Asia, the second FSRU converted for KARMOL, a joint venture between MOL and Karadeniz Holdings. The Group is currently working on the third FSRU conversion for the Karmol LNGT Powership Europe;
- LNG reliquefaction plant installations for LNG carriers Myrina and Megara, the last two of five such projects for Seapeak and Shell;
- Refit of heavy lift vessels for wind farm maintenance, including three units for Boskalis Offshore (Netherlands), Bokalift 1, Bokalift 2 and Boka Timat, and Aegir from Heerema Marine Contractors (Netherlands);
- Overhaul of powerships – Karadeniz Powership Gokhan Bey, Karadeniz Powership Yasin Bey and Karadeniz Powership Onur Sultan – for Karadeniz of Turkey;
- Completion of the last two of four major fabrication projects for Australian owner Cape Preston on Magnetic Barge III and Magnetic Barge IV;
- Repairs undertaken for a series of 11 vessels from the Maersk Group; and
- Refit of five units in a series of seven bulk carriers owned by Rio Tinto of Australia and managed by Anglo Eastern Shipmanagement and ASP Singapore

The Group continues to build up its pipeline of repairs & upgrades and green retrofit projects by actively engaging partners, customers and industry players, particularly in the niche markets of LNG carriers/FSRU/FSU, cruise ship, navy vessel, and tanker repairs.



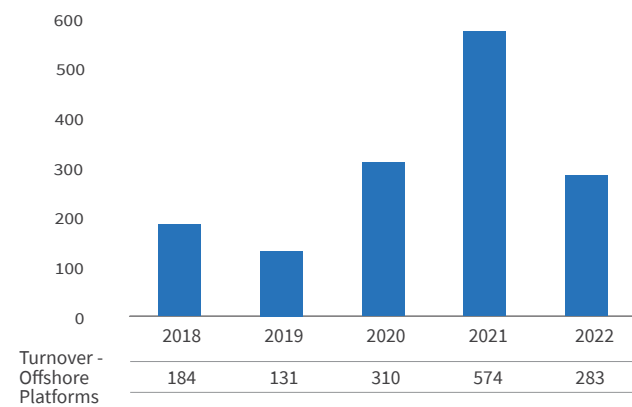
Cruise liner overhaul in progress

Offshore Platforms

Revenue for Offshore Platforms was S\$283 million for FY2022, down 51% from S\$574 million in FY2021 due to lower revenue recognition as more project neared completion in the year. Key deliveries included the Hornsea 2 Offshore Wind Farm platforms for Ørsted; Jan De Nul Formosa 2 Offshore Wind Farm wind turbine jacket foundations; Tyra redevelopment project wellhead & riser topsides and bridges for TotalEnergies EP; as well as Gallaf Batch 2 wellhead platforms for North Oil Company. Revenue was also recognised from ongoing projects including Sofia Offshore Wind Farm Offshore Converter Platform for RWE Renewables, gas topsides for a major energy company in Australia, and the Pluto Train 2 onshore LNG modules for Bechtel.

Turnover – Offshore Platforms

S\$ million



Offshore hook-up and commissioning completed for two wellhead platforms and bridges fabricated for the Gallaf Batch 2 Project at the Al-Shaheen Field



Fabrication of 15 wind turbine jacket foundations for the Formosa 2 Offshore Wind Farm in the Taiwan Straits



Delivery of two wellhead topsides, a riser topside and two bridges for the Tyra West facilities marks the completion of the Tyra Redevelopment Project following completion of the Tyra East production topsides and bridges in 2021



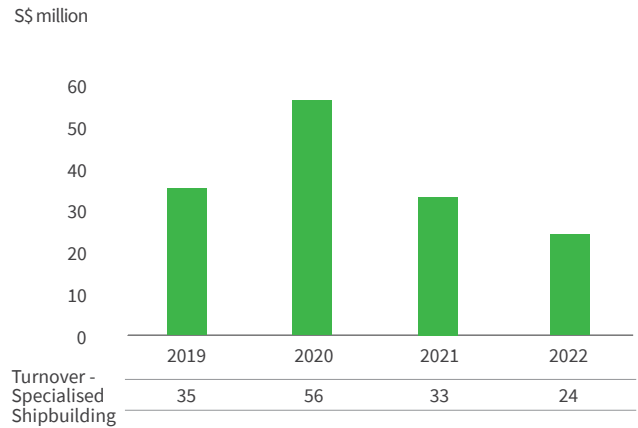
Completion of Hornsea 2 Offshore Wind Farm Offshore Substation and Reactive Compensation Station fabrication, offshore hook-up and commissioning in the UK North Sea.

Operations Review

Specialised Shipbuilding

Specialised Shipbuilding revenue declined 27% to S\$24 million in FY2022 from S\$33 million in FY2021, as projects are in the completion phase with lower revenue recognition. The Group delivered two units of newbuild zero-emission roll-on/roll-off passenger (Ropax) ferries to Norled in FY2022, and completed the third Norled Ropax ferry unit in January 2023. Work is ongoing for a newbuild LNG bunker vessel for Mitsui O.S.K. Lines (MOL) and charterer Pavilion Energy.

Turnover – Specialised Shipbuilding



Sailaway of three zero-emission fully battery-operated Ropax ferries designed and built by Sembcorp Marine – Hella in March 2022, Dragsvik in July 2022 and Leikanger in January 2023

STRONG EXECUTION AND DELIVERY OF PROJECTS

The Group achieved successive completions of the 12 key projects scheduled for delivery in FY2022, despite the residual effects of the COVID-19 pandemic.

Key projects completed in FY2022 include:

- Transocean's Deepwater Titan and Deepwater Atlas, the world's first pair of 8th-generation ultra-deepwater drillships. The landmark delivery of Deepwater Titan in December 2022 repeats the successful handover of the first newbuild 8th-generation drillship Deepwater Atlas by Sembcorp Marine in June 2022. Deepwater Titan is the first-ever unit delivered with two 20,000-psi blowout preventers (BOPs), well-control, riser, and piping systems for high-pressure and high-temperature drilling and completion operations.

Built based on the Group's proprietary Jurong Espadon 3T drillship design, both Deepwater Titan and Deepwater Atlas are the most advanced drillships of their kind, equipped with three-million-pound hook-load hoisting capacity and capabilities to drill up to 40,000 feet and operate in water depths of up to 12,000 feet, a breakthrough in the industry. Designed for enhanced safety, efficiency and sustainability, these drillships incorporate greener features for energy efficiency, fuel optimisation and reduced emissions consistent with the industry's goal of contributing to a lower carbon future.

- Modules fabrication and integration of newbuild FPSO (Floating Production, Storage and Offloading) P-71 for Petrobras for deployment at the ultra-deepwater Itapu field in Brazil's Santos Basin;
- Engineering, procurement, construction and installation of Gallaf Batch 2 Project for North Oil Company for deployment at the Al Shaheen field offshore Qatar;
- Conversion of Armada Sterling V FPSO vessel for joint venture owners, Shapoorji Pallonji Oil & Gas and Bumi Armada, for deployment in the east coast of India by charterer Oil and Natural Gas Corporation;
- Design and construction of two units zero-emission fully battery-operated roll-on/roll-off passenger (Ropax) ferries, Hella and Dragsvik, for Norled's shortsea Hella-Vangsnes-Dragsvik connections in Norway;
- Newbuild Floating Production Storage and Offloading vessel (FPSO), Energean Power, for deployment at Technip Energies' Karish Field in the Mediterranean Sea.
- Fabrication of six production topsides and four bridges for TotalEnergies EP for the Tyra Redevelopment Project off the coast of Denmark;
- Newbuild FPSO Johan Castberg, delivered to Equinor for harsh-environment operation in the Barents Sea in Norway;
- Fabrication of 15 wind turbine jacket foundations for Jan De Nul for installation at the Formosa 2 Offshore Wind Farm located offshore Miaoli County in the Taiwan Strait; and
- Offshore Substation (OSS) and Reactive Compensation Station (RCS) for Ørsted's Hornsea 2 Offshore Wind Farm in the UK North Sea

In 2023 to-date, the Group completed the design and construction of Leikanger, the third and final zero-emission fully battery-powered Ropax ferry, which will join sister vessels Dragsvik and Hella operating in Norway.



The Group has secured a work engagement contract for the engineering and conversion of a Sevan cylindrical drilling vessel to a Floating LNG liquefaction facility

ONGOING KEY PROJECT EXECUTIONS

Work In Progress

As at 31 December 2022, the Group had a total of nine projects, including projects secured in FY2022, scheduled for delivery progressively from 2023 to 2026. These include:

- Engineering, procurement and construction of P-82, a newbuild FPSO for Brazilian state-owned oil and gas producer, Petroleo Brasileiro S.A. (Petrobras), for deployment to the Buzios field in the pre-salt Santos Basin, off the coast of Rio de Janeiro, Brazil;
- Engineering, conversion, topside fabrication and integration of a Sevan drilling vessel into a Floating LNG liquefaction facility for New Fortress Energy Inc. affiliates, with delivery scheduled in 1H2024;
- Construction of Sturgeon, a newbuild WTIV designed by the Group in collaboration with Maersk Supply Service. The next generation WTIV, capable of highly efficient operation and handling larger capacity wind turbines, will be built in full compliance with the U.S. Jones Act for deployment at U.S. offshore windfarms Empire 1 and 2 in early 2025;
- Engineering, procurement and construction of NAPAnt, a support vessel for the Brazilian Navy for scientific research deployment in the Antarctic, for Emgepron, a state-owned company linked to the Ministry of Defence in Brazil. Construction is underway at the Group's Estaleiro Jurong Aracruz (EJA) Yard in Brazil with expected completion in 2H2025;
- Engineering, procurement, construction and installation for a gas topsides project for a major energy company in Australia, with expected completion in 2026;
- Design, construction, installation and commissioning of a high voltage direct current (HVDC) Offshore Converter Platform, the most remote of its kind in the world, for RWE Renewables' Sofia Offshore Wind Farm located on Dogger Bank, in the UK North Sea;

Operations Review

- Construction and integration of hull, topsides and living quarters for the newbuild semi-submersible FPU contracted by Shell for the Whale development project in the US Gulf of Mexico;
- Design and construction of Brassavola, a newbuild 12,000m³ LNG bunker vessel for MOL and charterer Pavilion Energy. The bunker vessel, the largest to be constructed in Singapore, is set to undergo a gas trial prior to its expected delivery in 2Q2023; and
- Modules assembly of LNG gas processing trains for Bechtel's Pluto Train 2 Project, located on the Burrup Peninsula near Karratha, north-west of Western Australia.

Other Key Service Contracts

Following the successful completion and delivery of the Hornsea 2 project in 1Q2022, the Group's wholly-owned subsidiary Sembmarine SLP was awarded a Planned Preventative Maintenance contract by Ørsted in November 2022 to maintain and service the low voltage and ancillary systems on both the OSS and RCS platforms, with provisions for further service extension.



Work is in progress for the Sofia Offshore Wind Farm Offshore Converter Platform



Construction of newbuild LNG bunker vessel Brassavola is in the final phase of completion

In February 2023, the Group, through its wholly-owned subsidiary Sembcorp Marine Repairs & Upgrades, entered a service agreement with Chevron Shipping Company to reduce the carbon intensity of their LNG fleet operations. Under the agreement, Sembcorp Marine will support Chevron's energy transition goals through the installation of new technologies aboard Chevron vessels, such as a reliquefaction system, hull air lubrication, and a new gas compressor, which will reduce cargo boil-off, lower fuel consumption and increase volumes of cargo delivered. The Group will provide Chevron with engineering, procurement, installation, and commissioning (EPIC) services and expects to complete the work by mid-2025.

Design and Development Projects

During FY2022, the Group undertook several notable design and development projects, targeted at offshore renewables and new energy solutions. These include:

- Design of the world's first green ammonia-fuelled tanker – which has received approval-in-principle (AiP) from Det Norske Veritas – for the Grieg Maritime Group by the Company's wholly-owned subsidiary LMG Marin;
- Development of a first-of-its-kind ammonia bunkering vessel – which has secured AiP from the American Bureau of Shipping – for MOL and ITOCHU Corporation;
- Design, fabrication and integration of a hydrogen fuel cell system onto a Ropax vessel chartered by Shell and owned and operated by Penguin;
- Development of the Group's proprietary Semi-submersible Integrating Vertical Adjustable Mast (SI-VAM) Wind Solution, the first of its kind, which has received AiP from DNV;
- Adjustable-height masts for wind turbines which will be a game-changing solution that yields significant installation and operational efficiencies;



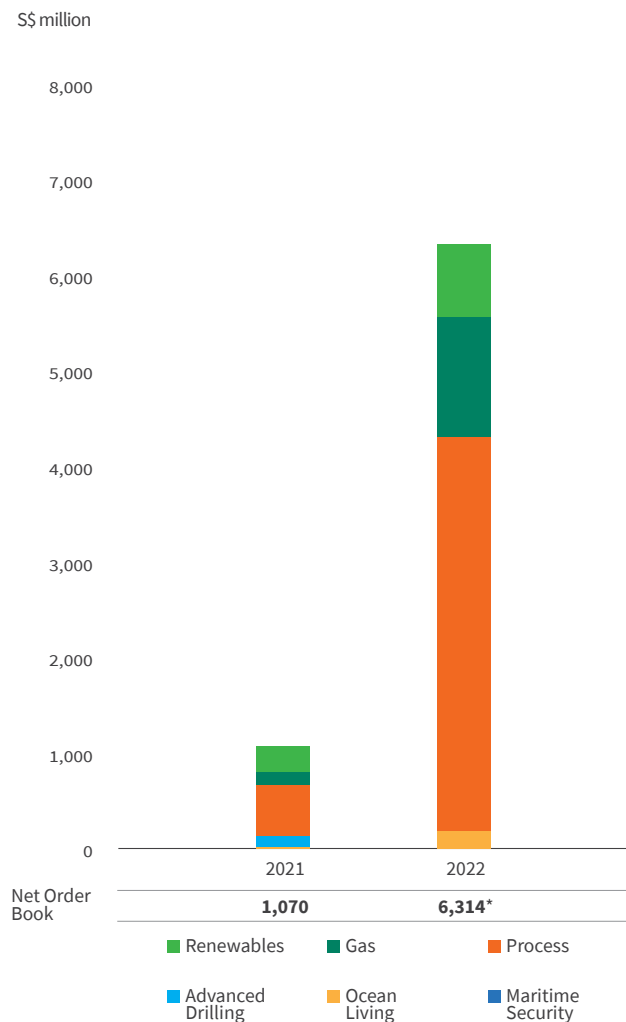
The Group has secured the Planned Preventative Maintenance contract to maintain and service the low voltage and ancillary systems for the Hornsea 2 Offshore Wind Farm OSS and RCS platforms following the project's successful delivery

- Joint research project with the Technology Centre for Offshore and Marine, Singapore (TCOMS) to further develop, validate, test and enhance the Group's SWACH (Small Waterplane Area Cylindrical Hull) Floating Wind Solution. The aim is to elevate the future readiness of this design and technology for operation in deeper and harsher environments further offshore, targeted at the renewable and new energy segments; and
- Development of sustainable ocean data centres in collaboration with Big Data Exchange and the National University of Singapore.

NET ORDER BOOK AND OPPORTUNITIES

The Group had a net order book of S\$6.75 billion as at end-December 2022. This consists of S\$6.31 billion of projects under execution (with a total original contract sum of S\$7.07 billion) and S\$0.44 billion of ongoing Repairs & Upgrades projects.

Net Order Book By Product Type



* Excludes S\$0.44 billion of ongoing Repairs & Upgrades projects



Sembcorp Marine has entered a service agreement with Chevron Shipping Company to reduce the carbon intensity of their LNG fleet operations through the installation of new technologies aboard Chevron's vessels

With its continuing design and development initiatives, the Group is well-positioned to leverage opportunities arising from the world's energy transition, as evident from its growing share of sustainable solutions in its order book. As at the end of 2022, renewable wind energy and other cleaner and green solutions account for approximately S\$2.5 billion or a significant 37% of the Group's net order book.

The industry outlook for oil & gas, offshore renewables and other green solutions continues to improve amid the ongoing energy transition. The Group continues to see improvement in orders visibility, underpinned by high oil and gas prices, renewed concerns over energy security in the wake of geopolitical tensions, and the accelerated energy transition towards renewables. Oil & gas companies and energy suppliers have also picked up pace in reviewing ongoing new projects and previously deferred activities.

The Group is actively working on multiple tender prospects across the energy transition, including cleaner oil & gas as well as offshore renewables opportunities.

OUTLOOK

With the completion of the Proposed Combination, the Enlarged Group will commence implementation of integration initiatives. While integration of this scale will present challenges, the Enlarged Group is expected to benefit from greater synergies from the broader geographical footprint, larger operational scale and enhanced capabilities of Singapore's two leading O&M companies.

The Enlarged Group will have a combined order book of about S\$18 billion with completions scheduled from 2023 to 2026. With improving order visibility, the Enlarged Group will be in a stronger position to convert its orders pipeline into further firm contracts.

The above factors will underpin the operational and financial performance of the Enlarged Group in the year ahead.

Board of Directors



**MR MARK
GAINSBOROUGH, 64**

Non-Executive/
Independent Director
Chairman of the Board

Date of appointment as a Director: 28 February 2023
Date of last re-election: N.A.
Length of service as a Director: 2 months
Chairman, Nomination and Remuneration Committee
Chairman, Transformation Committee
Member, Audit and Risk Committee
Member, Corporate Social Responsibility Committee

Mr Mark Gainsborough spent 39 years with Royal Dutch Shell where he held various senior appointments, his last appointment being Executive Vice-President (EVP) and head of Shell's New Energies business. He was responsible for building and acquiring positions in renewable power generation, electricity supply, energy storage, hydrogen, advanced biofuels and nature-based solutions. Prior to this he was EVP Global Commercial, leading Shell's Lubricants, Bitumen, Jet Fuel, Marine Fuels and Sulphur businesses.

After retiring from Shell in 2020 he founded Low Carbon Advisors, a business that helps boards and CEOs to navigate the path to net zero carbon emissions. He is currently a board member of companies engaged in large-scale renewables, energy access through distributed generation and advanced plastics recycling. He serves on a number of advisory boards including Beyond Net Zero, an Energy Transition investment fund. His past professional interests also include the healthcare sector, serving for five years as a non-executive director of one of the UK's National Health Service Trusts. He has also served as a board member of the European Petroleum Industry Association.

Mr Gainsborough completed a Master's degree in Environmental Policy in 2008 and holds a Bachelor of Science degree in Psychology from University College, London. He is a Fellow of the UK Energy Institute.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

Nil

Major appointments (other than directorships in other listed companies)

• Green Mantra Recycling, Technologies Ltd.	Board Member
• Greenko Energy Holdings	Board Member
• Husk Power Systems Inc.	Board Member
• Low Carbon Advisors Pte. Ltd.	Director
• NZE50 Consulting Ltd	Director
• Off The Line Vineyard Ltd.	Director

Past directorships in listed companies and major appointments (for the last 5 years)

• Corvus Energy A.S.	Board Member
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Leadership is the capacity to translate vision into reality



MR YAP CHEE KEONG, 63

Non-Executive/
Independent Director
Deputy Chairman

Date of appointment as a Director: 8 December 2021
Date of last re-election: 20 April 2022
Length of service as a Director: 1 year 4 months
Chairman, Audit and Risk Committee
Member, Nomination and Remuneration Committee
Member, Corporate Social Responsibility Committee
Member, Transformation Committee

Mr Yap Chee Keong currently sits on various boards including Shangri-La Asia Limited, Olam International Limited, Sembcorp Industries Ltd, MediaCorp Pte Ltd, Ensign InfoSecurity Pte. Ltd., PIL Pte Ltd and Singapore Life Holdings Pte Ltd. He was formerly the Executive Director of The Straits Trading Company and Chief Financial Officer of Singapore Power Group.

Mr Yap previously served on the board of Singapore's Accounting and Corporate Regulatory Authority (ACRA) and was a member of ACRA's Public Accountants Oversight Committee. He was a member of the working group convened by the Monetary Authority of Singapore (MAS), Singapore Exchange (SGX) and ACRA to review the Guidebook for Audit Committees in Singapore, as well as the panel convened by MAS, SGX, ACRA and the Singapore Institute of Directors, which formulated guidelines for board risk committees.

Mr Yap holds a Bachelor of Accountancy from the National University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants, CPA Australia and Singapore Institute of Directors.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

- Olam Group Limited
- Sembcorp Industries Ltd
- Shangri-La Asia Limited

Major appointments (other than directorships in other listed companies)

- | | |
|--|----------|
| • Professional Investment Advisory Service Pte Ltd | Chairman |
| • Singapore Life Holdings Pte Ltd | Director |
| • PIL Pte. Ltd. | Director |
| • Ensign Infosecurity Pte Ltd | Director |
| • Mediacorp Pte Ltd | Director |
| • The Assembly of Christians of Singapore Ltd | Director |

Past directorships in listed companies and major appointments (for the last 5 years)

- | | |
|--|----------|
| • Maxeon Solar Technologies Ltd | Director |
| • Certis CISCO Security Pte Ltd | Director |
| • Citibank Singapore Limited | Director |
| • The Straits Trading Company Limited | Director |
| • Malaysia Smelting Corporation Berhad | Director |

Board of Directors



**MR CHRIS ONG
LENG YEOW , 48**

Executive/
Non-Independent Director
Chief Executive Officer

Date of appointment as a Director: 28 February 2023

Date of last re-election: N.A.

Length of service as a Director: 2 months

Member, Corporate Social Responsibility Committee

Member, Transformation Committee

Mr Chris Ong Leng Yeow was appointed as an executive director and the Chief Executive Officer (“CEO”) of the Company on 28 February 2023. He is the CEO of Keppel Offshore & Marine Ltd since 1 July 2017.

Mr Ong is a board member of the Maritime and Port Authority of Singapore, a member of the Board of Governors of the Institute of Technical Education Board of Governors and a member of the Board of Governors of the Global Centre for Maritime Decarbonisation. He is the Vice Chairman of the Singapore Institute of Technology Industry Advisory Committee. He is a council member of Stiftelsen Det Norske Veritas, a member of DNV GL South East Asia and Pacific Technical Committee and American Bureau of Shipping Committee.

Mr Ong holds a Bachelor of Engineering (Electrical and Electronics) and a Master of Science (Electrical and Electronics Engineering) from the National University of Singapore and has completed Berkeley-Nanyang’s Advanced Management Programme.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

Nil

Major appointments

(other than directorships in other listed companies)

- Keppel Offshore & Marine Ltd Director
- Institute of Technical Institution Member of the Board of Governors
- Global Centre for Maritime Decarbonisation Member of the Board of Governors
- Maritime and Port Authority of Singapore Board Member

Past directorships in listed companies and major appointments (for the last 5 years)

- KrisEnergy Ltd. (*in Official Liquidation*) Director
- Various subsidiaries of Keppel Corporation Ltd Director



MR NAGI HAMIYEH, 54

Non-Executive/
Non-Independent Director

— • —
Date of appointment as a Director: 28 February 2023
Date of last re-election: NA
Length of service as a Director: 2 months
Member, Audit and Risk Committee
Member, Nomination and Remuneration Committee
Member, Transformation Committee

Mr Nagi Hamiyeh is currently a Managing Director and the Head of Portfolio Development Group at Temasek. Previously, he led Temasek’s Natural Resources, Industrials, Consumer and Real Estate Investment teams and was Joint Head of Enterprise Development Group, Joint Head of the Investment Group and Head of Africa and Middle East, Australia and New Zealand. He is also a director on the boards of Sembcorp Industries, Olam Group, Olam Agri Holdings, Olam Food Ingredients, Kyanite Investment Holdings and Kyanite Investment Holdings (I).

Mr Hamiyeh has more than 28 years of experience in strategy, corporate finance, mergers and acquisitions, growth equity, private equity and public investing in multiple industries across the globe. Prior to joining Temasek in 2005, he was a banker with Credit Suisse First Boston’s Energy Group. He began his career at Bain & Company.

Mr Hamiyeh holds a Master of Science degree in Civil and Environmental Engineering from Massachusetts Institute of Technology, as well as a Bachelor of Science degree in Civil Engineering from University of Texas.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

- Olam Group Limited
- Sembcorp Industries Ltd

**Major appointments
(other than directorships in other listed companies)**

- Kyanite Investment Holdings Pte. Ltd. Director
- Kyanite Investment Holdings (I) Pte. Ltd. Director
- ofi Group Ltd Director

**Past directorships in listed companies and major appointments
(for the last 5 years)**

- Lebanese International Finance Executives Board Member
- Tana Africa Investment Managers Board Member
- Sheares Healthcare Group of Companies Director
- Sigma Healthcare Management Director
- Tana Africa Capital Director
- Startree Investments Pte. Ltd. Director
- Dream International BV Director

Board of Directors



MR JAN HOLM, 54

Non-Executive/
Independent Director

Date of appointment as a Director: 28 February 2023
Date of last re-election: NA
Length of service as a Director: 2 months
Chairman, Corporate Social Responsibility Committee
Member, Audit and Risk Committee
Member, Transformation Committee

Mr Jan Holm is currently EVP of Seaborg Technologies where he is responsible for its Southeast Asia business. He previously worked in the Maersk Group for 17 years in various positions including CEO of Maersk Drilling in Singapore where he was responsible for the business of Maersk Drilling in Asia. Prior to that, he worked in Danske Bank Group within finance and business development.

Mr Holm is Chairman of the board and investor of Risk Intelligence A/S, as well as the co-founder and Chairman of the board of the Singapore based think tank Centre for Strategic Energy and Resources.

Mr Holm holds a Master of Science degree in Economics & Business Administration from Aarhus Business School as well as an Executive MBA from Copenhagen Business School. He has completed the INSEAD Advanced Management Program and Asian International Executive Program. He is also a certified international director from INSEAD. He has completed the mandatory training required to sit on the board of an SGX listed company.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

- Risk Intelligence A/S

Major appointments (other than directorships in other listed companies)

- Centre for Strategic Energy and Resources Limited Chairman
- Seaborg Technologies Executive Vice President
- Risk Intelligence Singapore Pte. Ltd. Director

Past directorships in listed companies and major appointments (for the last 5 years)

- Various Maersk Group Companies Board Member



MR LAI CHUNG HAN, 50

Non-Executive/
Independent Director

Date of appointment as a Director: 28 February 2023
Date of last re-election: NA
Length of service as a Director: 2 months
Member, Corporate Social Responsibility Committee
Member, Transformation Committee

Mr Lai Chung Han has been Permanent Secretary for Education since April 2019. Prior to that, he was the Second Permanent Secretary of Education and Home Affairs from 2017. Before joining the Ministry of Education, he spent 25 years in the Singapore Armed Forces as a naval officer and was appointed as Chief of Navy in August 2014.

Mr Lai is a Member of the Board of Trustees of Nanyang Technological University, the National University of Singapore and is the Council Chair of the National Institute of Education. He was previously Director of ST Marine, ST Electronics (Info-Comm Systems) and the Maritime and Port Authority of Singapore, as well as a former member of the Board of Trustees for the Singapore Management University and Board of Governors of Temasek Polytechnic.

Mr Lai graduated with a Bachelor of Arts (First Class Honours) and Master of Arts in Economics from Cambridge University, UK, as well as a Master in Public Administration from the Kennedy School, Harvard University, USA.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

Nil

Major appointments (other than directorships in other listed companies)

- Ministry of Education Permanent Secretary
- Nanyang Technological University Member of Board of Trustees
- National University of Singapore Member of Board of Trustees
- National Institute of Education Council Chairman

Past directorships in listed companies and major appointments (for the last 5 years)

- Singapore Management University Member of Board of Trustees

Key Executives

MR CHRIS ONG*

Chief Executive Officer



MR WILLIAM GOH

Group Finance Director

Reporting to the Chief Executive Officer, Mr Goh heads the Group's overall finance function, which covers corporate finance, treasury, accounting, reporting, and taxation. Mr Goh is also responsible for the Group's corporate strategy and development.

Mr Goh sits on the boards of Sembcorp Marine's major subsidiaries. He has over 30 years of professional experience in corporate finance, strategy, risk management and operations, equity investment and portfolio management, investment banking, and venture capital. Prior to joining Sembcorp Marine as Chief Strategy Officer in 2015, Mr Goh was Director of Investment and Portfolio Management at Temasek International Pte Ltd. His previous senior appointments also include Managing Director/Head of Infrastructure Finance at CIBC World Markets, and Board Director/Deputy General Manager of BankAmerica Singapore Ltd.

Mr Goh holds a Bachelor of Accountancy (Honours) from the National University of Singapore. He is a Chartered Accountant (Institute of Singapore Chartered Accountants) and a Chartered Financial Analyst (CFA Institute).

MR CHOR HOW JAT

Chief Operating Officer

Reporting to the Chief Executive Officer, Mr Chor manages an operating system across the EPCI value chain to design and deliver complex, and commercially viable solutions to meet unique customer needs. He creates an integrated approach to lead and mobilize large, complex, and diverse technical and engineering workforce and operations across multiple sites, businesses, and geographies. Mr Chor has vast experience in leading Commercial, Engineering, Operations, HSE, Quality, Supply Chain, and Project Management departments to deliver projects on-time and on-budget.

Prior to his current appointment, Mr Chor was the Chief Operating Officer and Managing Director (Conversions & Repairs) at Keppel Offshore & Marine. He sat on the boards of numerous subsidiaries of Keppel Offshore and Marine. In addition, Mr Chor is a member of the American Bureau of Shipping (ABS), The Marine Technical Committee (TMTC) of ABS, Singapore Technical Committee of Nippon Kaiji Kyokai, Lloyd's Register Southeast Asia Technical Committee (SEATC) and Singapore Maritime Foundation (SMF) Advisory Panel.

He holds a Bachelor of Engineering (Honours) in Naval Architect & Shipbuilding and Master of Science in Marine Technology from University of Newcastle Upon Tyne. He had also attended the General Management Program at Harvard Business School.



DR LEE CHAY HOON

Chief People Officer

Reporting to the Chief Executive Officer, Dr Lee is responsible for the formulation and implementation of people strategy to achieve organization goals. She leads the assessment and design of organization development system, global people management processes, and leadership and capabilities-building to promote business excellence and competitive advantage.

Dr Lee has held various leadership and board appointments at Keppel Offshore and Marine, steered and worked with teams from more than 10 countries. She has extensive experience working with customers, unions, government agencies, classified societies, research institutes and tertiary education institutions. Prior to joining this industry, Dr Lee was Associate Professor and Director of the Nanyang Fellows EMBA Programme at Nanyang Technological University.

Dr Lee holds a Bachelor of Arts, Economics (Honours) from California State University, Northridge. She also holds a Master of Business Administration, Master of Science in Quantitative Analysis, and Doctor of Philosophy in Management from University of Cincinnati. Dr Lee also completed post-doctoral programmes from Harvard Business School, Center of Creative Leadership and University of Denver.

* Please refer to page 38

MR AZIZ MERCHANT

Executive Vice President, Technology & New Product Development

Mr Merchant reports to the Chief Executive Officer and he manages technology development for new product development for offshore renewables, new energy, green oil & gas, autonomous ship solutions, amongst others. He has over 25 years' extensive design & engineering experience in offshore oil & gas development projects and offshore/marine vessel designs. He has more than 100 international scientific patents granted or filed under his name. He is also an Adjunct Professor at the National University of Singapore since 2014.

Prior to his current appointment, he was the Director of Engineering at Keppel Offshore & Marine and Executive Director at Keppel Marine & Deepwater Technology.

He has received a Bachelor of Engineering (First Class) in Naval Architecture & Ocean Engineering from University of Glasgow and a Master for Science (MSc) in Naval Architecture from University College London. He had also attended the General Management Program (GMP) at Harvard Business School.

MR WILLIAM GU

Executive Vice President, Oil & Gas (International)

Mr Gu reports to the Chief Executive Officer. He manages the Rigs & Floaters business, which includes product areas such as construction and conversion of FPSO, FDPSO, FSO, FPU, FLNG and MOPU; as well as drillships, semi-submersibles rigs, jack-up rigs, TLPs, SPARs, Sevan cylindrical floaters and Gravifloat units.

Mr Gu plays a key role in establishing long-term partnerships with offshore vessel and rig owners. He is instrumental in strengthening the Sembcorp Marine brand among oil majors.

Mr Gu holds a Bachelor of Engineering (Naval Architecture and Ocean Engineering) from Shanghai Jiao Tong University, China, and a Master of Science in Industrial and Systems Engineering from the National University of Singapore.

MR MARLIN KHIEW

Executive Vice President, Oil & Gas (Americas)

Mr Marlin Khiew reports to the Chief Executive Officer. He manages the business lines for the America units which includes FPSO, FSO, FPU, TLWP, FLNG, FSRU, drilling semi-submersibles, amongst others. He also heads the Brazil business units with his vast experience in the Brazil offshore market. Over the years, Mr Khiew has been instrumental in establishing strong partnerships with clientele in the Americas.

Prior to his current appointment, Mr Khiew has held various management positions in engineering, projects, operations, and a commercial director role in Keppel Offshore and Marine and its subsidiaries in Singapore, as well as in Brazil. He has also held the chairmanship in the board of Floatel International Ltd.

Mr Khiew holds a Bachelor of Applied Science (Mechanical Engineering and specialized in Naval Architecture) from University of British Columbia, Canada. He had also attended the Advanced Management Program at National University of Singapore Business School.

MR ALVIN GAN

Executive Vice President, Ship Repairs & Upgrades

Mr Gan reports to the Chief Executive Officer. He manages the Repairs & Upgrades business, which includes product areas such as repair, refurbishment, retrofitting, life extension and upgrading of vessels, offshore and marine structures and MODUs; as well as ship type upgrades and conversions.

Mr Gan joined Sembcorp Marine in 1995 and has held various production and project management positions in the Group's ship repairs and upgrades business. He was most recently Assistant General Manager at Sembcorp Marine Integrated Yard, with responsibility for LNG business development and project management.

Mr Gan has a Bachelor of Engineering (Honours) in Naval Architecture and Offshore Engineering from the University of Strathclyde, UK.

MS TAN YAH SZE

Senior Vice President, Legal

Reporting to the Chief Executive Officer, Ms Tan is responsible for group legal and corporate secretarial functions. She is currently Joint Company Secretary.

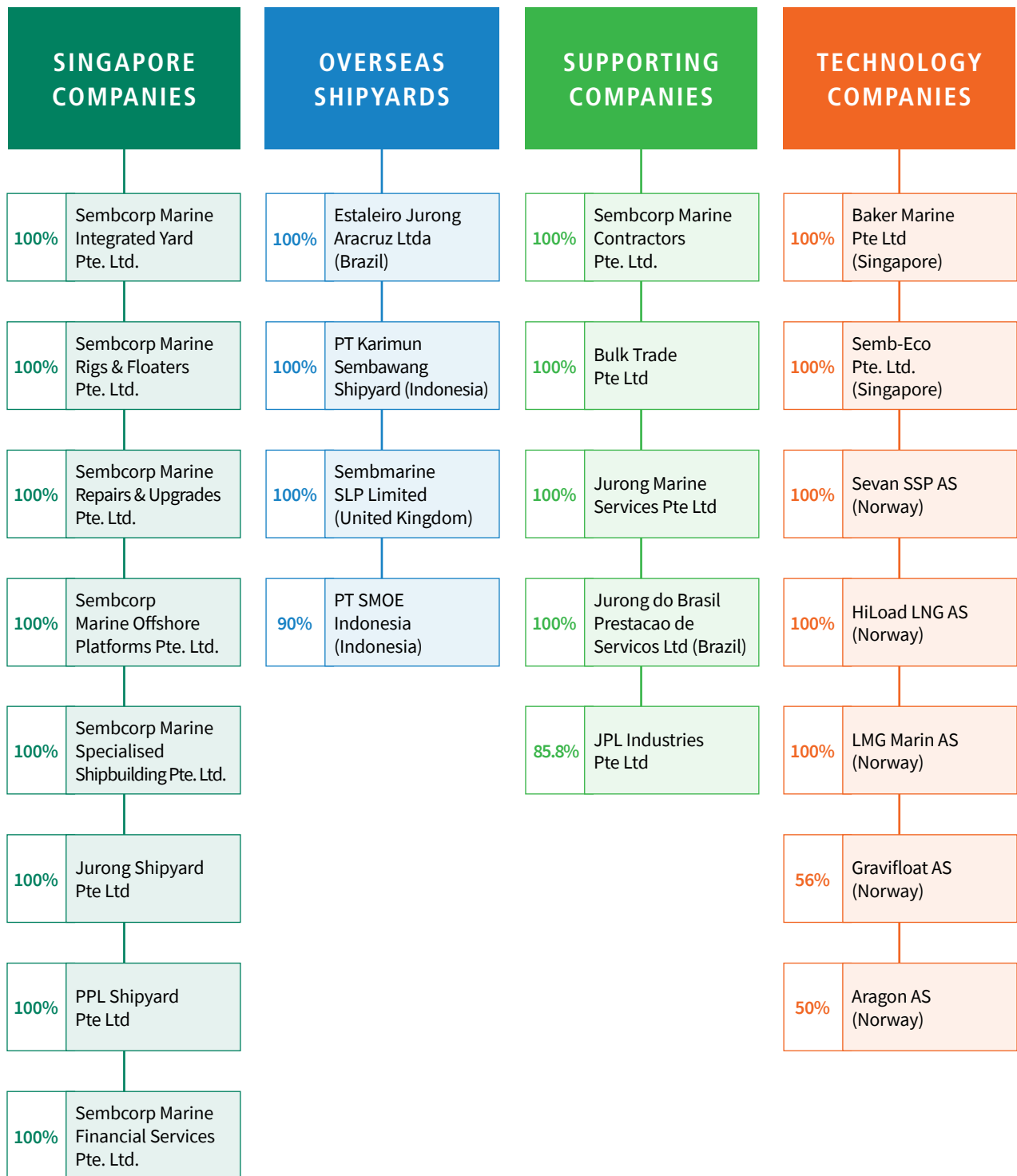
Ms Tan joined Sembcorp Marine in 2003. She was called to the Singapore Bar in 1992 and was in private practice for a number of years before joining Sembcorp Parks Management as an in-house counsel.

Ms Tan holds a Bachelor of Laws and a Master of Laws from the National University of Singapore.

Corporate Structure

As at 31 December 2022

SEMCORP MARINE LTD



Note: The above listing is not exhaustive.

Corporate Directory

REGISTERED OFFICE

Sembcorp Marine Ltd
Co. Reg. No. 196300098Z
80 Tuas South Boulevard
Singapore 637051
Tel: (65) 6265 1766
Website: www.sembmarine.com

BOARD OF DIRECTORS

Mark Gainsborough
Chairman (appointed on 28 Feb 2023)

Yap Chee Keong
Deputy Chairman (appointed on 8 Dec 2021)

Chris Ong Leng Yeow
Chief Executive Officer (appointed on 28 Feb 2023)

Nagi Hamiyeh (appointed on 28 Feb 2023)
Jan Holm (appointed on 28 Feb 2023)
Lai Chung Han (appointed on 28 Feb 2023)

AUDIT AND RISK COMMITTEE

Yap Chee Keong
Chairman

Mark Gainsborough
Nagi Hamiyeh
Jan Holm

NOMINATION AND REMUNERATION COMMITTEE

Mark Gainsborough
Chairman

Yap Chee Keong
Nagi Hamiyeh
Chan Wai Ching (Co-opted member)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Jan Holm
Chairman

Mark Gainsborough
Yap Chee Keong
Chris Ong Leng Yeow
Lai Chung Han

TRANSFORMATION COMMITTEE

Mark Gainsborough
Chairman

Yap Chee Keong
Chris Ong Leng Yeow
Nagi Hamiyeh
Jan Holm
Lai Chung Han

JOINT COMPANY SECRETARIES

Tan Yah Sze
Kem Huey Lee Sharon

SHARE REGISTRAR

KCK CorpServe Pte. Ltd.
1 Raffles Place
#04-63 One Raffles Place (Tower 2)
Singapore 048616
Tel: (65) 6430 8217
Email address: shareg@kckcs.com.sg

AUDITORS

KPMG LLP
Asia Square Tower 2
12 Marina View, #15-01
Singapore 018961
Tel: (65) 6213 3388
Fax: (65) 6225 0984

Audit Partner: Ang Fung Fung
(appointed during the financial year ended 31 Dec 2018)

PRINCIPAL BANKERS

Citibank N.A.
DBS Bank Ltd
Mizuho Bank, Ltd.
National Australia Bank Limited
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Shareholders' Information

STATISTICS OF SHAREHOLDINGS AS AT 9 MARCH 2023

Share Capital

Issued and fully paid-up capital	: S\$8,583,467,093.10
Number of issued shares	: 68,237,178,293
Number of treasury shares	: 6,223
Number of subsidiary holdings	: Nil
Class of shares	: Ordinary shares
Voting rights	: One vote per share ⁽¹⁾

Shareholdings Held by the Public

Based on the information available to the Company as at 9 March 2023, approximately 53.90% of the issued ordinary shares of the Company are held by the public, and therefore, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Substantial Shareholders

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾
Startree Investments Pte. Ltd. ("Startree")	24,219,365,777	35.49	–	–	24,219,365,777	35.49
Fullerton Management Pte Ltd ("FMPL")	–	–	24,219,365,777 ⁽³⁾	35.49	24,219,365,777 ⁽³⁾	35.49
Temasek Holdings (Private) Limited ("Temasek")	–	–	27,872,988,560 ⁽⁴⁾	40.84	27,872,988,560	40.84
Keppel Corporation Limited ("KCL")	22,435	n.m. ⁽⁵⁾	3,572,038,024 ⁽⁶⁾	5.23	3,572,060,459	5.23

Top 20 Shareholders

Name	No. of shares	% ⁽²⁾
STARTREE INVESTMENTS PTE LTD	24,219,365,777	35.49
CITIBANK NOMS SPORE PTE LTD	7,105,756,503	10.41
HSBC (SINGAPORE) NOMINEES PTE LTD	4,040,140,038	5.92
DBS VICKERS SECURITIES (S) PTE LTD	3,662,855,300	5.37
DBS NOMINEES PTE LTD	3,628,230,980	5.32
RAFFLES NOMINEES(PTE) LIMITED	2,562,923,586	3.76
DBSN SERVICES PTE LTD	2,326,647,473	3.41
UNITED OVERSEAS BANK NOMINEES P L	1,233,395,056	1.81
PHILLIP SECURITIES PTE LTD	648,211,436	0.95
OCBC NOMINEES SINGAPORE PTE LTD	482,496,038	0.71
BNP PARIBAS NOMS SPORE PL	448,551,674	0.66
OCBC SECURITIES PRIVATE LTD	367,925,978	0.54
UOB KAY HIAN PTE LTD	363,807,170	0.53
BPSS NOMINEES SINGAPORE (PTE.) LTD.	360,501,694	0.53
MORGAN STANLEY ASIA (S) SEC PTE LTD	357,656,754	0.52
IFAST FINANCIAL PTE LTD	224,291,495	0.33
MAYBANK SECURITIES PTE. LTD.	222,960,785	0.33
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	174,663,535	0.26
SHANWOOD DEVELOPMENT PTE LTD	134,358,638	0.20
HENG SIEW ENG	91,862,502	0.13
Grand Total	52,656,602,412	77.17

Location of Shareholders

Location of shareholders	No. of shareholders	% ⁽²⁾	No. of shares	% ⁽²⁾
SINGAPORE	103,495	97.78	67,972,288,620	99.61
MALAYSIA	1,660	1.57	186,047,486	0.27
JAPAN	288	0.27	45,195,729	0.07
HONG KONG	192	0.18	14,213,096	0.02
US	63	0.06	7,865,934	0.01
UK	47	0.04	3,988,326	0.01
EUROPE	42	0.04	3,120,776	0.00
AUSTRALIA/ NEW ZEALAND	39	0.04	3,112,371	0.00
OTHERS	20	0.02	1,339,732	0.00
Grand Total⁽⁷⁾	105,846	100.00	68,237,172,070	100.00

Shareholding Distribution

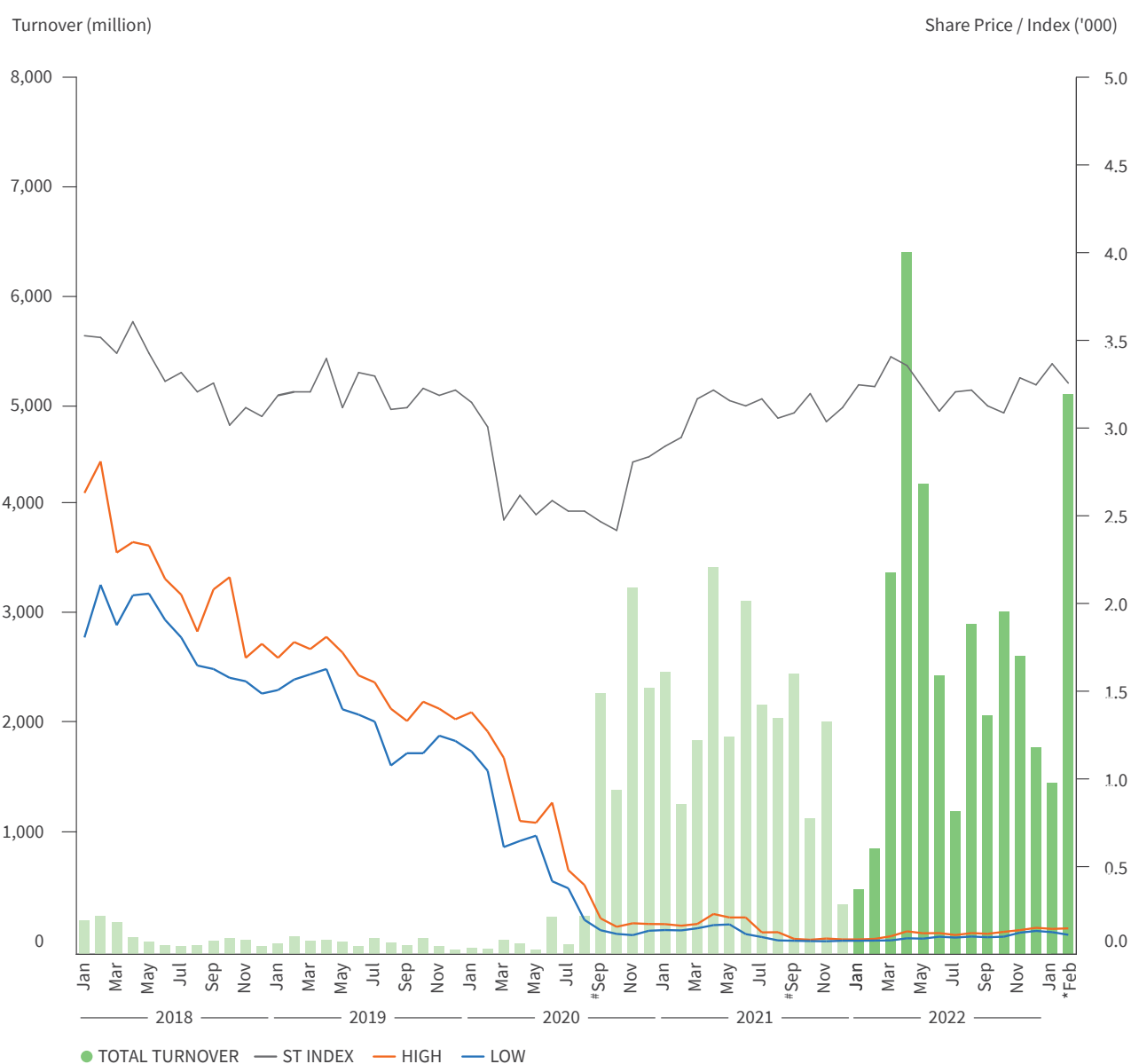
Size of shareholdings	No. of shareholders	% ⁽²⁾	No. of shares	% ⁽²⁾
1 - 99	2,538	2.40	105,645	0.00
100 - 1,000	2,652	2.51	1,869,688	0.00
1,001 - 10,000	15,912	15.03	88,366,702	0.13
10,001 - 1,000,000	82,696	78.13	10,014,414,906	14.68
1,000,001 and above	2,048	1.93	58,132,415,129	85.19
Grand Total⁽⁷⁾	105,846	100.00	68,237,172,070	100.00

Notes:

- Ordinary shares purchased and held as treasury shares by the Company will have no voting rights.
- Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares.
- FMPL is deemed to be interested in the 24,219,365,777 shares held by Startree.
- Temasek is deemed to be interested in the 24,219,365,777 shares held by Startree, the 3,572,060,459 Shares in which KCL has a direct and deemed interest, and the 81,562,324 Shares in which its subsidiaries and associated companies have direct or deemed interests pursuant to section 4 of the Securities and Futures Act 2001.
- Not meaningful.
- KCL is deemed to be interested in the 3,572,038,024 Shares held through sub-accounts with depository agents which comprise (i) Shares held pursuant to the combination framework agreement dated 27 April 2022 (as amended and restated by an amendment and restatement deed dated 27 October 2022) relating to the combination of the Company and Keppel Offshore & Marine Ltd; and (ii) the entitlements of overseas shareholders following a distribution in specie of Shares by KCL which was approved at the extraordinary general meeting of KCL held on 8 December 2022.
- Treasury shares are excluded.

Group Financial Highlights

Investor Data	2018	2019	2020	2021	2022
Earnings Per Share (cents)	-3.55	-6.32	-10.57	-6.49	-0.83
Total Dividend Per Share (cents)	-	-	-	-	-
Share Price (S\$)					
High	2.81	1.81	1.38	0.230	0.151
Low	1.49	1.08	0.11	0.078	0.081
Close	1.54	1.32	0.14	0.082	0.138
Turnover					
Volume (million shares)	1,945	1,312	10,838	25,449	32,518
Value (S\$ million)	4,091	1,949	2,142	3,578	3,651
Net Tangible Assets Per Share (cents)	100.68	92.18	27.45	12.12	11.45



* Completion of the Proposed Combination. Please see pages 50 to 51 for more details.

Completion of the issue of Sembcorp Marine Rights Shares in 2020 and 2021.

Investor Relations

Sembcorp Marine is dedicated to upholding high standards of corporate governance and transparency as well as providing equitable, consistent and timely communication with shareholders and the investment community. Through our proactive investor relations approach, we engage our stakeholders on a regular basis to foster dialogue, obtain feedback, and strengthen understanding of the Group's financial performance and business direction.



Sembcorp Marine's EGM which was held via electronic means on 16 February 2023 saw strong support from shareholders who voted in favour of the Proposed Combination

INVESTOR AND STAKEHOLDER ENGAGEMENTS IN THE NEW NORMAL

Sembcorp Marine continued to keep its shareholders and investors apprised of the Group's latest developments throughout the COVID-19 pandemic with the use of technology and various modes of digital communication.

The Group regularly communicated information and updates via teleconferences and virtual meetings. When required, in-person meetings were conducted in compliance with safe distancing measures and regulations.

In 2022, Sembcorp Marine participated in several engagement events, including post-results investors' teleconferences and virtual briefings hosted by broking houses. The Company's Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) were held electronically in accordance with the COVID-19 guidelines issued by the authorities.

Since the announcement of the Potential Combination in June 2021, Sembcorp Marine's senior management and Investor Relations (IR) team have actively reached out to its shareholders, institutional investors and the investment community to provide timely updates on material developments. Multiple milestone communication sessions were arranged and these included dialogues and fireside chats related to the Proposed Combination further update in April 2022, the Revised Transaction Structure and Terms in October



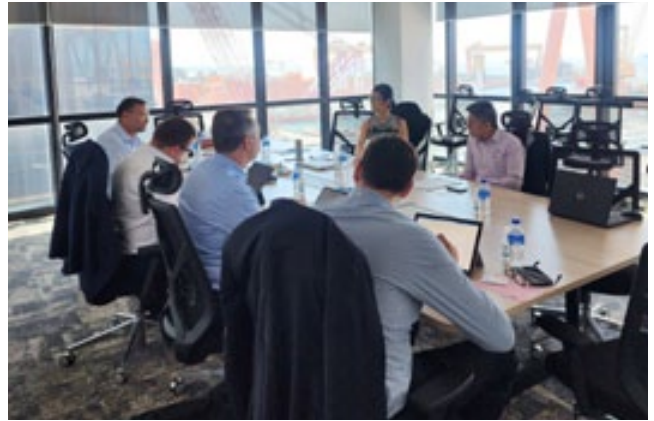
Remote participation in the EGM by Sembcorp Marine Directors with external audit, financial and legal advisers for the Proposed Combination

2022, and the completion of the Proposed Combination at end February 2023.

Additional engagements comprised teleconferences and web briefings to online dialogues and in-person meetings with various stakeholders, including the Securities and Investors Association (SIAS), the Society of Remisiers Singapore, buy-side and sell-side analysts, the media, retail shareholders and institutional investors. Among the key outreach initiatives included virtual dialogue sessions organised for shareholders by SIAS and online financial portal ShareInvestor on 20 June 2022 and 6 September 2022 respectively. SIAS also engaged Sembcorp Marine's senior management in a Fireside Chat interview, which was posted online in early February 2023 prior to the EGM on 16 February 2023.



Briefing representatives from the Society of Remisiers Singapore



Engaging investors in person



SIAS-Sembcorp Marine Virtual Dialogue Session for retail shareholders in June 2022



ShareInvestor Virtual Dialogue Session moderated by Mr Ven Sreenivasan, Associate Editor of The Straits Times, in September 2022



Virtual briefing for analysts and media at end October 2022 on the Revised Transaction Structure and Terms for the Proposed Combination

Investor Relations

Briefings on Results Announcements and Business Updates

In addition to the half-year and full-year financial results reporting, the Group continued to provide voluntary 1Q and 3Q interim business updates, as well as ongoing disclosures on material corporate developments in line with good governance.

As part of the Group's investor communications, various engagements with stakeholders are held after the release of the Group's financial results and interim business updates. Since 2020, Sembcorp Marine has been conducting its half-year and full-year results briefings through live video webcasts, which are participated by analysts, media, investors, and the general public. Web conference briefings are held for analysts and media following the issuance of the 1Q and 3Q interim business updates. Sembcorp Marine's senior management team – comprising the President & CEO, Group Finance Director, and Head of Investor Relations & Corporate Communications – also actively participate in teleconferences, web dialogues, and in-person meetings to share their perspectives with shareholders and institutional investors.

Sembcorp Marine's 59th Annual General Meeting

Sembcorp Marine convened and held its 59th Annual General Meeting (AGM) on 20 April 2022 via electronic means through live audio-visual webcast and audio-only stream. The AGM was conducted virtually pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Although shareholders could not attend the AGM in person, they had the opportunity to take part by submitting their questions beforehand and designating the AGM's Chairman as their representative to attend, speak, and vote on their behalf. The Company addressed and published responses to substantial and relevant queries from shareholders prior to the meeting, which could be readily accessed via the Company's website and through SGXNet, a web portal hosted by the Singapore Exchange Securities Trading Limited (SGX-ST).

The virtual AGM proceeded smoothly, with a significant majority of shareholders passing all the resolutions. During the webcast, shareholders were briefed on the Group's business performance and given insights into the Company's current operations and future business prospects.



The proceedings of Sembcorp Marine's 59th AGM were live-streamed to shareholders through video webcast and audio stream

Proposed Combination Approved by Shareholders at EGM

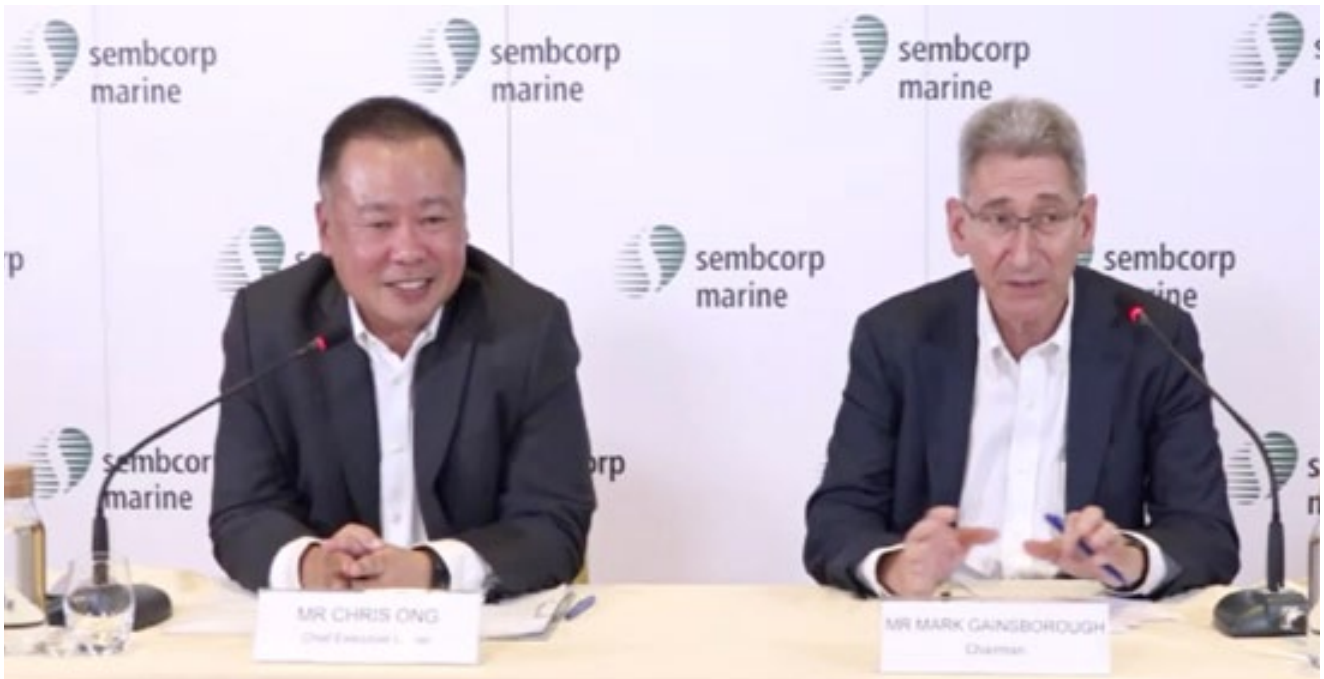
Approval for the Proposed Combination of Sembcorp Marine and the restructured Keppel Offshore & Marine (KOM) was sought from Sembcorp Marine shareholders at the EGM held via electronic means through live audio-visual webcast and audio-only stream on 16 February 2023.

Shareholders were able to participate in the EGM by submitting questions in advance and live at the EGM. Voting was done at the EGM live by shareholders or their duly appointed proxies via electronic means, or through the appointment of the Chairman of the EGM as proxy. Substantial and relevant queries raised by shareholders were addressed in the lead-up to the meeting through responses posted via the Company's website and through SGXNet and live during the EGM.

The ordinary resolution for the Proposed Combination with KOM was approved and passed with strong 95.28% support from the Company's shareholders.



SIAS Fireside Chat with Sembcorp Marine Management hosted by SIAS President & CEO Mr David Gerald



Newly appointed Chairman Mr Mark Gainsborough and Chief Executive Officer Mr Chris Ong responding to analysts and media in a virtual briefing following the completion of the Proposed Combination

Completion of the Proposed Combination

Following the closing of the Proposed Combination on 28 February 2023, Sembcorp Marine allotted and issued 36,848,072,918 KOM Consideration Shares at the Issue Price of S\$0.122 per share to KCL and its shareholders directly in accordance with the terms of the Amended and Restated Combination Framework Agreement.

Following the KCL Distribution, Startree Investments Pte. Ltd. (Startree), an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited (Temasek), owns a direct interest of 24,219,365,777 Shares, or 35.492% of shareholdings, in the Enlarged Group. This includes 7,088,339,819 Distribution Shares, representing 10.387% of the Enlarged Group's shareholdings, received from Temasek on 1 March 2023 pursuant to an interest transfer agreement. Temasek is deemed to have an indirect interest of 40.847% of Shares in the Enlarged Group through Startree and its other independently managed portfolio companies.

To update stakeholders on the completion of the Proposed Combination, a virtual briefing chaired by newly appointed Chairman Mr Mark Gainsborough and Chief Executive Officer Mr Chris Ong was organised for analysts and the media to respond to queries on the Enlarged Group and its future developments.

Upon completion of the Transaction, KOM became a wholly-owned subsidiary of Sembcorp Marine. The Enlarged Group is expected to create greater value for all stakeholders with enhanced synergies from its combined operational capabilities, engineering bench strength and track record to seize growth opportunities in the areas of renewables, new energy and cleaner O&M solutions. It will also strengthen Singapore's position as both a maritime and offshore & marine hub.

SGX-ST Listing and MSCI Inclusion

Sembcorp Marine continues to retain its listing status on the Mainboard of the SGX-ST after the close of the Proposed Combination. With the allotment and issuance of the 36,848,072,918 KOM Consideration Shares, the total issued share capital of Sembcorp Marine, excluding 6,223 treasury shares, increased from 31,389,099,152 shares to 68,237,172,070 shares immediately following the Proposed Combination completion.

With effect from 2 March 2023, Sembcorp Marine was also included as a constituent in the MSCI Global Standard Indices.

INVESTOR COMMUNICATIONS

Sembcorp Marine's website, www.sembmarine.com, serves as a key online platform for accessing information about the Company's announcements, updates and developments. The website provides valuable information for investors and other interested parties, including stock dividend history, analyst coverage, FAQs, event details, and shareholders' meetings.

Investors can access Sembcorp Marine's latest stock exchange announcements by subscribing to the email alerts service on the company's website. For any queries or feedback, the IR team can be contacted at investor.relations@sembmarine.com.

The Company welcomes any feedback received from shareholders, investors, and stakeholders. Such feedback is actively reviewed and monitored to refine or augment ongoing and future stakeholders' engagement and communications.

Investor Relations

SUSTAINABILITY AND CORPORATE GOVERNANCE

Sembcorp Marine's Sustainability Report 2022 provides detailed disclosure of the Company's environmental, social, and governance (ESG) practices. The report follows the SGX-ST sustainability reporting guidelines and Global Reporting Initiative (GRI) Universal Standards 2021, as well as international frameworks such as the United Nations Sustainable Development Goals and the Sustainability Reporting Guidance for the Oil and Gas Industry issued by IPIECA, the American Petroleum Institute (API), and the International Association of Oil & Gas Producers (IOGP). The report also references the Task Force for Climate-related Financial Disclosures (TCFD) recommendations and relevant indicators in the Sustainability Accounting Standards Board (SASB) framework.

The Group's commitment to ESG is reflected in its inclusion in the FTSE4Good Index, SGX-ST iEdge SG ESG Leaders Index, and iEdge SG Transparency Index. The Company is also dedicated to good corporate governance and sustainability best practices, actively participating in activities organised by SIAS and the Global Compact Network Singapore.

SHAREHOLDER DIVERSITY

As at 9 March 2023, Sembcorp Marine had about 105,846 registered shareholders, with about 40.84% of the Company's total shares deemed to be owned by Temasek Holdings. Public shareholders such as institutional investors and retail shareholders held about 53.90% of shares.

The Group has a broad base of shareholders located in Singapore, Malaysia, Hong Kong, Japan, Australia, Europe, the United Kingdom, the United States, and Canada. This diverse shareholder base contributes to a healthy level of market liquidity.

SHARE PERFORMANCE

The successful combination of Sembcorp Marine and KOM has created a premier global player offering offshore renewables, new energy and cleaner offshore and marine solutions. The Enlarged Group offers synergies from the combined operational and engineering capabilities of both parties to deliver long-term value creation for all stakeholders.

Shares of Sembcorp Marine averaged a monthly turnover value of about S\$304.27 million, recording a high of S\$0.151 and a low of S\$0.081 in 2022. The Group's market capitalisation was S\$7.30 billion as at 9 March 2023, based on a closing share price of S\$0.107.

1Q2022	2Q2022	3Q2022	4Q2022	1Q2023
<ul style="list-style-type: none"> FY2021 Results: Live video webcast briefing Post-results institutional investors web conference hosted by UOB Kay Hian Engagements with stakeholders on Potential Combination 	<ul style="list-style-type: none"> 1Q2022 Business Update: Teleconference briefing for analysts and media Post-business-update institutional investors web conference hosted by CGS-CIMB 59th AGM Announcement on the Proposed Combination SIAS-Sembcorp Marine Virtual Dialogue Session for retail shareholders Engagements with stakeholders on Proposed Combination 	<ul style="list-style-type: none"> 1H2022 Results: Live video webcast briefing Post-results institutional investors web conference hosted by UOB Kay Hian Announcement on Proposed Combination revised terms ShareInvestor Virtual Dialogue Session for retail shareholders Engagements with stakeholders on Proposed Combination revised terms SIAS Corporate Governance Week 2022 	<ul style="list-style-type: none"> 3Q2022 Business Update: Teleconference briefing for analysts and media by CGS-CIMB Post-business-update institutional investors web conference hosted by CGS-CIMB Yard visits hosted for sell-side analysts, media and financial community stakeholders Engagements with stakeholders on Proposed Combination revised terms 	<ul style="list-style-type: none"> EGM Notice & Circular Issuance SIAS Fireside Chat EGM for the Proposed Combination FY2022 Results: Live video webcast briefing Completion of the Proposed Combination Post-results institutional investors group meeting hosted by HSBC



Active engagement of diverse stakeholders through in-person meetings and visits

Corporate Governance

Sembcorp Marine Ltd (the “Company” and together with its subsidiaries, the “Group”) believes that good corporate governance supports long-term shareholder value.

This report describes the Group’s corporate governance practices for the financial year ended 31 December 2022 (“FY2022”) with reference to the Code of Corporate Governance 2018 (the “Code”). The Group has complied with the principles under the Code for FY2022 and substantially all the provisions thereunder. Any deviations are explained in this report. A summary of compliance disclosures with the Code is set out at the end of the report.

On 16 February 2023, the shareholders of the Company approved the combination of the businesses of the Company and Keppel Offshore & Marine Ltd (“KOM”) by way of the acquisition by the Company of the entire issued and paid-up share capital of KOM (the “Combination”) for a consideration to be satisfied by way of the allotment and issuance of new ordinary shares of the Company. The Combination was completed on 28 February 2023, resulting in KOM becoming a wholly owned subsidiary of the Company.

This report not only discloses the activities prior to the Combination but also includes, where appropriate, the new corporate governance framework and structure of the enlarged Group following the Combination.

Code of Business Conduct and Practice

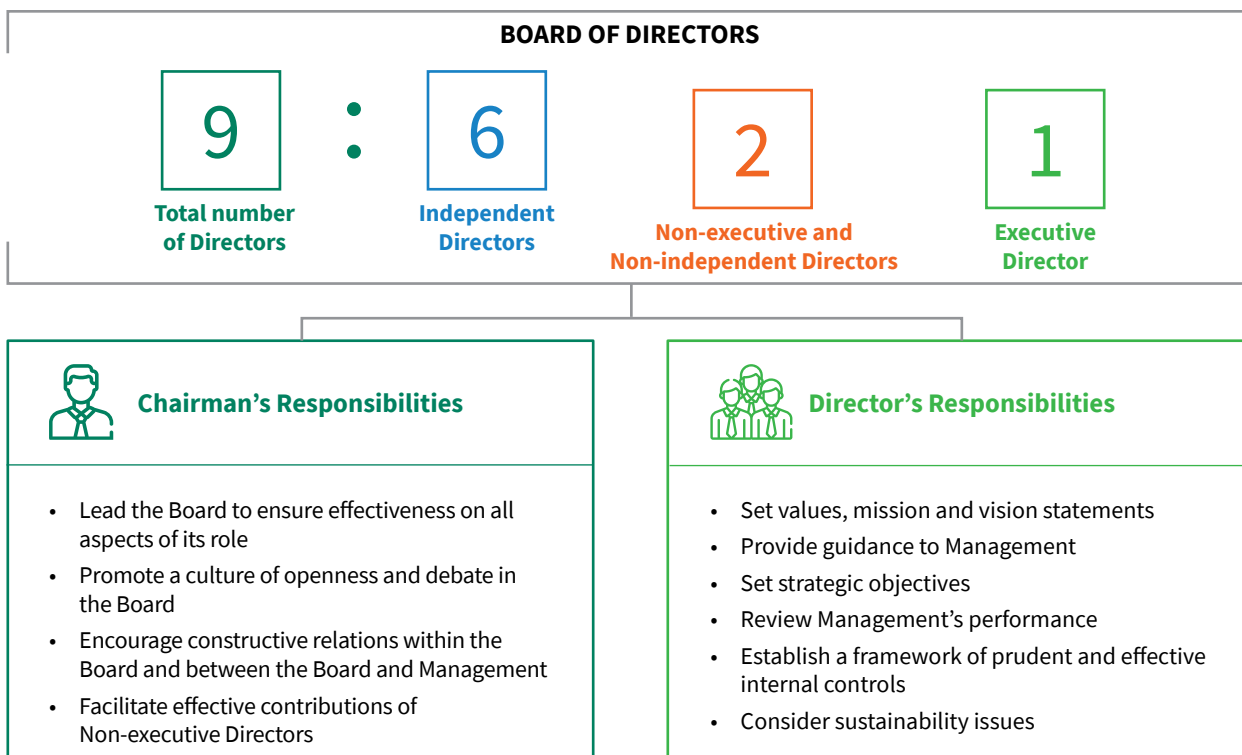
To strive for the highest standards of corporate performance and accountability, the Group has embedded corporate governance principles into its culture. This culture is in turn anchored on effective leadership, robust internal controls and a set of core values.

The Company has a guidebook on the Code of Business Conduct and Practice (the “Guidebook”) that all employees are required to observe and be guided by. The Guidebook sets out the Group’s core values and requirements on conducting business with integrity, handling employees and community with fairness, protecting Group’s assets and information and dealing with conflicts of interest. This Guidebook guides employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, its competitors, customers, suppliers and communities. The Guidebook covers, *inter alia*, bribery and corruption, gifts and entertainment, fairness and opportunities, harassment, conflicts of interest, protection of assets and proprietary information, and data protection. The Guidebook is available on the Company’s corporate website.

CORPORATE GOVERNANCE FRAMEWORK

(As at 31 December 2022)

As at the end of FY2022, the Board had nine members, of whom six were independent directors, one was an executive director and two were non-executive and non-independent directors.



Chairman’s Responsibilities

- Lead the Board to ensure effectiveness on all aspects of its role
- Promote a culture of openness and debate in the Board
- Encourage constructive relations within the Board and between the Board and Management
- Facilitate effective contributions of Non-executive Directors

Director’s Responsibilities

- Set values, mission and vision statements
- Provide guidance to Management
- Set strategic objectives
- Review Management’s performance
- Establish a framework of prudent and effective internal controls
- Consider sustainability issues

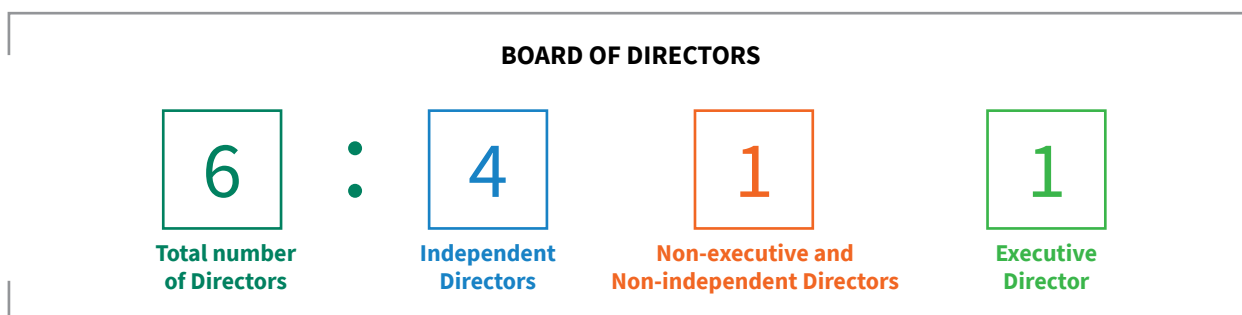
The composition and key responsibilities under the respective terms of reference of each Board committee as at the end of FY2022 were as follows:

<p>EXECUTIVE COMMITTEE</p> <p>4 Independent Directors 1 Non-executive and Non-independent Director 1 Executive Director</p>	<p>AUDIT COMMITTEE</p> <p>3 Independent Directors 1 Non-executive and Non-independent Director</p>	<p>BOARD RISK COMMITTEE</p> <p>3 Independent Directors</p>
<p>Key Responsibilities</p> <ul style="list-style-type: none"> Assist the Board in reviewing and approving matters as required under the Group's policies 	<p>Key Responsibilities</p> <ul style="list-style-type: none"> Assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, and business and financial risk management Oversee and monitor the whistleblowing process 	<p>Key Responsibilities</p> <ul style="list-style-type: none"> Assist the Board in ensuring that Management maintain a sound system of risk management and internal controls to safeguard shareholders' interests as well as the Group's assets Determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives
<p>NOMINATING COMMITTEE</p> <p>2 Independent Directors 1 Non-executive and Non-independent Director</p>	<p>EXECUTIVE RESOURCE & COMPENSATION COMMITTEE</p> <p>2 Independent Directors 1 Non-executive and Non-independent Director</p>	<p>SPECIAL COMMITTEE</p> <p>2 Independent Directors 2 Non-executive and Non-independent Directors</p>
<p>Key Responsibilities</p> <ul style="list-style-type: none"> Assist the Board in evaluating the performance of the Board, its committees and directors Review the profile and independence of directors Make recommendations on directors' appointments, re-nominations and retirements 	<p>Key Responsibilities</p> <ul style="list-style-type: none"> Assist the Board in overseeing the remuneration of the Board and senior management Set appropriate remuneration framework and policies (including long-term incentive schemes) to deliver annual and long-term performance of the Group 	<p>Key Responsibilities</p> <ul style="list-style-type: none"> Assist the Board in conducting internal investigations into allegations of improper payments in Brazil and deal with issues arising from the matter

Following completion of the Combination on 28 February 2023, the Board has been reconstituted with six members, of whom four are independent directors, one is an executive director and one is a non-executive and non-independent director. The roles and responsibilities of the Board Chairman and directors remain unchanged. These roles and responsibilities are set out above.

CORPORATE GOVERNANCE FRAMEWORK

(As at 28 February 2023)



The new Board has also reconstituted its the Board committees following completion of the Combination, as disclosed in the Company’s circular to shareholders dated 31 January 2023 in relation to the Combination (“2023 Circular”) as well as the Company’s announcement dated 28 February 2023. The previous Audit Committee and Board Risk Committee have been integrated and reconstituted as the Audit and Risk Committee. The previous Nominating Committee and Executive Resource & Compensation Committee have been integrated and reconstituted as the Nomination and Remuneration Committee. The previous Executive Committee and Special Committee have been dissolved and two new Board committees, namely the Corporate Social Responsibility Committee and the Transformation Committee, have been established.

The composition and key responsibilities under the respective terms of reference of each new Board committee as at 28 February 2023 are as follows:

<p style="text-align: center;">AUDIT AND RISK COMMITTEE</p> <p style="text-align: center;">3 Independent Directors 1 Non-executive and Non-independent Director</p> <hr/> <p style="text-align: center;">Key Responsibilities</p> <ul style="list-style-type: none"> • Assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, and business and financial risk management • Assist the Board in ensuring that Management maintain a sound system of risk management and internal controls to safeguard shareholders’ interests as well as the Group’s assets • Determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives • Oversee and monitor the whistleblowing process 	<p style="text-align: center;">NOMINATION AND REMUNERATION COMMITTEE</p> <p style="text-align: center;">2 Independent Directors 1 Non-executive and Non-independent Director 1 Co-opted member (non-director)</p> <hr/> <p style="text-align: center;">Key Responsibilities</p> <ul style="list-style-type: none"> • Assist the Board in evaluating the performance of the Board, its committees and directors • Review the profile and independence of directors • Make recommendations on directors’ appointments, re-nominations and retirements • Assist the Board in overseeing the remuneration of the Board and senior management • Set appropriate remuneration framework and policies (including long-term incentive schemes) to deliver annual and long-term performance of the Group
<p style="text-align: center;">CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</p> <p style="text-align: center;">4 Independent Directors 1 Executive Director</p> <hr/> <p style="text-align: center;">Key Responsibilities</p> <ul style="list-style-type: none"> • Assist and support the Board in fulfilling its oversight responsibilities over environmental, social and governance as well as workplace, safety and health matters 	<p style="text-align: center;">TRANSFORMATION COMMITTEE</p> <p style="text-align: center;">4 Independent Directors 1 Non-executive and Non-independent Director 1 Executive Director</p> <hr/> <p style="text-align: center;">Key Responsibilities</p> <ul style="list-style-type: none"> • Drive and oversee the integration and transformation exercise of the Group

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board aims to create value for shareholders and ensure the Group's long-term success by focusing on the right business strategies, managing risks and building a strong management team, with proper succession planning and the right compensation framework. It also aims to align the interests of the Board and Management with those of shareholders and balance the interests of all stakeholders.

The Board sets the tone for the Group on ethics and values. The Group has put in place a set of well-defined policies and procedures to enhance corporate performance and accountability.

Role and Responsibilities of the Board

The Board's primary function is to protect the Group's assets and oversee its business affairs. The Board is accountable to shareholders for the Group's long-term financial performance. It reviews and approves policies, annual budgets, major funding, investments and divestments, risk tolerance levels, and sustainability and material issues. The Board also approves the appointment of directors and decides the composition of Board committees and remuneration for the Board and senior management.

The Group has established financial authorisation and approval limits for operating and capital expenditures, procurement of goods and services, and acquisition and divestment of investments. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Chief Executive Officer (CEO) to optimise operational efficiency. These limits are subject to regular review for relevance and effectiveness.

Role and Responsibilities of Directors

Directors are fiduciaries of the Company and hold Management accountable for performance. All directors are expected to act objectively at all times in the interests of the Company.

The Company's Constitution provides that a director shall not vote in respect of a proposal in which he has any personal material interests, directly or indirectly. Such a director shall also not be counted in the quorum at a meeting in relation to any resolution on which he is required to abstain from voting. When facing a conflict of interest, directors are required to recuse themselves from discussions and decisions involving the issues of conflict.

The Board has established a policy on directors' training and development to ensure directors understand, meet and maintain appropriate competency requirements to perform and discharge their duties and responsibilities effectively.

A comprehensive induction programme (including yard visits) is provided to all newly-appointed directors. They are briefed on the Group's business activities, financial performance, governance policies and practices, enterprise risk management, regulatory regime and their duties as directors. This induction programme allows new directors to get acquainted with senior management, thereby facilitating Board interaction and independent access to senior management. A new director who has no prior experience as a director of a company listed on the Singapore Exchange Limited is required to undergo training in the roles and responsibilities of a director of a listed company conducted by the Singapore Institute of Directors.

The Board values ongoing professional development of directors. Each director (i) performs an annual self-assessment, (ii) identifies his training needs and (iii) undertakes any training in order to achieve the competency required. The Company bears all training costs.

The directors who were in office during FY2022 attended various training such as e-learning modules, web seminars and briefings conducted internally or externally. The current directors will also be submitting their annual training records for disclosure purposes for the next reporting year.

Board Committees

The following Board committees assisted the Board in discharging its stewardship and fiduciary obligations during FY2022:

- (a) Executive Committee ("EC")
- (b) Audit Committee ("AC")
- (c) Board Risk Committee ("BRC")
- (d) Nominating Committee ("NC")
- (e) Executive Resource & Compensation Committee ("ERCC")
- (f) Special Committee ("SC")

These Board committees had clearly defined terms of reference which set out their compositions, authorities and duties (including reporting back to the Board). These Board committees also had the authority to investigate any activity within its terms of reference. They had full access to and co-operation of Management, and full discretion to invite any director or executive officer to attend their meetings.

Corporate Governance

The composition of the Board and its committees as at the end of FY2022 was as follows:

Board	Executive Committee	Audit Committee	Board Risk Committee	Nominating Committee	Executive Resource & Compensation Committee	Special Committee
Tan Sri Mohd Hassan Marican (Chairman)	Chairman			Member	Member	Member
Yap Chee Keong (Deputy Chairman)	Member					
Wong Weng Sun (President & CEO)	Member					
Bob Tan Beng Hai (Lead Independent Director)	Member		Chairman	Member		Chairman
Gina Lee-Wan			Member			Member
William Tan Seng Koon	Member	Member			Member	
Patrick Daniel	Member	Member		Chairman	Chairman	
Tan Wah Yeow		Chairman	Member			
Koh Chiap Khiong		Member				Member
6 out of 9 are independent directors 2 (including Chairman) are non-independent and non-executive directors 1 is an executive director	4 out of 6 are independent directors 1 is a non-independent and non-executive director 1 is an executive director	3 out of 4 (including Chairman) are independent directors 1 is a non-independent and non-executive director	All are independent directors	2 out of 3 (including Chairman) are independent directors 1 is a non-independent and non-executive director	2 out of 3 (including Chairman) are independent directors 1 is a non-independent and non-executive director	2 out of 4 (including Chairman) are independent directors 2 are non-independent and non-executive directors

During FY2022:

- (i) The EC reviewed and approved matters as required under the Group's policies. The key responsibilities of the EC included the following:
 - (a) Reviewing and making recommendations on matters requiring the Board's approval, such as major projects tendered, progress of major projects, yard development, marketing, cybersecurity, tax issues, treasury shares and share buybacks.
 - (b) Approving certain matters specifically delegated by the Board, such as investments, capital expenditure and expenses exceeding the limits that can be authorised by the President & CEO
- (ii) The SC conducted internal investigations into allegations of improper payments in Brazil and to deal with issues arising from the matter.

Details of the AC, BRC, NC and ERCC are set out in other sections of this report.

Following completion of the Combination on 28 February 2023 and as announced by the Company on 28 February 2023, the Board committees have been reconstituted as follows:

- (a) The previous AC and BRC have been integrated and reconstituted as the Audit and Risk Committee.
- (b) The previous NC and ERCC have been integrated and reconstituted as the Nomination and Remuneration Committee.
- (c) The previous EC and SC have been dissolved.
- (d) Two new Board committees, namely the Corporate Social Responsibility Committee ("CSRC") and the Transformation Committee ("TC"), have been established. The CSRC supports the Board in overseeing and fulfilling the Board's responsibilities in relation to environmental, social, governance, workplace, safety and health matters. The TC was constituted to assist the Board in overseeing and monitoring the post-Combination integration and transformation exercise.

The composition of the Board and its committees as at 28 February 2023 was as follows:

Board	Audit and Risk Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Transformation Committee
Mark Gainsborough (Chairman)	Member	Chairman	Member	Chairman
Yap Chee Keong (Deputy Chairman)	Chairman	Member	Member	Member
Chris Ong Leng Yeow (Chief Executive Officer)			Member	Member
Nagi Hamiyeh	Member	Member		Member
Jan Holm	Member		Chairman	Member
Lai Chung Han			Member	Member
Chan Wai Ching ⁽¹⁾		Co-opted member		
4 out of 6 (including Board Chairman) are independent directors	3 out of 4 (including ARC Chairman) are independent directors	2 out of 4 (including NRC Chairman) are independent directors	4 out of 5 (including CSR Chairman) are independent directors	4 out of 6 (including TC Chairman) are independent directors
1 is a non-independent and non-executive director	1 is a non-independent and non-executive director	1 is a non-independent and non-executive director	1 is an executive director	1 is a non-independent and non-executive director
1 is an executive director		1 is a co-opted member who is a non-director ¹		1 is an executive director

Note:

- (1) *Ms Chan Wai Ching is not a director of the Company but has been co-opted to the NRC since its inception. Provision 4.2 of the Code provides that the Nominating Committee should comprise at least three directors, the majority of whom, including the Chairman, should be independent. Provision 6.2 of the Code provides that the Remuneration Committee should comprise at least three directors. All members of the Remuneration Committee should be non-executive directors, the majority of whom, including the Chairman, should be independent. Ms Chan is currently the Chief Corporate Officer and Head, Organisation & People at Temasek Holdings (Private) Limited, and is a leader in human resources. Although Ms Chan is not a director of the Company, given her extensive experience in human resources, she will provide expertise and insights into organisational development, leadership as well as remuneration matters to the NRC, and contribute towards establishing formal and transparent processes and procedures for the appointment and re-appointment of directors, and for the development of policies on director and executive remuneration.*

The profiles of the current directors are set out on pages 36 to 41 of the Annual Report 2022.

Board Practices

The schedules of all Board meetings, Board committee meetings and the annual general meeting (“AGM”) are generally planned one year in advance in consultation with the directors. The Board meets at least four times a year at regular intervals. Besides the scheduled meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. The Board met more frequently in years 2022 and 2023 to deliberate on the Combination. Prior to the COVID-19 pandemic from years 2020 to 2022, the Board also held annual strategy meetings in person to interact with senior and middle management. At these meetings, the Board was also briefed on developments in the markets in which the Group operates, was updated on trends, and had in-depth discussions on the Group’s strategic direction.

A record of the directors’ attendance at Board and Board committee meetings during FY2022 is disclosed below. Directors who were unable to attend a Board or committee meeting in person had attended the meeting via telephone or video conference, as permitted by the Company’s Constitution.

Corporate Governance

Director	Board Meeting No. of Meetings held: 16 Attended	Executive Committee Meeting No. of Meetings held: 1 Attended	Audit Committee Meeting No. of Meetings held: 4 Attended	Board Risk Committee Meeting No. of Meetings held: 4 Attended	Nominating Committee Meeting No. of Meetings held: 2 Attended	Executive Resource & Compensation Committee Meeting No. of Meetings held: 2 Attended	Special Committee Meeting No. of Meetings held: 3 Attended
Tan Sri Mohd Hassan Marican	16/16	1/1	-	-	2/2	2/2	2/3
Yap Chee Keong	16/16	1/1	-	-	-	-	-
Wong Weng Sun	15/16	1/1	-	-	-	-	-
Bob Tan Beng Hai ¹	16/16	1/1	-	4/4	1/1	-	3/3
Gina Lee-Wan	16/16	-	-	4/4	-	-	2/3
William Tan Seng Koon	15/16	1/1	4/4	-	-	2/2	-
Patrick Daniel	16/16	1/1	4/4	-	2/2	2/2	-
Tan Wah Yeow	16/16	-	4/4	4/4	-	-	-
Koh Chiap Khiong	12/16	-	4/4	-	-	-	3/3
Eric Ang Teik Lim ²	5/5	-	-	1/1	1/1	1/1	-

Notes:

- (1) Mr Bob Tan Beng Hai was appointed a member of the NC on 20 April 2022, after the first NC meeting was held in 2022.
- (2) Mr Eric Ang Teik Lim resigned as a director of the Company on 20 April 2022.

The Company has in place guidelines for addressing competing time commitments when directors serve on multiple boards and have other principal commitments. Directors should not hold more than four listed company directorships so as to ensure that a director has sufficient time and attention for the Company's affairs. For FY2022, all directors met the guidelines set by the Company on the maximum number of directorships held in listed companies. The Board is satisfied that each of the directors who were in office during FY2022 had committed sufficient time to the Company and had contributed meaningfully to the Group as evidenced by the attendance of the directors at the Board and Board committee meetings and the quality of the discussions at these meetings.

All directors have access to complete and adequate information and resources. Directors are provided with electronic tablets to enable them to access Board and Board committee papers three days prior to and during meetings. Management provides the Board with monthly management reports on the Group's operational and financial performance. In addition, directors receive analysts' reports, industry market updates, major projects tendered, progress updates on major projects, yard development updates and summaries of decisions made by Board committees on a quarterly basis.

The Board has separate and independent access to the CEO, members of senior management and the Company Secretaries at all times. Management is present at Board meetings to address directors' queries or to provide further insights into matters concerned.

The Company Secretaries attend all Board and Board committee meetings. They are responsible for ensuring that meeting procedures are followed and applicable rules and regulations complied with. The Company Secretaries assist the Board in implementing and strengthening corporate governance policies and practices.

The appointment and removal of Company Secretaries are subject to the Board's approval.

When directors, either individually or as a group, require advice from independent professionals in the furtherance of their duties, the Company Secretaries appoint, upon approval by the Board, professional advisors to render such services. The Company bears the cost of such services.

BOARD COMPOSITION AND GUIDANCE

Principle 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board adopts the Code's guidelines when reviewing the directors' independence.

As at the end of FY2022, the Board comprised nine directors, of whom six were independent directors, one was an executive director and two were non-executive and non-independent directors. More than half of the Board members were independent (6 out of 9, or 67%).

Following completion of the Combination on 28 February 2023, the Board currently comprises six directors, of whom four are independent directors, one is an executive director and one is a non-executive and non-independent director. More than half of the Board members are independent (4 out of 6, or 67%).

The Company has implemented a board diversity policy. The Company recognises and embraces the benefits of having a diverse Board. The benefits include adopting a broader strategic perspective, enhancing decision-making and ensuring effective governance. The Board was during FY2022, and continues to be, made up of members from diverse backgrounds (ethnicity and nationality) and expertise (including but not limited to the core competencies of accounting, finance, business management experience and industry knowledge). While striving for diversity, all Board appointments are made on merit, taking into account the skills, experience, independence and knowledge needed for the Board as a whole to be effective. During FY2022, the composition of the Board met the diversity targets adopted by the Company. For the financial year ending 31 December 2023, a suitable female director will be appointed once identified to meet the diversity targets set by the Company. These diversity targets are as follows:

- (a) a majority of the Board members are independent directors
- (b) at least one member has extensive experience in the industry where SCM operates in
- (c) at least two Board members have relevant accounting or related financial management expertise or experience
- (d) at least one Board member is a female

The NRC has assumed the roles and responsibilities of the NC, and will accordingly review the size and composition of the Board from time to time and seek to ensure that (i) the size of the Board is conducive for effective discussion and decision-making, and (ii) the Board has the requisite number of independent directors, with a broad range of experience and deep industry knowledge, and taking into account age, gender and other factors.

The Board will seek to ensure a good balance between continuity and fresh perspectives, and will also review and determine the Board's size and composition regularly to stay appropriate and effective for the Group's operations and geographic footprint.

The Board sets aside time to meet at least once annually without the presence of Management. In FY2022, the Board held 6 such meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

As at the end of FY2022, the Chairman of the Board of the Company ("Board Chairman") was Tan Sri Mohd Hassan Marican and the PCEO ("President and CEO") was Mr Wong Weng Sun. They are not related to each other.

Following completion of the Combination on 28 February 2023, the Board Chairman is Mr Mark Gainsborough and the CEO is Mr Chris Ong Leng Yeow. Both of them are also not related.

The Board Chairman is a non-executive appointment and is separate from the office of the CEO. The Chairman leads the Board and is responsible for ensuring the Board's effectiveness and its governance processes, while the CEO is responsible for following through the Board's direction and managing the day-to-day operations.

The Board Chairman provides leadership and facilitates the Board's effectiveness in all aspects of its roles, both inside and outside the boardroom. This includes setting the agendas for Board meetings and ensuring sufficient time is allocated for thorough discussion of each agenda item. The Board Chairman also plays a pivotal role in fostering constructive dialogue between shareholders, the Board and senior management.

During FY2022, Tan Sri Mohd Hassan Marican had, as Board Chairman, promoted an open environment for debate and ensured that the independent directors were able to speak freely and contribute effectively. He closely monitored the translation of the Board's decisions and directions into executive action. He also exercised control over the quality and quantity of information between the Board and Management. In addition, he provided support, close oversight, guidance, advice and leadership to the then PCEO, Mr Wong Weng Sun, while respecting his executive responsibility.

Mr Bob Tan Beng Hai was appointed the Lead Independent Director (LID) after the former LID, Mr Eric Ang Teck Lim, stepped down on 20 April 2022. The LID provides an important point of contact for shareholders to raise issues and concerns, especially in situations where Chairman is conflicted, or where the normal channels of communications with the Chairman or Management are inappropriate or inadequate.

During FY2022, the PCEO, Mr Wong Weng Sun, headed the Senior Management Committee ("SMC") and managed the Group's operations in accordance with the Group's policies. He provided oversight, guidance, advice and leadership to senior management on executing the Board's decisions. The SMC met regularly to discuss major operational issues.

Corporate Governance

The Board expresses its deep appreciation to Tan Sri Mohd Hassan Marican and Mr Wong Weng Sun (who continues to serve as Senior Adviser to the Board following the Combination) for their strong leadership and dedication in guiding and steering the Group through the extremely challenging past years of prolonged severe industry downturn and pandemic. The Group has emerged more resilient from the various crises and is ready for the next phase of evolution and growth.

BOARD MEMBERSHIP

Principle 4

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The key responsibilities of the NC during FY2022 included the following:

- To review the composition of the Board and its committees
- To identify, review and recommend Board appointments for the Board's approval, taking into account the experience, expertise, knowledge, skills and diversity of the candidates and the needs of the Board
- To review and recommend to the Board the re-appointment, re-election and retirement (if necessary) of directors, having regard to their performance, commitment and ability to contribute to the Board as well as their skill sets
- To review the Board's succession plans for directors, in particular, the Chairman, the PCEO and key management personnel
- To make recommendations for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole and of each Board committee separately, as well as the contribution by the Chairman and each individual director to the Board
- To conduct a performance evaluation of the Board, its committees and directors on an annual basis
- To conduct an annual assessment of whether each director has sufficient time to discharge his responsibilities, taking into consideration his multiple board representations and other principal commitments
- To determine the independence of proposed and existing directors, and assess if each proposed and/or existing director is a fit and proper person and is qualified for the office of director
- To review and recommend training and professional development programmes for the Board and directors

The above responsibilities of the NC are now carried out by the new NRC

As at the end of FY2022, the NC comprised the following members, of whom two (including the NC Chairman) were independent directors. All of the NC members were non-executive directors:

Mr Patrick Daniel (Chairman)
Tan Sri Mohd Hassan Marican
Mr Bob Tan Beng Hai

The new NRC, formed immediately following completion of the Combination on 28 February 2023, comprises the following members, of whom two (including the NRC Chairman) are independent directors, one is a non-executive and non-independent director and one is a non-director:

Mr Mark Gainsborough (Chairman)
Mr Yap Chee Keong
Mr Nagi Hamiyeh
Ms Chan Wai Ching⁽¹⁾

The Board intends to continue adopting the process previously employed for the selection and appointment of directors. This process will be led by the new NRC, which recognises that an effective and cohesive board requires the right balance of industry knowledge, experience, core competencies, skills and professional qualifications, as well as diversity.

Rotation and Re-election of Directors

During FY2022, the NC reviewed and recommended to the Board the re-appointment and re-election of directors at the annual general meeting ("AGM"). This responsibility is now carried out by the new NRC.

One-third of the directors who are longest-serving are required to retire from office every year at the AGM. All directors (including the CEO) are required to submit themselves for re-nomination and re-appointment at least once every three years.

Note:

- (1) *Ms Chan Wai Ching is not a director of the Company but has been co-opted to the NRC since its inception. Provision 4.2 of the Code provides that the Nominating Committee should comprise at least three directors, the majority of whom, including the Chairman, should be independent. Provision 6.2 of the Code provides that the Remuneration Committee should comprise at least three directors. All members of the Remuneration Committee should be non-executive directors, the majority of whom, including the Chairman, should be independent. Ms Chan is currently the Chief Corporate Officer and Head, Organisation & People at Temasek Holdings (Private) Limited, and is a leader in human resources. Although Ms Chan is not a director of the Company, given her extensive experience in human resources, she will provide expertise and insights into organisational development, leadership as well as remuneration matters to the NRC, and contribute towards establishing formal and transparent processes and procedures for the appointment and re-appointment of directors, and for the development of policies on director and executive remuneration.*

Mr Yap Chee Keong will be retiring by rotation at the upcoming AGM to be held on 26 April 2023 (“2023 AGM”) and, being eligible, has offered himself for re-election at the AGM. Additional information on this director is set out on pages 206 to 219 of the Annual Report 2022.

Pursuant to the Company’s Constitution, all newly appointed directors are required to submit themselves for re-appointment at the AGM immediately following their appointments. Thereafter they are subject to retirement by rotation in accordance with the Company’s Constitution.

Mr Mark Gainsborough, Mr Chris Ong Leng Yeow, Mr Nagi Hamiyeh, Mr Jan Holm and Mr Lai Chung Han, who were appointed on 28 February 2023 immediately following completion of the Combination, will cease to hold office pursuant to Article 100 of the Company’s Constitution and, being eligible, have offered themselves for re-appointment at the upcoming AGM which will be held on 26 April 2023. Additional information on these directors is set out on pages 206 to 219 of the Annual Report 2022.

Where a director was required to retire from office, the NC would review the composition of the Board and decide whether to recommend that director for re-election, taking into account factors such as the director’s competencies, attendance, participation, commitments, performance, contributions and competing time commitments. This responsibility is now carried out by the new NRC.

New Appointments

The following describes in general, the corporate governance practices for the appointment of new directors (these did not, however, apply in relation to the directors who were appointed immediately following completion of the Combination on 28 February 2023, as disclosed in the 2023 Circular).

When the need for a new director arose, the NC would review the range of expertise, skills and attributes of the Board and its composition, and identify and shortlist a few candidates with appropriate profiles for nomination. The NC would also conduct an assessment to:

- (i) Review the candidates (including their qualifications, attributes, capabilities, skills, age, past experience); and
- (ii) Ascertain that the candidates are independent from any substantial shareholders of the Group and/or from Management and business relationships with the Group.

The Board would consider the NC’s recommendations before appointing a candidate as a director of the Company in accordance with the Company’s Constitution. Upon appointment, the NC would also review and recommend to the Board the new director’s appointment to the appropriate Board committee(s) after matching the director’s skill set to the needs of each Board committee and taking into consideration an equitable distribution of responsibilities among Board members.

The NC would review annually, and as and when circumstances would require, if a director is independent based on the Code and any other salient factors.

As at the end of FY2022, none of the independent directors had been employed by the Company or any of its related corporations for the current or any past three financial years. None of them had an immediate family member who had been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration was determined by the NC.

The NC would ensure that new directors are aware of their duties and obligations. The Company has adopted a directors’ training and development policy whereby directors will be trained and informed of their duties and obligations.

Each director is expected to allocate sufficient time and commitment to the Company to diligently carry out his duties. The Company has adopted a policy to address directors’ competing time commitments when they serve on multiple boards and have other principal commitments. The NC would conduct a review of the time commitment of each director annually. Each director in general cannot hold more than four directorships in listed companies. Information on each director’s other listed company directorships and principal commitments is disclosed on pages 206 to 219 of the Annual Report 2022.

The above responsibilities of the NC are now carried out by the new NRC.

The Board does not encourage the appointment of alternate directors. No alternate director is currently appointed to the Board.

BOARD PERFORMANCE

Principle 5

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC assessed at least once annually whether the Board and its committees were performing effectively so as to identify steps for improvement. The Board believes that active participation and valuable contributions are essential to the overall effectiveness of the Board.

The NC reviewed the performance of each individual director based on factors such as the director’s attendance, preparedness, participation, industry and business knowledge, and contributions at Board meetings. The Chairman would act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

The NC used an evaluation questionnaire to analyse the performance of the Board and Board committees. The results of the questionnaire are vital to helping the Board and Board committees improve and perform to their maximum capability.

Corporate Governance

Each director is required to submit a set of completed questionnaires directly to the Company Secretaries who collate the responses and produce a summary report for the NC. The NC would analyse the report and submit its findings to the Board.

Every director is required to participate and give feedback on a range of issues, including:

- Board's size, composition and processes
- Information access and quality of information provided to the Board
- Strategy formulation and implementation
- Innovation and transformation
- Monitoring of Group performance
- Key management personnel's performance evaluation, compensation and succession planning
- Stakeholder management
- Risk and crisis management
- Effectiveness of committees

The Board will discuss the findings of the evaluation and will recommend changes in response to the feedback given by the directors.

The above responsibilities of the NC are now carried out by the new NRC.

Based on the assessment for FY2022, the Board and Board committees were effective as a whole.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The key responsibilities of the ERCC during FY2022 included the following:

- To oversee the governance of the Group's remuneration policy (including share plans and other long-term incentive plans)
- To oversee the remuneration of senior executives, such as reviewing and recommending the remuneration of the PCEO for Board's approval
- To oversee human capital plans to deepen core competencies, and the strength and leadership capabilities of senior management

- To recommend the grant of incentives and annual variable bonus pool to the Board for approval
- To review the remuneration of non-executive directors and make recommendations to the Board to table at the AGM for shareholders' approval

As at the end of FY2022, the ERCC comprised the following members, of whom two (including the ERCC Chairman) were independent directors. All of the ERCC members were non-executive directors:

Mr Patrick Daniel (Chairman)
Tan Sri Mohd Hassan Marican
Mr William Tan Seng Koon

The ERCC considered all aspects of remuneration, including termination terms. It ensured that the terms are fair and reasonable, and termination clauses are not overly generous.

On an annual basis, a comprehensive talent management programme and succession plans were presented to the ERCC for review. The ERCC reviewed the succession plans for key and critical positions to align the business goals and the Group's human capital needs. This enabled the Company to identify the talent pool and allowed focus and devotion of time and resources to leverage the full value and potential of the identified successors.

The Company engaged Mercer (Singapore) Pte Ltd ("Mercer") to advise the ERCC on the remuneration of directors and senior executives. Mercer is an independent external consultancy firm. There is no relationship between the Group and Mercer that has affected the independence and objectivity of Mercer.

The PCEO was not present during discussions relating to his own remuneration, terms and conditions of service, and the review of his performance.

No ERCC member or director was involved in the deliberations of his own remuneration, compensation or any form of benefits. The Board believes in the ability of the ERCC to exercise considered judgment in its deliberations and act in the best interests of the Company.

The above responsibilities of the ERCC are now carried out by the new NRC.

LEVEL AND MIX OF REMUNERATION

Principle 7

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Group believes that its remuneration and reward system is aligned with the long-term interests and risk policies of the Group and that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent.

Remuneration of Non-Executive Directors

During FY2022, the ERCC ensured that the remuneration of non-executive directors was appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.

The ERCC reviewed and recommended a framework to the Board for determining the remuneration of non-executive directors, including the Board Chairman.

The above responsibilities of the ERCC are now carried out by the new NRC.

Directors' Fees Framework for FY2022

The following framework for FY2022 was based on a scale of fees divided into basic retainer fees, attendance fees and allowances for travel and service on Board committees.

Description	Board	Executive Committee	Audit Committee	Board Risk Committee	Nominating Committee	Executive Resource & Compensation Committee	Special Committee
Board Chairman (all-in) ¹	S\$600,000						
Deputy Board Chairman (all-in) ²	S\$500,000						
Basic Fee	S\$75,000						
Board Committee Chairman's Fee		S\$50,000	S\$50,000	S\$40,000	S\$25,000	S\$35,000	S\$50,000
Board Committee Member's Fee		S\$30,000	S\$30,000	S\$25,000	S\$15,000	S\$20,000	S\$30,000
Types of Meeting Fees³							
Board							S\$3,000
Committee							S\$1,500
Committee (held on same day as Board) ⁴							S\$1,000
Board (Teleconference)							S\$1,500
Committee (Teleconference)							S\$1,000
Overseas ⁵							S\$5,000

Notes:

- (1) The Board Chairman does not receive the basic retainer fee for directors, or any further fees or allowances for his services as chairman or member of any Board committees.
- (2) The Deputy Chairman of the Board does not receive the basic retainer fee for directors, or any further fees or allowances for his services as chairman or member of any Board committees.
- (3) Attendance fees for committee meetings also apply to attendance at general meetings.
- (4) In 2022, this fee was waived. Only one attendance fee was paid for multiple meetings on the same day.
- (5) This fee applies to attendance by a non-resident director who is required to travel into Singapore for meetings.

New Directors' Fees Framework

The Company has adopted the following new directors' fees framework following the Combination:

Description	Board	Audit & Risk Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Transformation Committee
Board Chairman (all-in)	S\$600,000				
Deputy Board Chairman (all-in)	S\$500,000				
Basic Retainer Fee	S\$80,000				
Board Committee Chairman's Fee		S\$50,000	S\$35,000	S\$35,000	S\$50,000
Board Committee Member's Fee		S\$30,000	S\$20,000	S\$20,000	S\$30,000
Attendance Fees			Board Meeting		Committee Meeting
Teleconference			S\$2,000		S\$1,000
Home - City			S\$5,000		S\$2,500
In - Region			S\$8,000		S\$4,000
Out-Region			S\$15,000		S\$7,500

Corporate Governance

The fees payable to non-executive directors comprise a cash component and a share component. The Board has determined that up to 30% of the aggregate directors' fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards under the Sembcorp Marine Restricted Share Plan 2020 ("RSP 2020"). The balance 70% is paid in cash. A non-executive director who steps down before the delivery of the share component will receive all of his director's fee (calculated on a pro-rata basis) in cash. The payment of directors' fees (both cash and the share components) is contingent upon shareholders' approval. Directors and their associates abstain from voting on any resolution(s) relating to their remuneration.

Share awards granted to directors as part of directors' fees typically consist of the grant of fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Each non-executive director is required to hold (as applicable) the equivalent of one year's Chairman all-in fee, Deputy Chairman all-in fee and non-executive director basic retainer fee, for the duration of his tenure as a director and for one year after he steps down as a director. Any excess may be disposed of as desired.

The actual number of shares to be awarded to each non-executive director holding office at the time of the payment is intended to be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the AGM (or, if no final dividend is proposed at the AGM or the resolution to approve such final dividend is not approved at the AGM, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded is rounded down to the nearest hundred and any residual balance will be settled in cash. The share component of the directors' fees for FY2022 is intended to be delivered after the 2023 AGM has been held.

At the last AGM held on 20 April 2022, the shareholders of the Company approved the payment of directors' fees of up to S\$2,250,000 for FY2022. The total directors' fees for FY2022 amounted to S\$2,250,000 (with a voluntary fee reduction).

Mr Yap Chee Keong, who continues to serve as a director following completion of the Combination, will receive his director's fee for FY2022 in cash and shares as described above. All other non-executive directors who held office during FY2022 will receive his or her directors' fee for FY2022 entirely in cash. The director's fee for FY2022 for Mr Koh Chiap Khiong, who holds an executive position in Sembcorp Industries Ltd ("SCI"), will be paid wholly in cash to SCI.

The Company will be seeking shareholders' approval at the forthcoming AGM to be held on 26 April 2023 for payment of directors' fees for the financial year ending 31 December 2023 ("FY2023") of up to S\$2,350,000. Subject to shareholders' approval, the cash component of the directors' fees for FY2023 is intended to be paid half yearly in arrears. The share component of the directors' fees for FY2023 is to be delivered after the 2024 AGM.

Shareholders' approval is being sought for a higher amount of directors' fees for year 2023 mainly due to the increase in basic retainer fee and attendance fees for Board and Board committee meetings under the new directors' fees framework. The higher basic retainer fee and attendance fees are in tandem with the enlarged size and activities of the Group following the Combination.

The estimated amount of FY2023 directors' fees is computed based on and takes into account (i) a board size of 8 directors (including 7 non-executive directors), (ii) full attendance by all of the non-executive directors based on the meeting schedule for year 2023, (iii) a buffer to cater for unplanned or ad hoc meetings, and (iv) additional appointments of non-executive directors to the Board and Board committees. The Board currently comprises 6 directors (comprising 5 non-executive directors and an executive director who does not receive directors' fees and is remunerated as part of senior management). The search and selection process for 2 additional non-executive directors is currently underway. Announcements will be made upon these appointments.

Special Directors' Fees

The Company will be seeking shareholders' approval at the upcoming AGM for the sum of S\$2,075,000 as special fees payable to former non-executive directors (namely Tan Sri Mohd Hassan Marican, Mr Bob Tan Beng Hai, Mrs Gina Lee-Wan, Mr William Tan Seng Koon, Mr Patrick Daniel, Mr Tan Wah Yeow, Mr Koh Chiap Khiong and Mr Eric Ang Teik Lim) and current non-executive director (and Deputy Chairman) Mr Yap Chee Keong in recognition of their efforts, time commitment, contribution and active oversight of the project (spanning about 1 year and 8 months) culminating in the successful conclusion of the Combination. If approved, payment will be made wholly in cash.

The amount of special fees payable to each of the former directors and Mr Yap Chee Keong (based on their individual degree of involvement and contribution) will be as follows:

Name	Special Fees (S\$'000)
Tan Sri Mohd Hassan Marican	300
Mr Bob Tan Beng Hai	300
Mrs Gina Lee-Wan	100
Mr William Tan Seng Koon	200
Mr Patrick Daniel	300
Mr Tan Wah Yeow	300
Mr Koh Chiap Khiong	200
Mr Eric Ang Teik Lim ¹	165
Mr Yap Chee Keong ²	210

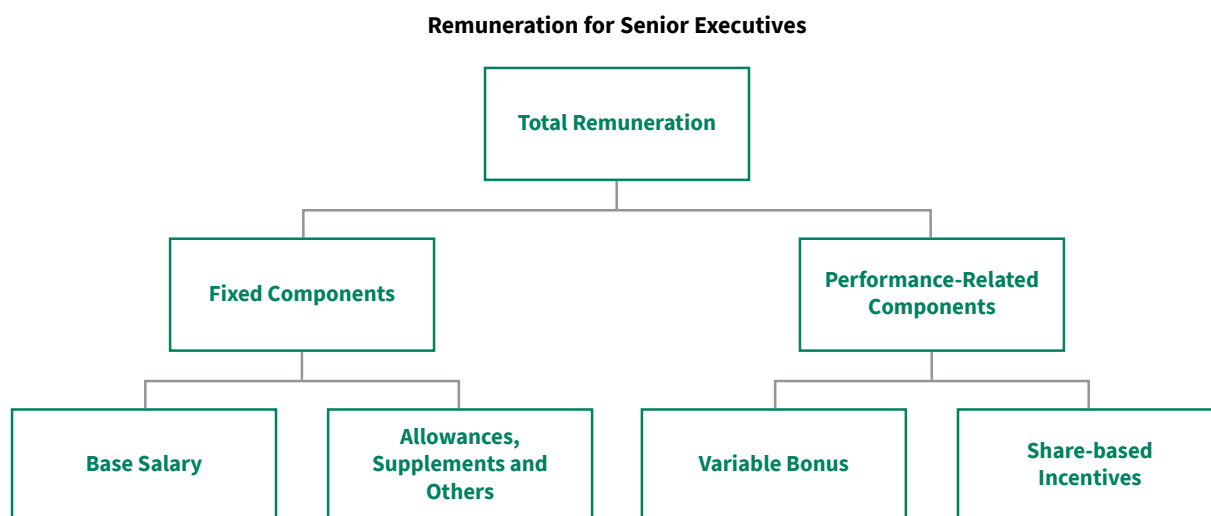
(1) Resigned on 20 April 2022

(2) Appointed on 8 December 2021

Mr Yap Chee Keong and his associates will abstain from voting on this proposed resolution at the AGM.

Remuneration for Senior Executives

The Company's remuneration and reward system for senior executives is designed to ensure a competitive level of compensation to attract, retain and motivate employees to deliver high-level performance in accordance with the Company's established risk policies.



In FY2022, the remuneration of the senior executives comprises three primary components:

Fixed Remuneration

Fixed remuneration included annual basic salary, and where applicable, fixed allowances, an annual wage supplement and other emoluments. Base salaries of senior executives are determined by the scope, criticality and complexity of each role, equity against peers with similar responsibilities, experience and competencies and individual performance relative to market competitiveness of roles with similar responsibilities.

Annual Variable Bonuses

The annual variable bonus is intended to recognise the performance and contributions of the individual, while driving the achievement of key business results for the Company. The annual variable bonus includes two components. The first was linked to the achievement of pre-agreed financial and non-financial performance targets, while the second was linked to the creation of economic value added ("EVA").

The EVA-linked bonus component is held in a "bonus bank". Typically, one-third of the balance in the bonus bank is paid out in cash each year, while the balance two-thirds were carried forward to the following year. Such carried-forward balances of the bonus bank would either be reduced or increased in future, based on the yearly EVA performance of the Group. There were provisions in the EVA incentive plan to allow for forfeiture of the outstanding balances in the bonus bank in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

Share-based Incentives

Through the share-based incentives, the Company motivates senior executives to continue striving for the Group's long-term shareholder value. In addition, the share-based incentive plans aimed to align the interests of participants with the interests of shareholders, so as to improve performance and achieve sustainable growth for the Company.

DISCLOSURE OF REMUNERATION

Principle 8

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Information regarding the remuneration of each director (including the PCEO) for FY2022 is set out on page 204 of the Annual Report 2022.

Key Management Personnel

In 2022, the remuneration of the key management personnel comprises two primary components: fixed components and performance-related components.

Mr Wong Weng Sun, the PCEO during FY2022, as an executive director, did not receive directors' fees and was remunerated as part of senior management. As a lead member of senior management, his compensation consisted of his salary, allowances, bonuses and share-based incentives conditional upon meeting certain performance targets. Details on the share-based incentives and performance targets are available on pages 91 to 94 of the Annual Report 2022.

The Company's top five key management personnel of FY2022 are as follows:

Group Finance Director
Head of Operations
Head of Rigs & Floaters
Chief Human Resource Officer
Chief Risk Officer

The FY2022 aggregate remuneration of the above-mentioned executives, comprising cash and benefits received, is stated on page 204 of the Annual Report 2022.

Share-based incentives were suspended for FY2022.

No employee of the Group whose remuneration exceeded S\$100,000 during FY2022 was a substantial shareholder of the Company or an immediate family member of either a director, the PCEO or a substantial shareholder of the Company as at the end of FY2022.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Company had in place a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

During FY2022, oversight responsibility of risk management and internal controls was delegated by the Board to the BRC and AC respectively. Both committees worked closely to ensure that the system of risk management and internal controls maintained by Management was adequate and effective.

BRC Responsibilities

The BRC comprised the following members as at the end of FY2022, all of whom were independent directors:

Mr Bob Tan Beng Hai (Chairman)
Mrs Gina Lee-Wan
Mr Tan Wah Yeow

The BRC's terms of reference provided that it should comprise at least three members, the majority of whom, including the Chairman, should be independent. Members of the BRC were appointed by the Board on the NC's recommendations. There was at least one common member between the BRC and the AC.

Following completion of the Combination on 28 February 2023, the oversight responsibility of risk management and internal controls has been delegated by the Board to the new ARC, which was constituted by integrating the AC and BRC. The new ARC continues to ensure that the system of risk management and internal controls maintained by Management is adequate and effective.

AC Responsibilities

The AC comprised the following members as at the end of FY2022, three of whom (including the AC Chairman) are independent directors and all of whom are non-executive directors:

Mr Tan Wah Yeow
Mr Patrick Daniel
Mr William Tan Seng Koon
Mr Koh Chiap Khiong

The AC's terms of reference provided that it should comprise at least three members, the majority of whom, including the Chairman, should be independent.

The key responsibilities of the AC in relation to risk management and internal controls during FY2022 included the following:

RESPONSIBILITIES OF THE AC
To assess and ensure the adequacy and effectiveness of the Group's risk management systems, framework, policies, procedures and processes. Such review can be carried out internally and/or with the assistance of external parties
To review risk reports from Management which include the Group's risk profile, major risk exposures and material risk issues as well as Management's response and actions taken to monitor and control such exposures/issues
To review and endorse the Group's risk appetite and risk tolerance limits for approval by the Board and to monitor their status (risks taken/accepted within set limits or otherwise, for which mitigation actions are to be provided) thereafter
To review the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls)

The above responsibilities of the AC are now carried out by the new ARC.

The Group has implemented an Enterprise Risk Management ("ERM") programme since 2004. The ERM programme helps the Group identify, assess and manage key risks in the challenging business environment that it operates in. Please refer to pages 78 to 83 of the Annual Report 2022 for more information on the Group's ERM programme.

The Group has in place a Risk Governance and Assurance Framework ("RGAF") to assist the Board in forming an opinion on the adequacy and effectiveness of the system of risk management and internal controls. The RGAF takes a risk-based approach in identifying key risk areas as well as corresponding processes and controls. Assessment is done to ensure adequate and effective controls are designed to mitigate the risks.

The Group has also established a crisis management policy. The policy sets out the process by which the Board and senior management are kept informed of corporate crises in a timely manner and according to their severity. Such crises include events that have, or are expected to have, a significant financial, reputational or other impact on the Group's business and operations.

Assurance to the Board

For FY2022, the Board has received assurances from:

- (a) The PCEO holding office as at 31 December 2022 and the Group Finance Director that as at 31 December 2022, the financial records were properly maintained and the financial statements gave a true and fair view of the Group's operations and finances; and
- (b) The PCEO holding office as at 31 December 2022 and other responsible key management personnel regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board is satisfied that the financial, operational, compliance and information technology controls and its risk management system were adequate and effective as at 31 December 2022 to meet the needs of the Group in the current business environment. The AC and BRC, having performed their reviews, concurred with the Board's opinion.

The opinion was supported by the following: Management's review and efforts to continuously strengthen the Group's risk-mitigating measures and internal controls; reports by the Internal Audit and Group Risk Management departments; statutory audits conducted by the external auditors; and documentation of the RGAF.

Internal controls, because of their inherent limitations, can provide only reasonable but not absolute assurance regarding the achievement of their intended control objectives. In this regard, the Board is satisfied that if significant internal control failures or weaknesses were to arise, necessary actions would be swiftly taken to remedy them.

AUDIT COMMITTEE

Principle 10
The Board has an Audit Committee which discharges its duties objectively.

ARC Appointments

As disclosed above, the ARC has assumed the roles and responsibilities of the AC and BRC. The ARC comprises four directors, of whom three (including the ARC Chairman) are independent directors and all of whom are non-executive directors:

Mr Yap Chee Keong (Chairman)
Mr Mark Gainsborough
Mr Nagi Hamiyeh
Mr Jan Holm

Corporate Governance

Neither the AC nor the ARC comprised or comprises former partners or directors of the Company's existing auditing firm or auditing corporation who (a) ceased to be a partner or director for a prior period of less than two years; and in any case (b) have any financial interest in the auditing firm or auditing corporation.

The Board is of the view that the members of the AC and the ARC (including the AC Chairman and the ARC Chairman) collectively had or have the necessary accounting and related financial management expertise and experience to discharge their responsibilities. Management, external auditors and internal auditors updated the AC, and continue to update the ARC, as and when there are changes to the accounting standards and issues which have a direct impact on financial statements.

ARC Responsibilities

Apart from the key responsibilities set out on pages 69 to 71 of the Annual Report 2022, the ARC's key responsibilities (previously undertaken by the AC) also include the following:

Financial Reporting	Internal Controls	Internal Audit
<ul style="list-style-type: none"> ● To review significant financial reporting issues and judgments so as to ensure the integrity of the Group's consolidated financial statements ● To review the Group's consolidated financial statements and any related announcements ● To assess and challenge, where necessary, the accuracy, completeness and consistency of the consolidated financial statements (both final and interim), before they are submitted to the Board for approval ● To review the assurance certificate jointly provided by the PCEO and Group Finance Director that the financial records have been properly maintained, the financial statements give a true and fair view of the Group's operations and finances, and that the Group's internal controls and risk management systems are adequate and effective 	<ul style="list-style-type: none"> ● To review with the external and internal auditors the adequacy of the Group's internal control systems in relation to significant internal control issues which are likely to have a material impact on the Group's operating results and/or financial position ● To review the representation and opinion of Management on internal controls, and the results of work performed by the internal and external auditors ● To review and make amendments, when necessary, to the Whistleblowing Policy and Procedure adopted by the Company to address possible improprieties in financial reporting or other matters ● To commission and review the findings of investigations into matters where there is any failure of internal controls which has or is likely to have a material impact on the Group's operating results and/or financial position, and also into matters where there is any suspected fraud or irregularity, or infringement of any law, rule and regulation 	<ul style="list-style-type: none"> ● To review and approve the internal audit charter and related policies ● To review and approve the audit plans ● To review and approve the Head of Internal Audit's appointment, performance and remuneration ● To review the adequacy of staffing and qualification levels of the internal audit function ● To review the report on interested person transactions ("IPTs") prepared by the internal audit department ● To meet internal auditors at least once a year in the absence of Management to review the assistance given by the Group's officers to the internal audit function and to determine that no restrictions have been placed on them by Management ● To review, at least annually, the independence, adequacy and effectiveness of the internal audit function External

External Audit	Interested Person Transactions
<ul style="list-style-type: none"> • To review the audit plans of the external auditors • To review the statutory audit report prepared by the external auditors on the Group's full year consolidated financial statements and other reports relating to internal controls and Management's response and actions on any noted weaknesses • To review and assess annually that the external auditors' independence and objectivity are not impaired 	<ul style="list-style-type: none"> • To review and approve, if so required, IPTs in accordance with the requirements of the Listing Manual and the IPT mandate

AC Procedures

During FY2022, the AC carried out its duties in accordance with its terms of reference. The AC met quarterly to review the financial statements, assess the relevance and consistency of the accounting principles adopted and examine the significant financial reporting issues and judgments, so as to obtain reasonable assurance as to the integrity and fairness of the financial statements. The AC Chairman reported all significant financial matters relating to the Group at the quarterly Board meeting.

The AC, through its quarterly meetings, reviewed and assessed the adequacy and effectiveness of internal control and risk management systems, based on updates by Management, internal auditors and external auditors on the Group's risk mitigation measures and internal controls.

The Company has complied with Rules 712 and 715 of the Listing Manual in relation to the appointments of auditing firms for FY2022.

During FY2022, the AC reviewed all the non-audit services provided to the Group by KPMG LLP ("KPMG"), the Company's external auditors. The AC was satisfied that the independence of KPMG had not been impaired by the provision of these services. A breakdown of the fees for audit and non-audit services paid to KPMG for FY2022 can be found on page 160 of the Annual Report 2022.

The AC discussed key audit matters for FY2022 with Management and the external auditors. The AC concurred with the basis and conclusions included in the independent auditors' report with respect to the key audit matters. For more information on the key audit matters, please refer to pages 96 to 102 of the Annual Report 2022.

During FY2022, the AC met 2 times with the external auditors and 2 times with the internal auditors without the presence of Management.

Internal Audit Function

The Group has an Internal Audit department ("IAD") that provided independent assurance to the AC on the adequacy and effectiveness of risk management systems and internal controls. In 2022, the Group's Head of Internal Audit ("HIA") reported functionally to the AC and administratively to the PCEO. The AC decided on the appointment, termination and remuneration of the HIA.

The IAD comprises professionals with relevant qualifications and experience. The AC reviewed the training and development opportunities provided to the IAD to ensure technical knowledge and skill sets remain current and relevant. The HIA had unfettered access to the AC and all of the Company's documents, records, properties and personnel, and has appropriate standing within the Company.

Corporate Governance

In line with leading practices, the IAD adopts the International Standards for the Professional Practice of Internal Auditing (“ISPPA”) set out by the Institute of Internal Auditors (“IIA”), and all staff members are expected to observe, apply and uphold IIA Code of Ethics at all times.

The IAD adopts a risk-based approach to develop an annual audit plan with a focus on key risks which was reviewed and approved by the AC. The reviews performed by the IAD are aimed at assisting the Board in promoting sound risk management, robust internal controls and good corporate governance, by assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the Group’s overall risk framework. Internal audit reports were reviewed and discussed at AC meetings.

For FY2022, the AC is satisfied that the IAD was independent and effective and that the IAD had adequate resources and appropriate standing to discharge its function effectively.

The above roles and responsibilities of the AC are now carried out by the new ARC.

Whistleblowing Policy

The Group has in place a whistleblowing policy which sets out the procedures for a whistleblower to make a report to the Company on misconduct or wrongdoing relating to the Group and/or its officers. This policy establishes various reporting channels through which concerns can be raised in confidence about possible improprieties in financial reporting or other matters such as suspected fraud, corruption, unethical practices or matters which may cause financial loss to the Group or damage the Group’s reputation.

During FY2022, the AC was responsible for the oversight and monitoring of the Group’s whistleblowing policy as well as the appointment of any independent function to investigate whistleblowing reports made in good faith. The IAD has been designated as the independent function to investigate whistleblowing reports. All reasonable steps will be taken to protect the confidentiality and identity of every whistleblower, subject to legal or regulatory requirements. Whistleblowers who act in good faith will not be subject to any detrimental or unfair treatment. Any reprisal suffered shall be received, reviewed and investigated in the same manner as a whistleblowing report. The AC oversaw the outcomes of independent investigations and ensured remedial actions were appropriate. These roles and responsibilities of the AC are now carried out by the new ARC.

The whistleblowing policy is covered in the staff orientation programme on an ongoing basis.

SHAREHOLDER RIGHTS AND ENGAGEMENTS SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Disclosure Policy

The Company is committed to disclosing to shareholders, analysts and other stakeholders, via the SGXNET and the Group’s corporate website, accurate and timely information that is material or which may influence the price of shares of the Company. The Company believes this practice is central to good corporate governance and enables shareholders to make informed decisions regarding their investments in the Company.

The results announcements provide information on the Company’s financial and operational performance as a whole as well as by business segments. This allows shareholders to gain better insight into the drivers of the Group’s earnings.

The earnings results are first released via SGXNet and posted on the websites of SGX-ST and the Company (www.semmarine.com). Management then holds a briefing to address media and analyst queries on its full-year and half-yearly financial results.

In the spirit of upholding investors’ confidence in the fairness and integrity of the securities markets, the Company does not practise selective disclosure of price-sensitive information.

Annual General Meetings

The Company invites and encourages all registered shareholders to participate in the Company’s general meetings.

Each shareholder receives a notice of meeting which is also advertised in The Business Times as well as posted on the websites of SGX-ST and Sembcorp Marine. In 2022, due to COVID-19, the notice of meeting was sent to shareholders by electronic means via publication on the SGX-ST’s and the Company’s websites.

Under the multiple proxy regime, ‘relevant intermediaries’, such as banks and nominee companies which provide custodial services for securities and the Central Provident Fund Board, are allowed to appoint more than two proxies to participate in and vote at shareholders’ meetings. This enables indirect investors, including CPF investors, to be appointed as proxies to participate in shareholders’ meetings.

The Company ensures that separate resolutions are proposed for substantially separate issues at general meetings.

The Board is cognizant of its responsibilities and stewardship to all shareholders. Together with the Board, the Group Finance Director, Company Secretaries and members of senior management are in attendance at all shareholders' meetings to permit direct engagements and communications with the shareholders.

In 2022, the Company held its AGM online pursuant to the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). All directors, the Group Finance Director, the Company Secretaries, the members of senior management and the auditors of the Company attended the AGM either in person or online. Shareholders were requested to send their questions or queries to the Company prior to the AGM. The Company posted its responses to all substantial and relevant questions from shareholders on its website and SGXNet prior to the commencement of the AGM.

Shareholders exercised their voting rights in the 2022 AGM by appointing the Chairman of the meeting to cast their votes. The total number of votes cast for or against each resolution were tallied and displayed live on-screen to shareholders during the AGM webcast. The results were also announced after the meeting via SGXNet.

The Company will be holding its upcoming 2023 AGM by electronic means. Shareholders will be allowed to ask questions and vote live and virtually at the 2023 AGM.

Voting in absentia by mail, facsimile or email is currently not permitted as such voting methods will need to be carefully evaluated to ensure no compromise to the integrity of the information and the authenticity of the shareholders' identities. However, shareholders can appoint proxies (including the Chairman of the meeting) to cast their votes.

The Company publishes minutes of general meetings on both SGX-ST's and the Company's websites. The minutes record substantial and relevant comments or queries from shareholders, and responses from the Board and Management.

Dividends

The Company operates in a cyclical industry. It aims to balance returns to shareholders with the need for long-term sustainable growth. Taking into account its cash position, working capital requirements, capital expenditure plans and investment opportunities, the Company strives to provide shareholders annually with a consistent and sustainable dividend.

For 2022, the Board adopted a prudent approach to conserving cash for future working capital and growth needs. As such, no interim and final dividends have been declared for FY2022.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

General meetings are the principal forum for dialogue with shareholders, who may raise questions or share their views regarding the proposed resolutions and the Company's business and affairs, prior to or during the events.

The Company has in place a comprehensive investor relations policy and programme which allow for ongoing exchange of views to actively engage and promote regular, effective and fair communication with investors and shareholders.

Investor Relations and Corporate Communications personnel are available by email or telephone to answer questions from shareholders, the media and analysts. Due care is exercised in the provision of responses with emphasis on compliance to SGX-ST's rules on fair disclosure.

Apart from attending Singapore conferences, conducting regular meetings, email communications and teleconferences with investors and analysts, the Group Finance Director, and the Head of Investor Relations also participate in overseas road shows and conferences to reach out to foreign institutional investors. The Company will continue to actively engage the global investment community through teleconferences, web meetings and virtual forums. More information on the Company's investor relations activities can be found on pages 48 to 53 of the Annual Report 2022.

MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company is committed to creating long-term value for stakeholders. The Group has in place established processes, policies and guidelines for proactive identification and engagement of stakeholders. The Company actively reaches out through diverse platforms and communication channels to build strong relationships with internal and external stakeholders across its global operations.

More details can be found in the Sustainability (Stakeholders Engagement) section of the Company's corporate website, the Company's Sustainability Report 2022, and pages 86 to 87 of the Annual Report 2022.

Corporate Governance

DEALINGS IN SECURITIES

The Company has in place a policy which prohibits dealings in the Company's securities during the blackout period by: its directors; members of the Senior Management Committee; and employees who are in possession of non-public price sensitive information in relation to the Group (collectively the "Officers"). This blackout period commences: (a) two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month before the announcement of the Company's full-year financial statements (if the Company announces its quarterly financial statements); or (b) one month before the announcement of the Company's half-year and full-year financial statements (if the Company does not announce its quarterly financial statements).

The policy also provides that any of the Officers who are privy to any material unpublished price-sensitive information should not trade in the securities of the Company until the information is appropriately disseminated to the market, regardless of whether or not it is during the blackout period.

The policy also discourages trading on short-term considerations. In advance of each blackout period, Corporate Secretariat sends notices on the policy requirements to the Officers and reminds them of their obligations under the insider trading laws.

INTERESTED PERSON TRANSACTIONS

Shareholders have approved the renewal of a general mandate for IPTs at the AGM on 20 April 2022. The mandate sets out the levels and procedures for obtaining approval for each type of IPTs covered under the mandate. Information regarding the mandate can be found on the Company's website at www.sembmarine.com.

All commercial units are required to be familiar with the IPT mandate and report any such transactions to their respective finance departments. The Group Finance department consolidates the IPTs and keeps a register of the Company's IPTs.

The IAD regularly reviews the IPTs entered into by the Group to verify the accuracy and completeness of the IPT disclosure and to determine whether the IPT reporting requirements under the SGX-ST listing rules have been adhered to. The report was previously submitted to the AC (and now the ARC) for review.

Detailed information on IPTs for FY2022 is found on page 205 of the Annual Report 2022.

MATERIAL CONTRACTS

Save as disclosed in the IPTs listed on page 205 and the related party transactions disclosed on page 167, no other material contracts involving the interests of any director or controlling shareholder had been entered into by the Company or any of its subsidiaries and no such contracts subsisted as at 31 December 2022.

Note: This Sembcorp Marine Annual Report 2022 is to be read in conjunction with the Sembcorp Marine Sustainability Report 2022.

SUMMARY OF DISCLOSURES OF CODE OF CORPORATE GOVERNANCE 2018

This summary of disclosures describes Sembcorp Marine Ltd's corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code of Corporate Governance 2018.

Board Matters		Renumeration Matters		Shareholder Rights and Engagement	
The Board's Conduct of Affairs		Procedures for Developing Remuneration Policies		Shareholder Rights and Conduct of General Meetings	
Principle 1	Page reference in Annual Report 2022	Principle 6	Page reference in Annual Report 2022	Principle 11	Page reference in Annual Report 2022
Provision 1.1	Pages 54, 55, 56 and 57	Provision 6.1	Pages 64, 65 and 66	Principle 11.1	Page 72
Provision 1.2	Pages 55, 56, 57 and 63	Provision 6.2	Page 64	Principle 11.2	Page 72
Provision 1.3	Page 57	Provision 6.3	Pages 64, 65, 66 and 67	Principle 11.3	Page 73
Provision 1.4	Pages 54, 55, 56, 57, 58, 59, 62, 64, 68, 69, 70 and 71	Provision 6.4	Page 64	Principle 11.4	Page 73
Provision 1.5	Pages 60 and 63	Level and Mix of Remuneration		Principle 11.5	Page 73
Provision 1.6	Page 60	Principle 7	Page reference in Annual Report 2022	Principle 11.6	Page 73
Provision 1.7	Page 60	Principle 7.1	Page 67	Engagement with Shareholders	
Board Composition and Guidance		Principle 7.2	Pages 65 and 66	Principle 12	Page reference in Annual Report 2022
Principle 2	Page reference in Annual Report 2022	Principle 7.3	Pages 64, 65, 66 and 67	Principle 12.1	Pages 72 and 73
Provision 2.1	Pages 61 and 63	Disclosure on Remuneration		Principle 12.2	Pages 72 and 73
Provision 2.2	Pages 61 and 63	Principle 8	Page reference in Annual Report 2022	Principle 12.3	Pages 72 and 73
Provision 2.3	Page 61	Principle 8.1	Pages 64, 65, 66, 67 and 68	Managing Stakeholders Relationships	
Provision 2.4	Pages 61, 62 and 63	Principle 8.2	Pages 68	Engagement with Stakeholders	
Provision 2.5	Page 61	Principle 8.3	Pages 67, 92 to 94 and 204	Principle 13	Page reference in Annual Report 2022
Chairman and Chief Executive Officer		Accountability and Audit		Principle 13.1	Page 73
Principle 3	Page reference in Annual Report 2022	Risk Management and Internal Controls		Principle 13.2	Pages 48-53, 73
Provision 3.1	Page 61	Principle 9	Page reference in Annual Report 2022	Principle 13.3	Pages 51 and 73
Provision 3.2	Page 61	Provision 9.1	Pages 68 and 69		
Provision 3.3	Pages 58 and 61	Provision 9.2	Page 69		
Board Membership		Audit Committee			
Principle 4	Page reference in Annual Report 2022	Principle 10	Page reference in Annual Report 2022		
Provision 4.1	Page 62	Provision 10.1	Pages 69, 70 and 71		
Provision 4.2	Page 62	Provision 10.2	Pages 55, 56, 58, 59, 68 and 69		
Provision 4.3	Pages 62 and 63	Provision 10.3	Page 70		
Provision 4.4	Pages 61, 62 and 63	Provision 10.4	Page 71		
Provision 4.5	Pages 36-42, 62, 63 and 64	Provision 10.5	Page 71		
Board Performance					
Principle 5	Page reference in Annual Report 2022				
Provision 5.1	Pages 62 and 64				
Provision 5.2	Pages 63 and 64				





BUILDING BETTER WORLDS

Sembcorp Marine, enriched with deep R&D and technological capabilities, expertise and proven, continues to deepen and broaden its collaborative alliances and partnership to build a better tomorrow



Risk Management

The Group's Enterprise Risk Management (ERM) framework is designed and implemented to:

Reduce the effects of uncertainties on the achievement of its objectives

Integrate risk management into its values, culture and processes

Manage risks across Commercial Units, Yards, Corporate functions and business entities

Improve the safety, effectiveness, and efficiency of operations and processes

Enhance the resilience of the Group and its capacity to build value for stakeholders

We identify and manage risks to enable management to deal effectively with uncertainties and the associated risks in pursuing business opportunities, thereby enhancing the resilience of the Group and its capacity to build value for stakeholders.

While risk management does not eliminate risks completely, it strives to ensure that the risk-reward trade-off is well understood before decisions are made and that foreseeable outcomes are within Sembcorp Marine's risk appetite.

Overcoming the Effects of Covid-19

Due to the protracted effect of the Covid-19 pandemic, the Group has encountered execution challenges associated with the pandemic, arising from shortage of skilled workers, and supply chain constraints which resulted in significant cost overruns. Faced with these challenges, the Group took active measures to improve project execution and demonstrated its operational resilience, flexibility and capabilities. In doing so, we worked in even tighter cooperation with customers and found a new rhythm to manage the pandemic and operations.

To mitigate project cancellation risks, we worked closely with our customers to reach mutually beneficial outcomes for project rescheduling. This remains a key priority, together with the health and safety of our workers, customers, vendors and partners. We are pleased to report that there is no cancellation of any of the Group existing projects to-date. We have made full provisions for these increases in labour costs, together with the associated rescheduling of work, extra sub-contract work, material usage and other staff turnover related expenses in the financial results.

The Group has successfully delivered 12 major projects in FY 2022 and year-to-date. The Group also completed major conversions of several offshore gas facilities and delivered on some 221 vessels requiring repair, upgrade and maintenance. This has enabled resources to be freed up for other existing and new projects.

Sembcorp Marine remains focused on completing the remaining 9 on-going major projects with completions scheduled till 2026. The Group will continue to review relevant opportunities and grow its pipeline of orders and projects.

Improvement in Cashflow from Operations

Following improved operating cashflow and cash balance with receipts of project payments due on successful completion and delivery of 12 major projects in FY 2022 and year-to-date, the Group Net debt/equity ratio was 0.26x.

Geopolitical Conflict and Supply Chain Disruption

While the Covid-19 situation improved in FY 2022, the conflicts in Russia and Ukraine triggered another global supply disruption and shortage of supplies such as food and raw materials. This caused price escalation and inflation in many countries, and a corresponding impact on margins and schedule.

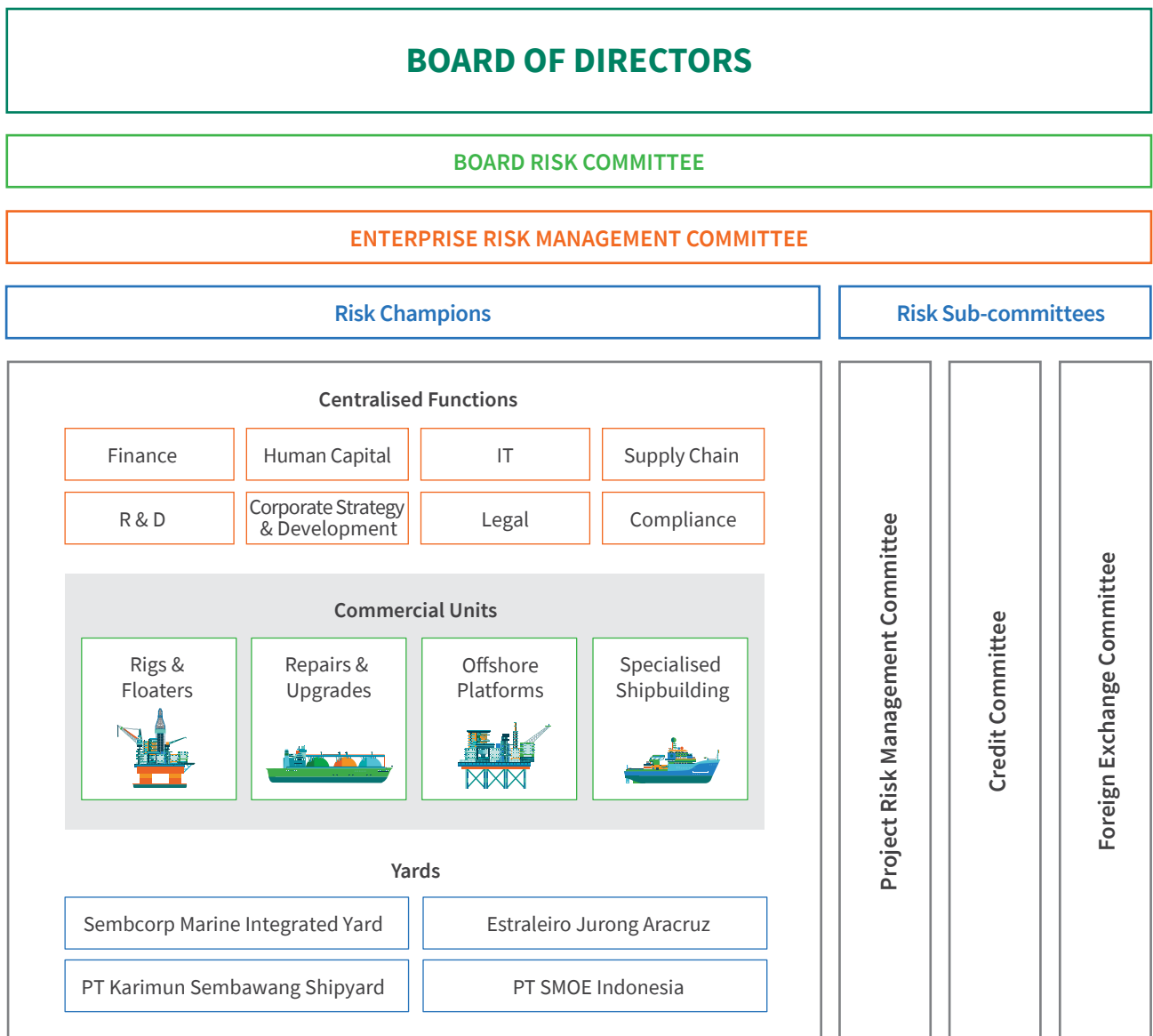
RISK MANAGEMENT AND GOVERNANCE

Sembcorp Marine's Risk Management and Governance Structure comprises the Board, Board Risk Committee ("BRC"), Enterprise Risk Management Committee ("ERMC"), Risk Champions, Risk Sub-Committees and the Risk Management Office under the Chief Risk Officer ("CRO").

The Board is responsible for risk oversight and setting an appropriate tone from the top, which is cascaded across the Group through policies and procedures. The BRC supports and assists the Board in overseeing that management has put in place adequate and effective risk management systems, frameworks, policies, procedures and processes; reviewing and endorsing the Group's risk appetite and risk tolerance limits for approval by the Board; reviewing risk reports from management which include the Group's risk profile, major risk exposures and material risk issues; as well as management's response and actions taken to monitor and control such exposures or issues.

The responsibility for risk management and effective internal controls lies with the ERMC. Chaired by the President & CEO, the ERMC drives key risk management initiatives and reviews risk issues across the Group. Supporting the ERMC are the Risk Champions and the Risk Sub-Committees for Credit, Project Risk Management and Foreign Exchange.

These sub-committees are chaired by senior management appointed by the President & CEO. Collectively, the Risk Champions and the Risk Sub-Committees oversee the various risk categories with clear assignment of responsibilities.



The Group's Risk Governance and Assurance Framework (RGAF) is an integral part of the overall risk assessment and assurance reporting system. The RGAF takes a risk-based approach to identifying key risk areas, corresponding processes and controls, for which assessment is done to ensure adequate and effective controls are designed to mitigate the risks.

Control Self-Assessments (CSAs) are conducted on the respective controls by control owners on a quarterly basis, which reinforces the integrity of the RGAF.

Through this programme, weaknesses (if any) in the control environment may be detected and reported to management in a structured and formalised process, and corrective actions taken to strengthen the process and prevent future occurrences and lapses.

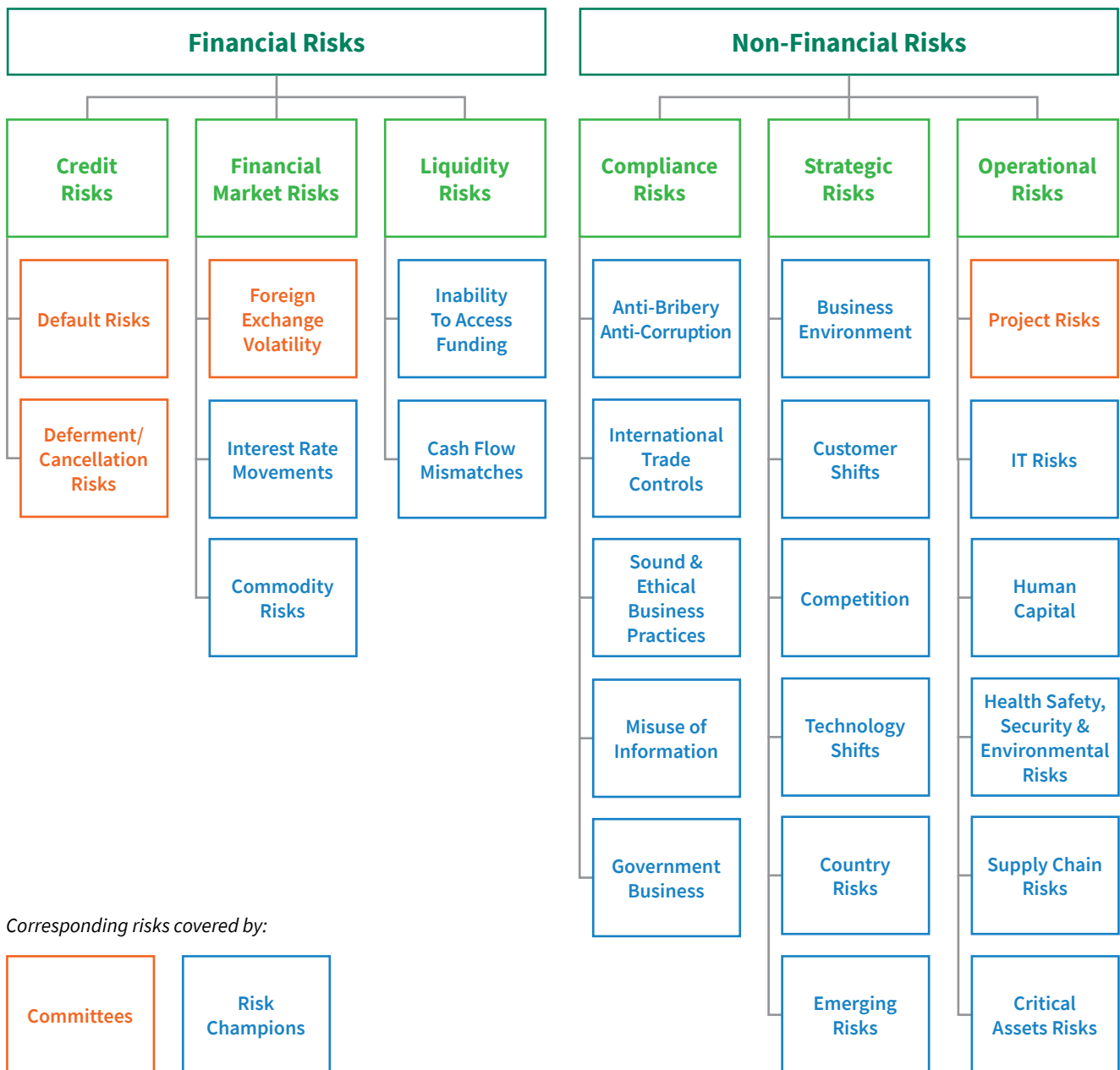
In addition to providing assurance that the risk system and key controls are adequate and effective, the RGAF instils ownership among the process and control owners, promoting a sense of accountability.

Risk Management

KEY RISKS AND CONTROLS

The Group categorises the risk environment into six pillars, reflecting the risk profile most relevant to its business and operating environment. The risk profile is updated regularly by reviewing the Sembcorp Marine Risk Map, which defines specific sub-risk areas under each of the six pillars. Key risks are identified and assessed for inherent impact and likelihood, factoring in external influences as well as internal control measures to ascertain the resultant risk level.

Clear Definition of Risk and Assignment of Risk Ownership



Our risk appetite for identified key areas is articulated through the following broad statements:

Strategy & Growth	<ul style="list-style-type: none"> • Expand into new locations, businesses and products • Pursue opportunities and transactions that are consistent with overall strategy and core competencies • Achieve appropriate risk-reward balance through due diligence and other necessary risk management processes
Country Exposure	<ul style="list-style-type: none"> • Diversify business portfolio to mitigate exposures to adverse geopolitical macroeconomic and industry changes • For fixed asset investments, avoid exposure to high-risk and sanctioned countries and countries at war. Explore countries which have strategic growth potential • For projects, limit exposure in medium and high-risk countries, and in sanctioned countries where business can be conducted legally
Credit & Concentration	<ul style="list-style-type: none"> • Limit backend-loaded payment terms to mitigate financial stress due to client defaults • Maintain a diversified portfolio of customers so that our concentration in respective credit rating tiers commensurate with our loss tolerance
Project Management for EPCC	<ul style="list-style-type: none"> • Optimise resource planning and utilisation across portfolio of multiple projects • Level resource utilisation effectively across various projects so as to minimise costs and deliver quality projects safely and on time
Operational Risks	<ul style="list-style-type: none"> • Manage critical assets and IT infrastructure to ensure system availability and capacity to meet business requirements and to protect against natural and man-made threats, including cyber attacks • Minimise relationships with high-risk business partners and third-party vendors who provide critical services
Liquidity, Returns & Foreign Exchange	<ul style="list-style-type: none"> • Be well-positioned to meet liquidity requirements and service debts • Achieve target return on investment and generate minimum target of return for shareholders • Perform FX transactions using permitted hedging products and solely for hedging purposes without engaging in speculation
Human Capital Planning	<ul style="list-style-type: none"> • Build a motivated, productive and efficient workforce which is aligned to the Group's core values and ethical standards • Attract, develop and retain employees with relevant skill sets and competencies to meet the company's business needs and ensure leadership continuity
Health, Safety, Security & Environment	<ul style="list-style-type: none"> • Do not tolerate fatalities, adverse health or environmental impacts and security breaches arising from negligence or non-compliance with applicable HSSE regulations and standard operating procedures
Compliance, Brand & Reputation	<ul style="list-style-type: none"> • Comply with applicable laws and regulatory requirements in the countries where Group operates • Do not condone fraudulent and corrupt activities • Do not tolerate reputational damage or negative publicity • Invest in initiatives to promote brand, CSR values, engage stakeholders and reach out to community
ERM Maturity; Risk Culture	<ul style="list-style-type: none"> • Develop ERM capabilities and institutionalise best-in-class ERM programmes • Ensure employees understand risks associated with their business activities, and that they are accountable for operating within stipulated risk appetites

Risk Management

2022 Risk Management activities included the following:



FY2022 RGAF & CSA submissions

Risk Governance and Assurance Framework (RGAF): Board of Directors opined on adequacy and effectiveness of the Group's system of risk management and internal controls, based on assurances from Management who performed self-assessment on control effectiveness and to remediate issues, and from Internal and External Audit teams who identified issues and weaknesses and recommended areas for improvement.

Control Self Assessments (CSA): Employees defined minimum acceptable controls in their work activities, periodically assessed their compliance with key controls, highlighted non-compliances, deviations or control weaknesses, and developed corresponding action plans to address them so that process objectives can be met.

- Held Risk Champions Workshops with respective Risk Champions, Commercial Units, Yards, and Corporate functions and Business entities' process and control owners.
- Partner stakeholders to re-evaluate and re-assess the RGAF and CSA framework
- ERM Induction e-learning and Refresher Training



Monitor customers' credit ratings and significant outstanding debtors

The Credit Committee assessed obligor's creditworthiness using salient quantitative and qualitative criteria so as to facilitate clear credit underwriting, prudent transaction structuring and effective portfolio management.

Key initiatives:

- Monitored customers' creditworthiness and payment ability;
- Implemented remedial measures for collecting arrears;
- Reviewed likely payment outcomes;
- Reviewed and updated of Group Credit Policy

Facilitated requirements of Group Credit Policy which include sieving out customers that are not creditworthy, protecting Group against excessive credit exposures, and ensuring that credit risks that the Group accepts have been deliberated and are consistent with the Group's risk appetite.



Risk Appetite Statement Dashboard

Risk Management provided quarterly reports and monitored each major risk type, reviewed and updated its corresponding metrics, tolerance ranges and limits for early warning of potential breach incidences and driving mitigation actions.



Project Approval Papers

Risk Management vetted new bids and project approval papers which use a template that compelled rigorous analysis of all relevant aspects of the proposed projects, and organised evaluations with supporting details.

Template initiated by Risk emphasised concise and coherent writing and allows Approvers to focus on critical deal points.



Country Risk Ratings

Risk Management reviewed and updated the Country Risk Ratings based on various factors with different weightage such as Corruption, Transfer, Political, Regulatory, Environmental and Sovereign indexes to enable Sembcorp Marine to monitor the changes in country risk ratings as compared to the previous year, updated lists of medium and high risk countries, sanctioned countries and countries at war.



Update of Risk Management Policies and composition of Risk Sub-committees

Risk Management reviewed and updated the following policies:

- Enterprise Risk Management (ERM) Policy
- Internal Control Policy
- Risk Appetite Statements (RAS) Policy
- Control Self-Assessment (CSA) Policy
- Risk Reporting Policy

We have also reviewed the Terms of Reference (ToR) of the Board Risk Committee (BRC) as well as the ToR and composition of the Credit Committee (CC), Enterprise Risk Management Committee (ERMC), Project Risk Management Committee (PRMC) and Business Continuity Management Committee (BCMC).

The updated policies were uploaded in corporate repository and disseminated to relevant stakeholders.



Participated in FX and Sustainability Committees

FX Committee:

As FX committee member, the Chief Risk Officer (CRO) reviewed FX policies, approved hedging plans and monitored VaR exposures.

Sustainability Committee:

As leader of working team for Governance pillar of Sustainability programme and Sustainability Council member, the CRO researched best practices, developed methodologies, identified emerging sustainability issues, and oversaw implementation progress of mitigation plans.



HSE updates

The Group's activities embedded and kept abreast of latest development in health, safety, security, environmental and quality requisites to provide a safe, secure and healthy workplace for employees, contractors, suppliers and stakeholders by preventing accidents, injuries, occupational illness and minimising environmental impact of the Group's operations.



Partner with Compliance Department

As part of 2022 Risk Work Plan, Risk Management:

- Partnered the Compliance Department to maintain conformance with ISO Anti-bribery Management System requirements.
- Worked with the Compliance Department to roll out a risk-based due diligence framework



Treasury Updates

Treasury Tracking: The Group Treasury Department presented the following to the Board Risk Committee on a quarterly basis:

- key drivers that affected Group FX exposures,
- translation of foreign currency investments, FX forwards mark-to-market valuation, and transactional exposure from project cash flows, asset inventories and committed capex, and
- Group Value at Risk (VaR) status vis-à-vis Group VaR limit via dashboard with alert status for various VaR levels and corresponding required follow-up.

FX Tickets:

Chief Risk Officer (CRO) also verified and signed off FX deal ticket, providing additional scrutiny in accordance with the Group's FX hedging procedure.

Compliance

Compliance risk is the risk arising from the violation of, or non-conformance with, local or cross-border laws, rules and regulations. Failure to comply with laws, rules and regulations can result in increased reputational and legal risks as well as enforcement and regulatory proceedings.

Compliance risk includes conduct risk, which is the risk that Sembcorp Marine's employees or business partners may (intentionally or through negligence) harm stakeholders as well as the Group.

Extensive compliance requirements can result in increased reputational and legal risks. Failure to comply with regulations and requirements can result in enforcement and/or regulatory proceedings.

Ongoing implementation of regulatory changes and increasing compliance requirements can increase Sembcorp Marine's compliance costs.

The primary goals of Sembcorp Marine's Regulatory Compliance are to:

- Maintain a framework that facilitates enterprise-wide compliance with local and cross-border laws, rules or regulations;
- Ensure that Sembcorp Marine's internal policies and procedures, and applicable standards of conduct are observed; and
- Drive and embed a risk culture of compliance, control and ethical conduct.

To anticipate, mitigate and control compliance risks, the Group adopts the following process:

- Communicate a strong culture of compliance, control and ethical conduct;
- Identify compliance risks (viz. anti-money laundering, anti-bribery & anti-corruption, counter-terrorism financing, politically exposed person, crimes and others);
- Stipulate risk assessments required and set the standards for these requirements;
- Identify regulatory changes, as well as assess and address the impact;
- Perform compliance assurance activities to oversee adherence to applicable requirements;
- Provide policies, procedures and other documentation that set the standards for employees and business partners, and oversee the application of those standards;
- Provide training to support effective execution of roles and responsibilities relating to the identification, control, reporting and escalation of matters linked to compliance regulatory risks;
- Inform the Board and designated committees on the effectiveness of the processes and standards implemented to manage compliance regulatory risks; and
- Escalate to the Board any actual or likely violation of law, regulation, policy or significant compliance risk, and take reasonable action to see that the matter is appropriately identified, tracked and resolved, including the issuance of corrective action plans.

Compliance Structure

The Compliance Department focuses on regulatory Compliance work.

The Head of Compliance reports to the President & CEO and has direct access to the Board on Compliance matters. The Compliance Department supports senior management and the Board in fulfilling oversight responsibility for the Sembcorp Marine's compliance and ethics programs, policies and procedures.

The Group also established a Compliance Committee. Comprising the senior management of Sembcorp Marine, the committee takes the lead to drive Compliance matters of the organisation. The role of the Compliance Committee is to promote a culture of Compliance in the Group and to ensure that its activities are conducted in accordance with national and international laws and regulations that are being implemented across the globe.

Compliance Framework

The Compliance Framework covers the following:

- Compliance culture
- Compliance policies and procedures
- Codes of Conduct
- Compliance processes
- Compliance risk assessment, monitoring, testing and remediation
- Compliance training and communication
- Whistle Blowing
- ISO 37001 certification

Compliance Culture

Sembcorp Marine aspires to continuously build and strengthen a culture of compliance, control and ethical conduct across the Group.

As part of Sembcorp Marine's strict stance of zero tolerance towards anti-bribery and anti-corruption, we implemented initiatives to promote Compliance awareness amongst our employees, business partners and stakeholders.

Our employees are reminded of our Compliance commitments via our annual refresher training on our in-house online e-learning platform.

Compliance Policies, Procedures

Sembcorp Marine's Compliance Department develops and maintains all compliance-related policies and procedures, including anti-bribery, anti-money laundering, fraud, corporate gifts, hospitality, donations, sponsorships, conflict of interest and appointment of third party representatives. These are reviewed periodically, to ensure that they are updated and compliant with applicable laws, rules and regulations. These policies and procedures apply across the board to all business units within Sembcorp Marine.

Codes of Conduct

Sembcorp Marine has strict Codes of Conduct:

The **Code of Business Conduct** applies to every Director and employee in Sembcorp Marine, its subsidiaries and joint venture companies where Sembcorp Marine exercise management control. It also applies to Business Partners and Third Parties engaging in business transactions with and on behalf of Sembcorp Marine. All are required to respect and act consistently with the Code of Business Conduct in the performance of any contracts entered into with Sembcorp Marine.

Code of Business Conduct include fairness and opportunity, protection of information and data integrity, insider trading, gifts and entertainment, conflict of interest, bribery and corruption, competition and anti-trust laws and international trade controls, money laundering prevention, political contributions and contributing to our communities.

The **Employee Code of Conduct** applies to all employees, who are required to be familiar with the Code and to comply strictly with the principles and guidelines contained therein. Importantly, it requires all employees to carry out their duties and responsibilities to the highest degree of personal and corporate integrity. The Employee Code of Conduct sets out the principles and guidelines governing legal and ethical conduct when conducting business, personal conduct at the workplace, conflict of interests and prohibitions against bribery and corruption, amongst others. Disciplinary actions, including suspension or termination of employment, will be taken in the event that an employee is found to have violated the Employee Code of Conduct.

The **Supplier Code of Conduct** applies to all key suppliers, vendors and subcontractors of Sembcorp Marine and its affiliated companies. The Supplier Code of Conduct was developed to integrate sustainability into our supply chain management and

procurement process. The areas covered includes the adoption of socially responsible practices and meeting the necessary standards with respect to human rights, labour management, social responsibility, occupational health and safety, security, environmental sustainability and business ethics.

The Guide to the Code of Business Conduct

The Guide was published at Sembcorp Marine's website to provide a comprehensive overview which highlights the key points in the Code of Business Conduct. It is periodically reviewed and updated. Our Business Partners and Third-Party Representatives are to read and comply with the standards and guidelines laid out in the Guide.

Compliance Processes

As part of our annual review, we have improved our due diligence process for all third-party representatives who represent Sembcorp Marine in business dealings by conducting compliance screening checks and requiring them to provide a statement of compliance. We will continually monitor and review the effectiveness of the process for further enhancements.

Compliance Risk Assessments, Review and Monitoring
Periodic risk assessments are carried out to ensure the continued effectiveness of the compliance policies and procedures, taking into account relevant developments and circumstances and to regularly address and update compliance risks and policies.

Independent internal and external audits review the effectiveness of the Compliance programmes.

Compliance Training and Communication

The Group continued with the e-learning training programme which was initiated for all directors and management employees in 2020. The content of the training covers the key compliance policies and employees are required to pass the assessments at the end of the training to complete the training. Non-management employees will be briefed periodically during their regular meetings in the course of their work activities. Employees are also required to declare any potential conflicts of interests upon hiring and at any time when there is a change in conditions.

Whistle-blowing Policy

Sembcorp Marine's Whistle-blowing policy encourages the reporting by any person on any possible improprieties in matters of financial reporting, suspected bribery or corruption, misconduct or violation of Sembcorp Marine's Code of Conduct and policies. The channels of reporting are clearly defined and reports can be made in confidence and without fear of retaliation.

ISO Certification

Sembcorp Marine was ISO 37001 certified in October 2019 and will be continuing its certification audit in 2023.

Sembcorp Marine's Brazil yard, Estaleiro Jurong Aracruz, is ISO 37001 certified and successfully completed its 2nd surveillance audit.

Our Sustainability

At Sembcorp Marine, sustainability awareness and practices are ingrained into every aspect of our business to create value for our stakeholders over the long term. Our commitment to sustainability is anchored in our mission, vision, and values. These in turn, serve as guiding principles for our business conduct.

OUR SUSTAINABILITY STRATEGY

Approach to Sustainability



Our Sustainability Vision

Contribute to Decarbonisation

40%
of our annual company turnover to be generated from sustainable product solutions by 2030

Mitigate Impact on Climate, Ocean & Earth

40%
reduction of our carbon emissions (Scope 1 & 2) from 2008 levels by 2030

Care for Communities

Positively impact
our communities through corporate social care programmes

Advance a Sustainable World

Transform
the future by operating a responsible, resilient and sustainable business for a better world

Alignment To United Nations Sustainable Development Goals



SUSTAINABILITY REPORTING

Since FY2011, Sembcorp Marine has been providing sustainability disclosures and reporting its Economic Environmental, Social and Governance (EESG) performance through its Sustainability Report, in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021.

Our Sustainability Report is also guided by international frameworks such as the United Nations Sustainable Development Goals (UNSDGs) and the Sustainability Reporting Guidance for the Oil and Gas Industry issued by IPIECA, the American Petroleum Institute (API), and the International Association of Oil & Gas Producers (IOGP), referencing the Task Force for Climate-related Financial Disclosures (TCFD) recommendations and relevant indicators in the Sustainability Accounting Standards Board (SASB) framework.

Reflecting our continuous commitment to sustainability, our 2022 Sustainability Report is a standalone publication for the fourth consecutive year.

This is the sixth year that we have engaged PricewaterhouseCoopers LLP to undertake a limited assurance on selected sustainability information for the financial year ended 31 December 2022. The assurance engagement was performed in accordance with the Singapore Standard on Assurance Engagements (SSAE) 3000 – Assurance Engagements other than Audits or Reviews of

Historical Financial Information and, in respect of the greenhouse gas emissions, in accordance with SSAE 3410 – Assurance Engagements on Greenhouse Gas Statements.

SUSTAINABILITY APPROACH

In 2022, we reassessed our materiality topics and confirmed their relevance to Sembcorp Marine and the sector we operate in. The acquisition of Keppel O&M is further strengthening our position, and consequently our accountability for example around workplace safety and health, environmental sustainability and business integrity.









The merger further strengthens our ability to influence the adoption of responsible sourcing practices, the adherence to compliance and codes of conduct, the engagement and collaboration to harness technologies and optimise resources for business growth and resiliency.

SUSTAINABILITY PERFORMANCE

Our performance on the eight material issues identified under our sustainability framework are summarised below. For more information on our sustainability performance and targets, please see pages 6 and 7 of our 2022 Sustainability Report. We plan to conduct a comprehensive materiality assessment in 2023 taking into account the Group's transformation.



Scan here to view our Sustainability Report

Our Material Issues – 2022 Performance Summary	
 INNOVATION & SUSTAINABLE SOLUTIONS	<ul style="list-style-type: none"> Achieved 24% of annual company turnover from sustainable products and solutions Continue to develop innovative solutions
 CUSTOMER ALIGNMENT	<ul style="list-style-type: none"> Maintained 100% compliance with product safety and health Achieved 99% customer satisfaction for repair and upgrading projects Continue to protect customers' data
 ENVIRONMENTAL SUSTAINABILITY	<ul style="list-style-type: none"> Achieved ISO 50001 Energy Management System certification for TBY and AY Achieved a total installed solar panel capacity of 8.5 MWp Achieved 24.7% reduction of our GHG emissions (Scope 1 & 2) in 2022 from 2008 levels
 SUPPLY CHAIN	<ul style="list-style-type: none"> 100% contracted responsible procurement spend
 HUMAN CAPITAL	<ul style="list-style-type: none"> Total investment in global employee training and development was S\$0.84 million, equivalent to 0.15% of total payroll Achieved 27.6 training hours per employee globally
 TOTAL WORKPLACE SAFETY & HEALTH	<ul style="list-style-type: none"> Low Accident Frequency Rate, Accident Severity Rate and Workplace Injury Rate at 0.64, 11.19 and 197.10 respectively
 COMMUNITY ENGAGEMENT	<ul style="list-style-type: none"> Invested S\$2.88 million in community programmes Staff dedicated more than 3,970 hours to participate in community programmes Launched the Employee Volunteer Scheme and partnered with St Luke's Eldercare Centre to organise community activities
 BUSINESS INTEGRITY	<ul style="list-style-type: none"> Active engagement with governance bodies and sustainability agencies Maintained 100% compliance with codes of conduct by employees and suppliers No material incidents of non-compliance 100% compliance with anti-competitive behaviour, anti-trust and monopoly policies

FINANCIAL STATEMENTS

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Directors' Statement

Year Ended 31 December 2022

We are pleased to submit this annual report to the members of Sembcorp Marine Ltd (the "Company" and including its subsidiaries, the "Group") together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

- (a) the financial statements set out on pages 103 to 203 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors ("the Board") has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Tan Sri Mohd Hassan Marican	Chairman
Yap Chee Keong	Deputy Chairman
Wong Weng Sun	President and CEO
Bob Tan Beng Hai	
Gina Lee-Wan	
William Tan Seng Koon	
Patrick Daniel	
Tan Wah Yeow	
Koh Chiap Khiong	

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and its related corporations are as follows:

Name of director and corporation in which interests are held	Description of interests	Shareholdings registered in the name of director, spouse, children or nominees			Other shareholdings in which the director is deemed to have an interest		
		At beginning of the year	At end of the year	At 21/01/2023	At beginning of the year	At end of the year	At 21/01/2023
Tan Sri Mohd Hassan Marican							
Sembcorp Marine Ltd	Ordinary shares (Note 1)	9,694,126	11,170,826	11,170,826	-	-	-
Singapore Airlines Limited	Debenture - 3.13% Notes due 2026	\$250,000	\$250,000	\$250,000	-	-	-
CapitaLand Treasury Limited	Debenture - 4.076% Notes due 20 Sep 2022	US\$200,000	US\$200,000	US\$200,000	-	-	-
Yap Chee Keong							
Sembcorp Marine Ltd	Ordinary shares	897,485	979,485	979,485	-	-	-
Olam International Ltd	Ordinary shares	128,571	167,571	167,571	-	-	-
Astrea IV Pte Ltd	Debenture - Bond due 14 June 2028	\$250,000	\$250,000	\$250,000	-	-	-
Astrea VI Pte Ltd	Debenture - Bond due 18 March 2031	\$30,000	\$30,000	\$30,000	-	-	-
Ascott Residence Trust	Debenture	\$250,000	\$250,000	\$250,000	-	-	-

Directors' Statement

Year Ended 31 December 2022

Directors' Interests (Cont'd)

Name of director and corporation in which interests are held	Description of interests	Shareholdings registered in the name of director, spouse, children or nominees			Other shareholdings in which the director is deemed to have an interest		
		At beginning of the year	At end of the year	At 21/01/2023	At beginning of the year	At end of the year	At 21/01/2023
Wong Weng Sun							
Sembcorp Marine Ltd	Ordinary shares	25,425,714	25,425,714	25,425,714	-	-	-
Bob Tan Beng Hai							
Sembcorp Marine Ltd	Ordinary shares	3,933,000	4,537,200	4,537,200	-	-	-
Gina Lee-Wan							
Sembcorp Marine Ltd	Ordinary shares	2,791,800	3,205,300	3,205,300	-	-	-
William Tan Seng Koon							
Sembcorp Marine Ltd	Ordinary shares	1,652,800	2,159,800	2,159,800	-	-	-
Astrea VI Pte Ltd	Debenture - Astrea VIB 310318	\$15,000	\$15,000	\$15,000	-	-	-
Singapore Airlines Limited	Ordinary shares	14,500	14,500	14,500	-	-	-
SIA Engineering Company Limited	Ordinary shares	131,619	131,619	131,619	-	-	-
Singapore Telecommunications Limited	Ordinary shares	26,941	26,941	26,941	-	-	-
CapitaLand Investment Limited	Ordinary shares	5,000	5,000	5,000	-	-	-
Patrick Daniel							
Sembcorp Marine Ltd	Ordinary shares	1,613,800	2,065,400	2,065,400	-	-	-
Tan Wah Yeow							
Sembcorp Marine Ltd	Ordinary shares	1,304,200	1,779,200	1,779,200	-	-	-
Koh Chiap Khiong							
Sembcorp Marine Ltd	Ordinary shares (Note 2)	7,110,474	7,110,474	7,110,474	-	-	-
Singapore Telecommunications Limited	Ordinary shares	22,750	22,750	22,750	-	-	-
Astrea IV Pte Ltd	Debenture - Bond due 14 June 2028	\$250,000	\$250,000	\$250,000	-	-	-

Note 1: The shares are held in the name of Credit Suisse AG Singapore.

Note 2: The shares are held in the name of Citibank Singapore Limited and DBS Nominees Pte Ltd.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2023.

Except as disclosed under the "Share-based Incentive Plans" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in Notes 27(a) and 37(b) to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share-based Incentive Plans

Following the expiry of the Company's 2010 Performance Share Plan ("SCM PSP 2010") and Restricted Share Plan ("SCM RSP 2010"), the Company's 2020 Performance Share Plan ("SCM PSP 2020") and Restricted Share Plan ("SCM RSP 2020") (collectively, the "2020 Share Plans") were approved and adopted by the shareholders at the Annual General Meeting of the Company ("AGM") held on 20 May 2020.

The Executive Resource and Compensation Committee (the "Committee") of the Company has been designated as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members, all of whom are directors:

Patrick Daniel	Chairman
Tan Sri Mohd Hassan Marican	
William Tan Seng Koon	

The SCM RSP 2020 is the incentive scheme for directors and employees of the Group whereas the SCM PSP 2020 is aimed primarily at key executives of the Group.

The 2020 Share Plans have substantially the same terms as the 2010 Share Plans, save for the introduction of the new malus and clawback rights, the reduction in the limit on the number of shares which may be delivered pursuant to awards granted under the new share plans, amendments to take into account the changes to relevant legislation and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), and changes to streamline and rationalise certain other provisions.

Malus and Clawback Rights. The grant of each award, each release of shares, and each payment in lieu of shares which would otherwise have been released to the participant under the new share plans is subject to, and conditional upon, the Company's malus and clawback rights provided in the new share plans. Under these provisions, if certain exceptional circumstances occur in relation to a participant, the Committee can cancel all or part of any award to the extent not yet released, and exercise the right of clawback ("Clawback Right") in respect of shares which were released ("Released Shares") within the clawback period ("Clawback Period"), which is six years prior to the date on which the Committee makes the determination to exercise the Clawback Right ("Clawback Determination Date").

Number of Shares. The total number of shares which may be delivered pursuant to awards granted under the new share plans on any date, when added to the total number of new shares allotted and issued and/or to be allotted and issued, issued shares (including treasury shares) delivered and/or to be delivered, and shares released and/or to be released in the form of cash in lieu of shares, pursuant to awards granted under the new share plans, shall not exceed 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant award. In contrast, the previous share plans provided for a maximum limit of 7% of the Company's issued shares (excluding treasury shares) on the date preceding the date of the relevant award. The Company is of the view that the reduced maximum limit of 5% will provide the Company with adequate means and flexibility to grant awards as incentive tools in a meaningful and effective manner to encourage staff retention and to align participants' interests more closely with those of shareholders.

The 2020 Share Plans are intended to increase the Company's flexibility and effectiveness in its continuing efforts to attract, retain and incentivise participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group. The 2020 Share Plans will strengthen the Company's competitiveness in attracting and retaining talented key senior management and senior executives.

The SCM RSP 2020 is intended to apply to a broad base of senior executives as well as to the non-executive directors, while the SCM PSP 2020 is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the SCM RSP 2020 and the SCM PSP 2020 will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

The 2020 Share Plans will provide incentives to high performing key senior management and senior executives to excel in their performance and encourage greater dedication and loyalty to the Company. Through the 2020 Share Plans, the Company will be able to motivate key senior management and senior executives to continue to strive for the Group's long-term shareholder value. In addition, the 2020 Share Plans aim to foster a greater ownership culture within the Group which will align the interests of participants with the interests of shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

The 2020 Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate key senior management and senior executives to achieve pre-determined targets which create and enhance economic value for shareholders. The Company believes that the 2020 Share Plans will be effective tools in motivating key senior management and senior executives to strive to deliver long-term shareholder value.

Directors' Statement

Year Ended 31 December 2022

Share-based Incentive Plans (Cont'd)

While the 2020 Share Plans cater principally to Group executives, it is recognised that there are other persons who can make significant contributions to the Group through their close working relationship with the Group. Such persons include employees of associates over which the Company has operational control.

A participant's awards under the 2020 Share Plans will be determined at the sole discretion of the Committee. In considering an award to be granted to a participant, the Committee may take into account, *inter alia*, the participant's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skill set.

Other information regarding the 2020 Share Plans is as follows:

(a) Performance Share Plan

Under the SCM PSP 2020, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. A specific number of performance shares shall be awarded at the end of the three-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset.

Award granted in 2020 onwards

In 2020, following the review of the performance targets, the performance levels will be calibrated based on Return on Invested Capital, Total Shareholder Return and Revenue Realised. For awards granted in 2020 and onwards, both market-based and non-market-based performance conditions are taken into account.

A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Performance shares to be delivered will range between 0% to 150% of the conditional performance shares awarded.

To create alignment between senior management and other employees at the time of vesting, both SCM PSP 2020 and SCM RSP 2020 have in place a plan trigger. Under this trigger mechanism, the performance shares for the performance period will be vested to the senior management participants only if the threshold targets of restricted shares are met in at least two out of three of the performance period subject to the achievement of the performance conditions for the respective performance periods.

However, in 2022 and 2021, no performance shares were awarded to senior management.

Senior management participants are required to hold a minimum percentage of the shares released to them under the Performance Share Plan to maintain a beneficial ownership stake in the Group, for the duration of their employment or tenure with the Group. A maximum cap is set based on a multiple of the individual participant's annual base salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

The details of the movement of the performance shares of the Company awarded during the year are as follows:

Performance Shares participants	At 1 January	Movements during the year			At 31 December
		Conditional performance shares awarded	Performance shares lapsed arising from targets not met	Conditional performance shares released	
2022					
Director of the Company					
Wong Weng Sun	-	-	-	-	-
Key executives of the Group					
	-	-	-	-	-
<hr/>					
2021					
Director of the Company					
Wong Weng Sun	481,000	-	(375,180)	(105,820)	-
Key executives of the Group					
	687,000	-	(535,860)	(151,140)	-
	1,168,000	-	(911,040)	(256,960)	-

Share-based Incentive Plans (Cont'd)

(b) Restricted Share Plan

Award granted in 2020 onwards

Under the Restricted Share Plan, the awards granted conditional on performance targets will be set based on corporate objectives at the start of the one-year performance qualifying period. Previously, the performance criteria for the SCM RSP 2010 were calibrated based on Earnings before Interest and Taxes. SCM RSP 2020 will be calibrated based on Earnings before Interest and Taxes and Return of Capital Employed.

A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 150% of the conditional restricted shares awarded.

The senior management and managerial participants of the Group will be awarded restricted shares under the SCM RSP 2020, while the non-managerial participants of the Group will receive their awards in an equivalent cash value. This cash-settled notional restricted shares award for non-managerial participants is known as the Sembcorp Marine Challenge Bonus.

A specific number of restricted shares shall be awarded at the end of the respective performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants. Non-managerial participants will receive the equivalent in cash at the end of the respective performance cycle, with no further vesting conditions.

However, in 2022 and 2021, no restricted shares were awarded to employees.

Senior management participants are required to hold a minimum percentage of the shares released to them under the Restricted Share Plan to maintain a beneficial ownership stake in the Group, for the duration of their employment or tenure with the Group. A maximum cap is set based on a multiple of the individual participant's annual base salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

To align the interests of the non-executive directors with the interests of shareholders, up to 30% of the aggregate directors' fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards under the SCM RSP 2020.

Save for Mr Koh Chiap Khiong (whose fee is paid wholly in cash to Sembcorp Industries Ltd), the directors' fees for the non-executive directors comprise a cash component and a share component, with up to 30% being delivered in the form of restricted share awards under the Sembcorp Marine Restricted Share Plan 2020. These awards consist of the grant of fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares (including shares obtained by other means) worth at least the value of their basic retainer fee of \$75,000. Any excess may be disposed of as desired. A non-executive director can dispose of all of his shares one year after leaving the Board.

The actual number of shares awarded to each non-executive director holding office at the time of the payment will be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the AGM (or, if no final dividend is proposed at the AGM, or the resolution to approve the final dividend is not approved at the AGM, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. A non-executive director who steps down before the delivery of the share component will receive all of his director's fee in cash.

Directors' Statement

Year Ended 31 December 2022

Share-based Incentive Plans (Cont'd)

(b) Restricted Share Plan (Cont'd)

The details of the movement of the restricted shares of the Company awarded during the year are as follows:

Restricted Shares participants	At 1 January	Movements during the year			At 31 December
		Conditional restricted shares awarded	Conditional restricted shares released	Conditional restricted shares lapsed	
2022					
Directors of the Company					
Tan Sri Mohd Hassan Marican	-	1,476,700	(1,476,700)	-	-
Yap Chee Keong	-	82,000	(82,000)	-	-
Wong Weng Sun	-	-	-	-	-
Bob Tan Beng Hai	-	604,200	(604,200)	-	-
Gina Lee-Wan	-	413,500	(413,500)	-	-
William Tan Seng Koon	-	507,000	(507,000)	-	-
Patrick Daniel	-	451,600	(451,600)	-	-
Tan Wah Yeow	-	475,000	(475,000)	-	-
Other executives	-	-	-	-	-
	-	4,010,000	(4,010,000)	-	-
2021					
Directors of the Company					
Tan Sri Mohd Hassan Marican	-	809,500	(809,500)	-	-
Wong Weng Sun	32,954	-	(32,954)	-	-
Eric Ang Teik Lim	-	217,500	(217,500)	-	-
Bob Tan Beng Hai	-	307,500	(307,500)	-	-
Gina Lee-Wan	-	211,800	(211,800)	-	-
William Tan Seng Koon	-	255,200	(255,200)	-	-
Patrick Daniel	-	226,300	(226,300)	-	-
Tan Wah Yeow	-	237,700	(237,700)	-	-
Other executives	923,082	-	(864,803)	(58,279)	-
	956,036	2,265,500	(3,163,257)	(58,279)	-

In 2022, there were 4,010,000 (2021: 2,265,500) restricted shares released to non-executive directors. The restricted shares were released via the issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2022, was Nil (2021: Nil).

Sembcorp Marine Challenge Bonus

In 2022 and 2021, there were no notional restricted shares awarded for the Sembcorp Marine Challenge Bonus.

(c) Maximum Number of Shares Issuable

The maximum number of performance shares and restricted shares which could be delivered, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 5% limit of the share capital of the Company on the day preceding the relevant date of the grant.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Tan Wah Yeow Chairman
Koh Chiap Khiong
Patrick Daniel
William Tan Seng Koon

The Audit Committee held four meetings during the financial year. In performing its functions, the Audit Committee met with the Company’s external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company’s internal accounting control system.

The Audit Committee performs the functions specified in Section 201B of the Act, the Listing Manual, and the Code of Corporate Governance.

The Audit Committee also reviewed the following:

- assistance provided by the Company’s officers to the external and internal auditors;
- financial statements of the Group (including results announcements) prior to submission to the Board;
- interested person transactions (as defined in Chapter 9 of the Listing Manual);
- internal audit plans and internal audit reports; and
- whistle-blowers’ disclosures.

The Audit Committee has full access to the management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors, KPMG LLP and has recommended to the Board that KPMG LLP be nominated for re-appointment as the auditors of the Company at the forthcoming AGM of the Company.

In appointing our auditors for the Company, subsidiaries and significant associates, we have complied with Rules 712 and 715 of the Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board



Tan Sri Mohd Hassan Marican
Chairman



Wong Weng Sun
Director

Singapore
27 February 2023

Independent Auditors' Report

Year Ended 31 December 2022

Members of the Company
Sembcorp Marine Ltd

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Sembcorp Marine Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 103 to 203.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets (the "shipyard assets")
(Refer to Notes 4, 5, 13 and 41 to the financial statements: Property, plant and equipment of \$3,860,087,000, Right-of-use assets of \$215,851,000 and Intangible assets of \$174,705,000)

Impairment assessment of investments in subsidiaries
(Refer to Note 7 to the financial statements: Investments in subsidiaries of \$3,585,686,000)

Risk:

The Group's shipyard assets were subject to impairment test as market conditions for new builds in the offshore and marine sector remained challenging. Material and labour cost escalations caused by supply chain disruptions and shortages in skilled labour following the Covid-19 pandemic and on-going Russia-Ukraine conflict further suppressed contract margins.

The Group's largest yard assets and facilities are (i) the integrated yards, which include the individual yard locations in Singapore, the sub-contracting yards in Indonesia and the United Kingdom (the Singapore cash generating unit) and (ii) the yard in Brazil (the Brazil cash generating unit). Such shipyard assets are measured at cost less accumulated depreciation and impairment loss. An impairment loss exists when the recoverable amount of the shipyard assets is less than the net carrying amount. The recoverable amount is defined as the higher of the asset's fair value less costs of disposal, and value in use. Management had engaged independent valuation specialists to determine fair value less costs of disposal as at 31 December 2022. The fair value was estimated using discounted cash flows.

The determination of the recoverable amounts of these cash generating units involves a high degree of judgement and is subject to significant estimation uncertainties. The forecasted order book includes contracts from both the oil and gas and renewable energy industries amidst the energy transition. Changes in the key assumptions applied such as project margins, discount rates, long-term growth rates and changes in the timing and quantum of new orders, can have a significant impact on the recoverable amount. Note 41(d) to the financial statements discloses that changes in key assumptions relating to order book and project margins and changes in the timing of new orders could lead to material impairment losses if the forecasted order book and the forecasted margins in the near term were to deviate from original forecast.

Report on the audit of the financial statements (Cont'd)

As the Group taps on new opportunities in the renewable and green energy sector, more new players may even emerge, creating more competition and affecting project margins.

In determining the timing and the amount of new orders included in the forecasts for both cash generating units, the Group has considered potential outcome of active tenders it participated in by evaluating its competitors, the status and stage of development of the tenders and the Group's competitive edge. Whilst track records at the Brazil cash generating unit remains limited due to on-going construction of remaining phases of full yard facilities, the long-term fundamentals of oil and gas industry in Brazil was considered, together with projected capital expenditure announced by state-owned and international oil majors in relation to exploration and production projects of oil fields in Brazil.

In determining project margins for the cash generating unit, the Group has considered historical margins of the Group, cost differentials of operating in Singapore and in Brazil, and also benchmarked them against median margin of peer group.

The forecasts used to assess the valuation of the Company's investments in subsidiaries are similarly subject to the risks noted in the impairment assessments of the Group's shipyard assets.

The outcome of the impairment assessments performed by the Group on the shipyard assets and the Company's investments in subsidiaries shows that the recoverable amounts are in excess of the net carrying amounts.

Our response:

We assessed the Group's process for identifying and reviewing the cash generating units subject to impairment testing.

We, including our valuation specialists to the extent appropriate, reviewed the key assumptions and estimates supporting the fair value less costs of disposal to arrive at the recoverable amounts of these cash generating units. We compared the forecasted order book to management approved budgets, prevailing industry trends, and industry analysts' reports on growth potential in the demand for green energy infrastructure solutions. We compared the discount rates to market observable data including market and country risk premiums and any asset-specific risk premium. We compared the forecasted project margins to historical information. We assessed the long-term growth rates by comparing to forecasted inflation rates and energy prices.

We checked the forecasted order book against management's guideline for orders evaluation, and enquired on the basis for management's conclusion.

We also reviewed industry trends and regulations, for example, local content requirements at Brazil cash generating unit. We assessed the related disclosures on key assumptions applied in determining the recoverable amounts of the cash generating units.

Our findings:

The Group has a process for identifying and reviewing the cash generating units for impairment testing. The assumptions applied on order book and project margins built from past experience and new industry patterns are relevant but the estimates therein to arrive at recoverable amounts of the Singapore and Brazil cash generating units remain inherently difficult to forecast. Actual results may be different from forecasted financial information since anticipated events frequently do not occur as expected and the variation could be material. Unfavourable changes to any of these assumptions could lead to lower operating cash inflows and material impairment outcomes which might in turn significantly affect the financial position and performances of the Group. Accordingly, disclosures on sensitivity of the assumptions were made in the financial statements where we found them appropriate.

Recognition of revenue from construction contracts with customers

(Refer to Notes 26 and 41 to the financial statements: Turnover of \$1,947,195,000)

Risk:

The Group's significant revenue is derived from long-term construction contracts.

Whether these contracts comprise one or more performance obligations, and whether these obligations are satisfied over time or at a point in time are areas of judgement exercised by management.

The Group accounts for revenue from long-term construction contracts using the percentage of completion method. This involves management's estimate of the stage of physical activities completed. Other supply-chain issues that disrupted timing of materials procurement and labour content further add to complexities in estimating the stage of completion of projects.

Independent Auditors' Report

Year Ended 31 December 2022

Report on the audit of the financial statements (Cont'd)

Our response:

We reviewed the Group's estimation process (including the approval of project budget, monitoring of project costs and activities, and management's review of project's stage of completion and milestones achieved with customers) used in determining the amounts of revenue recognised in the financial statements.

We reviewed and challenged management's assessment of the outstanding projects' estimated costs to complete and the reasonableness of provision for losses for onerous contracts, where needed.

We reviewed the terms and conditions of contracts, including contract modifications, to identify the performance obligations and timing of fulfilment of these obligations.

We reviewed the work status of projects and checked that contract revenue was recognised according to stage of completion of physical activities.

We assessed the adequacy of disclosures covering estimation uncertainties involving timing of revenue recognition in long-term contracts.

Our findings:

The Group has a process to measure project revenues according to stage of completion of projects, and where an onerous contract is identified, a loss provision is assessed and recorded in the books.

We found the basis applied for identifying the performance obligations and timing of satisfaction of these obligations to be appropriate.

We found the percentage of completion used for revenue recognition appropriately reflects the status and progress of the projects.

We found management's assessment of onerous contracts, and the costs estimate used to measure losses from these onerous contracts to be fair.

We found the disclosures describing the areas of judgement and inherent degree of estimation uncertainties involved, to be appropriate.

Recoverability of trade receivables and contract balances in relation to contracts with customers

(Refer to Notes 10, 12, 16 and 41 to the financial statements: Trade and loan receivables of \$1,815,302,000, Contract assets of \$296,763,000 and Contract costs of \$47,654,000)

Risk:

The Group has significant trade receivables, contract assets and contract costs in relation to contracts with customers. For customers on deferred payment scheme, interest is charged.

In accordance with SFRS(I) 9 *Financial Instruments*, the Group is required to recognise loss allowances on expected credit losses on financial assets and contract assets. The determination of the loss allowances requires significant judgement and estimates to determine whether the financial asset is credit impaired, and the best estimate of the ultimate realisation of the amounts receivable from customers and contract assets from customer contracts.

SFRS(I) 15 *Revenue from Contracts with Customers* further requires contract costs to be recognised up to amounts the Group expects to recover. Judgement is required in assessing whether customers will be able to fulfil their contractual obligations.

The assumptions about the risk of default and expected loss rates on these receivables and contract balances are highly judgemental.

Report on the audit of the financial statements (Cont'd)

Our response:

We reviewed the Group's estimation process used in determining the amounts of loss allowance recognised on expected credit losses on trade receivables and contract balances.

We reviewed the significant inputs used in management's assessment of the amounts of loss allowance recognised on expected credit losses on trade receivables and contract balances, and considered the reasonableness of the inputs by reference to recent credit review assessments prepared by management.

We reviewed the re-forecast of each significant contract and enquired with management on any on-going negotiations that may impair the recoverability of significant receivables and contract balances.

We assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving recoverability of receivables and contract balances in relation to contracts with customers.

Our findings:

The Group has a process to assess credit risk and to determine the amounts of expected credit losses to be recognised on trade receivables and contract assets.

The judgement applied by management surrounding the expected realisation of receivables and contract balances was fair as premised on facts and circumstances available to the Group.

We found the disclosures describing the areas of judgement and inherent degree of estimation uncertainties involved, to be appropriate.

Litigation, claims and other contingencies (Refer to Note 39 to the financial statements)

Update in relation to Brazil (Refer to Note 46 to the financial statements)

Risk:

The Group is exposed to operational, business and political risks in certain countries in which it operates. These risks could give rise to litigation, claims and other contingencies (collectively, the "contingencies") which could have a significant financial impact if the exposures were to materialise. Ad-hoc Committees, when formed for specific reason, may conduct independent investigations on allegations that have potential impact on the business and the Group's financial affairs, and recommend measures as deemed appropriate.

The determination by management of whether, and how much, to provide and/or disclose for such contingencies is also highly judgemental.

Update in relation to Brazil

In 2019 and 2020, the Company made announcements in relation to ongoing investigations related to "Operacao Lava Jato" (Operation Car Wash) in Brazil.

These investigations involved allegations in Brazil of illegal payments made by Mr Guilherme Esteves De Jesus ("GDJ"), who was connected to companies engaged by the Company's subsidiaries as consultants in Brazil. There were alleged acts of money laundering and corruption performed by GDJ and Mr Martin Cheah Kok Choon, former president of Estaleiro Jurong Aracruz Ltda, a subsidiary of the Company.

Since 2015, the Company had formed a Special Committee to conduct independent investigations on the allegations.

As at the date of the financial statements, investigations are still ongoing and the directors of the Company have determined that it remains premature to predict the eventual outcome of this matter.

Independent Auditors' Report

Year Ended 31 December 2022

Report on the audit of the financial statements (Cont'd)

Our response:

We assessed the Group's process for identifying significant adverse developments arising from contingencies and supervising the legal, regulatory and political developments. We have also reviewed the terms of reference of the Special Committee formed.

We evaluated management's assessment of the likely outcomes and potential exposures arising from all significant contingencies and allegations subject to on-going investigations; and considered the requirements for any provision and related disclosures. Our work included the following:

- Held discussions with management, the Group's legal counsel, the Audit Committee and the Special Committee, and reviewing relevant documents;
- Assessed the progress of all significant contingencies, including reviewing the Group's public announcements;
- Considered any evidence of legal disputes which we were made aware;
- Obtained independent legal confirmation letters from the Group's external lawyers;
- Inquired with the Company's external legal counsel, together with our specialists, to understand the scope, approach and status of the investigations; and
- Assessed the adequacy of disclosures in the financial statements in respect of this matter.

Our findings:

We found that the Group has a process for identifying and monitoring exposures arising from litigation, claims and contingencies and determining the appropriate measurement and/or disclosures of such matters in the Group's financial statements.

From our audit procedures performed and representations obtained from management and the Special Committee, we found the disclosures on contingencies in respect of this matter to be appropriate.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained the Directors' Statement and Group Financial Review prior to the date of this auditors' report. The other sections in the annual report (the "Reports") are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Report on the audit of the financial statements (Cont'd)

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditors' Report

Year Ended 31 December 2022

Report on the audit of the financial statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ang Fung Fung.



KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

27 February 2023

Balance Sheets

As at 31 December 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets					
Property, plant and equipment	4	3,860,087	3,992,675	698	937
Right-of-use assets	5	215,851	235,800	796	1,529
Investment properties	6	-	-	32,985	38,311
Investments in subsidiaries	7	-	-	3,585,686	3,585,686
Interests in associates and joint ventures	8	17,537	16,559	-	-
Other financial assets	9	24,057	3,275	-	-
Trade and other receivables	10	1,507,457	1,167,376	238,000	1,292,700
Contract assets	12	-	463,517	-	-
Intangible assets	13	174,705	198,419	133	133
Deferred tax assets	14	169,232	196,215	29,022	29,940
		5,968,926	6,273,836	3,887,320	4,949,236
Current assets					
Inventories	15	71,061	66,963	-	-
Trade and other receivables	10	571,794	471,321	1,337,010	135,557
Contract costs	16	47,654	68,456	-	-
Contract assets	12	296,763	1,295,308	-	-
Tax recoverable		14,840	16,093	-	-
Other financial assets	9	40,007	3,778	-	-
Cash and cash equivalents	17	2,090,843	1,104,118	615,875	734,167
		3,132,962	3,026,037	1,952,885	869,724
Total assets		9,101,888	9,299,873	5,840,205	5,818,960
Current liabilities					
Trade and other payables	18	1,052,534	1,432,056	47,412	39,197
Contract liabilities	20	585,801	171,551	-	-
Provisions	21	89,407	56,386	48,512	30,673
Other financial liabilities	22	1,622	25,495	-	-
Current tax payable		9,152	6,092	6,189	56
Interest-bearing borrowings	23	1,669,164	820,581	50,000	50,000
Lease liabilities	5	26,316	21,094	9,239	8,899
		3,433,996	2,533,255	161,352	128,825
Net current (liabilities)/assets		(301,034)	492,782	1,791,533	740,899
Non-current liabilities					
Deferred tax liabilities	14	15,789	19,070	-	-
Provisions	21	196,835	205,108	109,157	126,561
Other financial liabilities	22	4,524	781	-	-
Interest-bearing borrowings	23	1,419,532	2,255,228	-	-
Lease liabilities	5	242,373	257,650	33,931	43,026
Other long-term payables	18	448	3,711	-	1,731
		1,879,501	2,741,548	143,088	171,318
Total liabilities		5,313,497	5,274,803	304,440	300,143
Net assets		3,788,391	4,025,070	5,535,765	5,518,817
Equity attributable to owners of the Company					
Share capital	24	4,074,215	4,074,215	4,074,215	4,074,215
Other reserves	25	(21,672)	(51,682)	(22,948)	(22,948)
Revenue reserve		(283,188)	(21,256)	1,484,498	1,467,550
		3,769,355	4,001,277	5,535,765	5,518,817
Non-controlling interests	33	19,036	23,793	-	-
Total equity		3,788,391	4,025,070	5,535,765	5,518,817

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

Consolidated Income Statement

Year Ended 31 December 2022

	Note	Group	
		2022	2021
		\$'000	\$'000
Turnover	26	1,947,195	1,862,215
Cost of sales		(2,079,357)	(2,944,605)
Gross loss		(132,162)	(1,082,390)
Other operating income		110,168	125,587
Other operating expenses		(74,003)	(178,078)
General and administrative expenses		(110,447)	(89,234)
Operating loss	27	(206,444)	(1,224,115)
Finance income	28	102,258	50,768
Finance costs	28	(136,700)	(82,599)
Non-operating income	29	8	-
Share of results of associates and joint ventures, net of tax	30	1,134	1,166
Loss before tax		(239,744)	(1,254,780)
Tax (expense)/credit	31	(25,816)	79,422
Loss for the year		(265,560)	(1,175,358)
Loss attributable to:			
Owners of the Company		(261,141)	(1,170,558)
Non-controlling interests	33	(4,419)	(4,800)
Loss for the year		(265,560)	(1,175,358)
Earnings per share (cents)	34		
Basic		(0.83)	(6.49)
Diluted		(0.83)	(6.49)

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

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2022

	Note	Group 2022 \$'000	2021 \$'000
Loss for the year		(265,560)	(1,175,358)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations		(6,614)	14,295
Net change in fair value of cash flow hedges		10,540	(5,099)
Net change in fair value of cash flow hedges transferred to profit or loss		25,255	(3,562)
Realisation of reserve upon disposal of subsidiaries		(2)	4
Other comprehensive income for the year, net of tax	32	29,179	5,638
Total comprehensive income for the year		(236,381)	(1,169,720)
Total comprehensive income attributable to:			
Owners of the Company		(231,922)	(1,164,873)
Non-controlling interests	33	(4,459)	(4,847)
Total comprehensive income for the year		(236,381)	(1,169,720)

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

Consolidated Statement of Changes In Equity

Year Ended 31 December 2022

	Attributable to owners of the Company									
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Share-based payments reserve \$'000	Hedging reserve \$'000	Revenue reserve \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Group										
At 1 January 2022	4,074,215	(1)	(1,683)	(17,732)	(25,995)	(6,271)	(21,256)	4,001,277	23,793	4,025,070
Total comprehensive income for the year										
Loss for the year	-	-	-	-	-	-	(261,141)	(261,141)	(4,419)	(265,560)
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	(6,574)	-	-	-	(6,574)	(40)	(6,614)
Net change in fair value of cash flow hedges	-	-	-	-	-	10,540	-	10,540	-	10,540
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	25,255	-	25,255	-	25,255
Realisation of reserve upon disposal of a subsidiary	-	-	-	789	-	-	(791)	(2)	-	(2)
Total other comprehensive income for the year	-	-	-	(5,785)	-	35,795	(791)	29,219	(40)	29,179
Total comprehensive income for the year	-	-	-	(5,785)	-	35,795	(261,932)	(231,922)	(4,459)	(236,381)
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Purchase of treasury shares	-	(465)	-	-	-	-	-	(465)	-	(465)
Issue of treasury shares	-	465	-	-	-	-	-	465	-	465
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(298)	(298)
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-	(298)	(298)
At 31 December 2022	4,074,215	(1)	(1,683)	(23,517)	(25,995)	29,524	(283,188)	3,769,355	19,036	3,788,391

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

Attributable to owners of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Share-based payments reserve \$'000	Hedging reserve \$'000	Revenue reserve \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Group										
At 1 January 2021	2,575,374	(771)	(1,683)	(32,334)	(25,157)	2,390	1,149,577	3,667,396	28,751	3,696,147
Total comprehensive income for the year										
Loss for the year	-	-	-	-	-	-	(1,170,558)	(1,170,558)	(4,800)	(1,175,358)
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	14,342	-	-	-	14,342	(47)	14,295
Net change in fair value of cash flow hedges	-	-	-	-	-	(5,099)	-	(5,099)	-	(5,099)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(3,562)	-	(3,562)	-	(3,562)
Realisation of reserve upon disposal of subsidiaries	-	-	-	260	19	-	(275)	4	-	4
Total other comprehensive income for the year	-	-	-	14,602	19	(8,661)	(275)	5,685	(47)	5,638
Total comprehensive income for the year	-	-	-	14,602	19	(8,661)	(1,170,833)	(1,164,873)	(4,847)	(1,169,720)
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Purchase of treasury shares	-	(286)	-	-	-	-	-	(286)	-	(286)
Issue of treasury shares	-	1,056	-	-	(857)	-	-	199	-	199
Rights issue (Note 24)	1,498,841	-	-	-	-	-	-	1,498,841	-	1,498,841
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(111)	(111)
Total contributions by and distributions to owners of the Company	1,498,841	770	-	-	(857)	-	-	1,498,754	(111)	1,498,643
At 31 December 2021	4,074,215	(1)	(1,683)	(17,732)	(25,995)	(6,271)	(21,256)	4,001,277	23,793	4,025,070

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2022

	Group	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Loss for the year	(265,560)	(1,175,358)
Adjustments for:		
Finance income	(102,258)	(50,768)
Finance costs	136,700	82,599
Depreciation of property, plant and equipment, and right-of-use assets	170,473	171,525
Amortisation of intangible assets	29,337	25,056
Share of results of associates and joint ventures, net of tax	(1,134)	(1,166)
(Gain)/loss on disposal of property, plant and equipment, net	(2,466)	4,565
Gain on liquidation of a subsidiary	(8)	-
Changes in fair value of financial instruments	(34,196)	35,989
Loss on modified cash flows of receivables	2,884	3,084
Impairment losses on property, plant and equipment	-	45,916
Impairment losses on right-of-use assets	-	66,477
Provision for restoration cost, net	6,318	21,937
Property, plant and equipment written off	1	12
(Reversal of write-down)/write-down of inventories, net	(2,853)	21,328
Impairment losses on trade receivables and contract assets, net	8,815	2,356
Tax expense/(credit)	25,816	(79,422)
Operating loss before working capital changes	(28,131)	(825,870)
Changes in working capital:		
Inventories	(1,245)	6,070
Contract costs	20,802	(15,753)
Contract assets	1,462,062	(206,912)
Contract liabilities	414,250	17,263
Trade and other receivables	(466,878)	122,302
Trade and other payables	(366,781)	382,421
Provisions	(11,906)	(9,956)
Cash generated from/(used in) operations	1,022,173	(530,435)
Interest income received	116,808	9,528
Interest paid	(97,318)	(63,127)
Tax paid	(2,411)	(5,090)
Net cash generated from/(used in) operating activities	1,039,252	(589,124)

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

	Group	
	2022	2021
	\$'000	\$'000
Cash flows from investing activities		
Purchase of property, plant and equipment (Note (a))	(23,295)	(45,724)
Proceeds from sale of property, plant and equipment	2,954	3,917
Purchase of intangible assets	(5,868)	(2,412)
Dividend received from joint venture	-	32
Net cash used in investing activities	(26,209)	(44,187)
Cash flows from financing activities		
Proceeds from borrowings	325,276	1,526,707
Repayment of borrowings	(325,155)	(2,038,855)
Proceeds from rights issue, net	-	1,498,841
Purchase of treasury shares	(465)	(286)
Payment of lease liabilities	(20,014)	(22,136)
Dividends paid to non-controlling interests of subsidiaries	(298)	(111)
Net cash (used in)/generated from financing activities	(20,656)	964,160
Net increase in cash and cash equivalents	992,387	330,849
Cash and cash equivalents at beginning of the year	1,104,118	772,426
Effect of exchange rate changes on balances held in foreign currencies	(5,662)	843
Cash and cash equivalents at end of the year (Note 17)	2,090,843	1,104,118

Significant non-cash transactions

- (a) During the year, purchase of property, plant and equipment excludes accrued capital expenditure of \$538,000 (2021: includes payment of \$2,035,000 on 2020's accrued capital expenditure).

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

Notes To The Financial Statements

Year Ended 31 December 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 February 2023.

1 Domicile and activities

Sembcorp Marine Ltd (the “Company”) is a company incorporated in the Republic of Singapore and has its registered office at 80 Tuas South Boulevard, Singapore 637051, and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

Startree Investments Pte. Ltd. and Temasek Holding (Private) Limited are the Company’s immediate and ultimate holding companies, respectively.

The financial statements comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in associates and joint ventures.

The principal activities of the Company are the provision of management services and investment holding. The principal activities of the Group are the provision of innovative engineering solutions to the global offshore, marine and energy industries as stated in Note 42.

2 Basis of preparation

2.1 Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its debt obligations as and when they fall due within the next twelve months.

The Covid-19 pandemic and on-going Russia-Ukraine conflict had impacted the execution and completion of projects, along with deferrals of deliveries and payments by customers. As the Covid-19 situation recovers during the year, the Group successfully delivered its projects and generated positive operating cash flows of \$1,039,252,000 (2021: negative operating cash flows \$589,124,000) for the year ended 31 December 2022.

Despite the improved cash flows, as at 31 December 2022, the Group recorded net current liabilities of \$301,034,000 arising mainly from loans which mature in 2023 (31 December 2021: net current assets of \$492,782,000), and incurred a loss of \$265,560,000 (2021: \$1,175,358,000) for the year ended 31 December 2022. The Group is in talks with lenders to refinance and re-profile current loans with longer term maturities. The Group has adequate liquidity and unutilised loan facilities to refinance current borrowings as they fall due.

The appropriateness of the going concern basis of accounting is dependent on the continued availability of borrowings or alternative sources of capital or liquidity to meet its financial obligations as they fall due. As at 31 December 2022, the Group has a cash balance in excess of the loans due. As at 27 February 2023, the Group has also successfully refinanced or repaid its loans that were due in January and February 2023.

Management of the Group is confident that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate.

2.2 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs). SFRS(I)s are issued by the Accounting Standards Council, which comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board. All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements unless otherwise specified.

Changes to significant accounting policies are described in Note 44.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2 Basis of preparation (Cont'd)

2.4 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand (\$'000), unless otherwise stated.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed in Note 41.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 44, which addresses changes in accounting policies.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Acquisitions from 1 January 2020

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Acquisitions from 1 January 2017

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Deferred consideration comprises obligations to pay specific amounts at future dates. Deferred consideration is recognised and measured at fair value at the acquisition date and included in the consideration transferred. The unwinding of any interest element of deferred consideration is recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

(i) Business combinations (Cont'd)

Acquisitions before 1 January 2017

As part of the transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

Acquisitions prior to 1 January 2010

All business combinations are accounted for using the purchase method. Under the purchase method, the cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition.

(ii) Non-controlling interests

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I).

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their own capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of net assets of the subsidiary.

Prior to 1 January 2010, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(iii) Subsidiaries

Subsidiaries are those entities that are controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary even if this results in the non-controlling interests having a deficit balance.

(iv) Common control

Business combinations that involve entities under common control are excluded from the scope of SFRS(I) 3. Such combinations are accounted at historical costs in a manner similar to the pooling-of-interest method, in the preparation of the consolidated financial statements. Under this method of accounting, the difference between the value of the share capital issued and the value of shares received is taken to the merger reserve.

3 Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

(v) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial asset at fair value through other comprehensive income depending on the level of influence retained.

(vi) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has significant influence over another entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Associates are accounted for using the equity method of accounting from the date that significant influence commences until the date that significant influence ceases and are recognised initially at cost. The cost of investments includes transaction costs. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment (including any other unsecured receivables, that in substance, form part of the Group's net investment in the associate) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or made payments on its behalf to satisfy obligations of the associate that the Group has guaranteed or otherwise committed on behalf of.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition. Where the audited financial statements are not available, the share of results is arrived at from unaudited management financial statements made up mainly to the end of the accounting year to 31 December.

(vii) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has joint control over the entity.

Joint ventures are accounted for using the equity method of accounting from the date that joint control commences until the date that joint control ceases.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition. Where the audited financial statements are not available, the share of results is arrived at from unaudited management financial statements made up mainly to the end of the accounting year to 31 December.

(viii) Transactions eliminated on consolidation

All intra-group balances, transactions, and unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ix) Accounting for subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are measured in the Company's balance sheet at cost less accumulated impairment losses.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.2 Foreign currencies

(i) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. At each reporting date:

- Foreign currency monetary assets and liabilities are retranslated to the functional currency using exchange rates at that date;
- Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rate at the date of the transaction; and
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at exchange rates at the date the fair value was determined.

Foreign currency differences arising from the settlement or from translation of monetary items are recognised in profit or loss.

Foreign currency differences arising on retranslation are recognised directly in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- Equity instruments designated at fair value through other comprehensive income (FVOCI);
- A financial liability designated as a hedge of net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

The results and financial positions of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at exchange rates ruling at the date of the balance sheet;
- Revenues and expenses are translated at average exchange rates; and
- All resulting foreign currency differences are taken to the foreign currency translation reserve in other comprehensive income.

Goodwill (except those relating to acquisitions of foreign operations prior to 1 January 2004) and fair value adjustments arising from the acquisition of foreign operations are translated to the presentation currency for consolidation at the rates of exchange ruling at the balance sheet date. Goodwill arising from the acquisition of foreign operations prior to 1 January 2004 are translated at foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3 Significant accounting policies (Cont'd)

3.2 Foreign currencies (Cont'd)

(iii) *Net investment in a foreign operation*

Foreign currency differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such differences are reclassified to the foreign currency translation reserve in the consolidated statement of comprehensive income and are released to the consolidated income statement upon disposal of the investment as part of the gain or loss on disposal.

3.3 Property, plant and equipment

(i) *Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Cost may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised as an expense when incurred.

Certain items of property, plant and equipment are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the costs of the next overhaul and are separately depreciated in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.

(iii) *Disposals*

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

(iv) *Finance lease assets*

Finance leases are those leasing agreements with terms of which the Group assumes substantially all the risks and rewards of ownership. Property, plant and equipment acquired by way of such leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss.

Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.3 Property, plant and equipment (Cont'd)

(v) Provision for restoration costs

A provision is recognised for the costs expected to be incurred to dismantle, remove and restore the asset upon expiry of the lease agreement. The estimated costs form part of the cost of the property, plant and equipment and are depreciated over the useful life of the asset.

(vi) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised as an expense in profit or loss on a straight-line basis over their estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	Lease period of 3 to 60 years
Buildings	3 to 50 years
Quays and dry docks	6 to 60 years
Marine vessels*	3 to 31 years
Cranes and floating docks	3 to 30 years
Plant, machinery and tools	3 to 30 years
Motor vehicles	3 to 10 years
Furniture and office equipment	3 to 10 years
Utilities and fittings	10 to 30 years
Computer equipment	1 to 5 years

* Marine vessels includes dry-docking expenditures.

The assets' depreciation methods, useful lives and residual values, if not insignificant, are reviewed annually and adjusted if appropriate.

No depreciation is provided on freehold land or construction-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

3.4 Investment properties

Investment properties are properties held for long-term rental yields or for capital appreciation, or both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This includes properties that are held as right-of-use assets, as well as properties that are owned by the Group.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives ranging from 45 to 60 years or the lease period of 15 to 16 years. The assets' depreciation methods, useful lives and residual values are reviewed, if not insignificant, annually, and adjusted if appropriate. No depreciation is provided on the freehold land.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions when it increases the future economic benefits, embodied in the specific asset to which it relates, and its costs can be measured reliably. The carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised as an expense when incurred.

For properties held as right-of-use assets, refer to Note 3.21 for initial and subsequent measurement of cost.

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

3 Significant accounting policies (Cont'd)

3.5 Intangible assets

(i) **Goodwill**

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less the net amount recognised (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, negative goodwill is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures, respectively. An impairment loss on such investments is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investments.

Goodwill is tested for impairment on an annual basis in accordance with Note 3.12.

(ii) **Intellectual property rights**

Intellectual property rights are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives ranging from 10 to 15 years.

(iii) **Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials and direct labour that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) **Subsequent expenditure**

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) **Amortisation**

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Due to the nature of designs under development, judgement is applied in deciding the point at which the asset is deemed available for use.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.6 Financial assets

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, in the case of financial asset not carried at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. The Group's equity investments are classified as FVOCI.

Financial assets at FVTPL

All other financial assets not classified as at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the respective financial assets and the operation of those policies in practice;
- how the performance of the respective financial assets is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of disposals of investments in prior periods, the reasons for such disposals and its expectations about future activity.

3 Significant accounting policies (Cont'd)

3.6 Financial assets (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing and amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. For derivatives designated as hedging instruments, see Note 9.

Financial assets at amortised cost

The assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.6 Financial assets (Cont'd)

(iii) Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its balance sheet, but retains either all or substantially all of its risks and rewards of the transferred assets.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

3.7 Impairment of financial assets and contract assets

The Group recognises loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortised cost; and
- contract assets (as defined in SFRS(I) 15).

3 Significant accounting policies (Cont'd)

3.7 Impairment of financial assets and contract assets (Cont'd)

Loss allowance of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected credit life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified Approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General Approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment that includes forward-looking information.

If the credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.7 Impairment of financial assets and contract assets (Cont'd)

Credit-impaired financial assets (Cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- breach of contract such as a default or past due outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation or is having significant financial difficulty; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of loss allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.8 Derivatives

Derivatives are used to manage exposures to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are re-measured at fair value and any changes in its fair value are recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant changes in the fair value depends on the nature of the item being hedged as described in Note 3.9.

3.9 Hedging activities

At inception or upon reassessment of the arrangement, the Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, together with the methods that will be used to assess the effectiveness of the hedge relationship as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, the economic relationship between the hedged item and the hedging instrument, including whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

(i) Fair value hedges

Where a derivative hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on the hedging instrument is recognised in profit or loss. The hedged item is also measured at fair value in respect of the risk being hedged, with any changes recognised in profit or loss.

3 Significant accounting policies (Cont'd)

3.9 Hedging activities (Cont'd)

(ii) Cash flow hedges

Where a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised directly in other comprehensive income and presented in the hedging reserve in equity. The ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is reclassified from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated changes in fair value that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Hedges directly affected by interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged items or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising from the cash flows of the hedged items or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.9 Hedging activities (Cont'd)

(ii) Cash flow hedges (Cont'd)

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark on which the hedged future cash flows will be based.

3.10 Inventories

Inventories consist mainly of steel and other materials used for ship and rig repair, building and conversion and are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.11 Government grants

Asset related grants are credited to a deferred asset grant account at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as other income on the straight-line basis over the estimated useful lives of the relevant assets.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.12 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss unless it reverses a previous revaluation that was credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of cash generating units) and then, to reduce the carrying amount of the other assets in the cash generating unit (group of cash generating units) on a *pro rata* basis.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment occur.

3 Significant accounting policies (Cont'd)

3.12 Impairment of non-financial assets (Cont'd)

(i) Calculation of recoverable amount

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, cash generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed, even if it relates to an impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or balance sheet date. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

3.13 Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies financial liabilities as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

Financial assets and liabilities are offset and the net amount presented in the balance sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.13 Non-derivative financial liabilities (Cont'd)

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

3.14 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

(ii) Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Long-term employee benefits are reported in "other long-term payables".

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related employment service is provided.

The amount expected to be paid is accrued when the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Staff retirement benefits

Retirement benefits payable to certain categories of employees upon their retirement are provided for in the financial statements based on their entitlement under the staff retirement benefit plan or, in respect of unionised employees of a subsidiary who joined on or before 31 December 1988, based on an agreement with the union.

The Group's net obligation in respect of retirement benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected future salary increase and is discounted to its present value and the fair value of any related assets is deducted.

3 Significant accounting policies (Cont'd)

3.14 Employee benefits (Cont'd)

(v) *Equity and equity-related compensation benefits*

Performance Share Plan

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The fair value of the compensation cost is measured at grant date and amortised over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the shares. In estimating the fair value of the compensation cost, market-based performance conditions are taken into account. From 2014 onwards, awards granted have both market-based and non-market-based performance conditions. The compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance period relates, irrespective of whether this performance condition is satisfied.

The share-based payments reserve relating to the performance shares released is transferred to share capital when new shares are issued. When treasury shares are issued, the cost of treasury shares is transferred to share-based payments reserve.

Restricted Share Plan

Similar to the Performance Share Plan, the fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The fair value of the compensation cost is measured at grant date and are then amortised over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the shares. Awards granted have non-market based performance conditions. The compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance period relates.

At the balance sheet date, the Company revises its estimates of the number of performance-based restricted shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The share-based payments reserve relating to the restricted shares released is transferred to share capital when new shares are issued. When treasury shares are issued, the cost of treasury shares is transferred to share-based payments reserve.

In the Company's separate financial statements, the fair value of performance shares and restricted shares granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

(vi) *Cash-related compensation benefits*

Sembcorp Marine Challenge Bonus

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the Company. The Group recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.14 Employee benefits (Cont'd)

(vi) Cash-related compensation benefits (Cont'd)

The compensation cost is measured at the fair value of the liability at each balance sheet date and spread over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the bonus. The liability takes into account the probability of achieving the performance conditions in the future.

Until the liability is settled, the Group will re-measure the fair value of the liability at each balance sheet date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

3.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.16 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3 Significant accounting policies (Cont'd)

3.16 Tax expense (Cont'd)

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects.

Where the Company's ordinary shares are repurchased (treasury shares), the consideration paid, excluding any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders and presented as reserve for own shares within equity, until they are cancelled, sold or reissued.

When treasury shares are cancelled, the cost of treasury shares is deducted against the share capital account, if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company, if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or reissued pursuant to the Share-based Incentive Plans, the cost of the treasury shares is reversed from the reserve for own shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related tax, is recognised as a change in equity of the Company. No gain or loss is recognised in profit or loss.

3.18 Dividends

Dividends on ordinary shares are recognised when they are approved for payments. Dividends on ordinary shares classified as equity are accounted for as movements in revenue reserve.

3.19 Revenue

(i) Contract revenue

The Group builds specialised assets for customers through fixed price contracts. Contracts relating to services for ship and rig repair, building, conversion and overhaul represents a single performance obligation ("PO"), due to the inter-dependence of services provided in these contracts.

Revenue is recognised when the control over the specialised asset has been transferred to the customer and performance obligations are fulfilled. At contract inception, the Group assesses whether the Group transfers control of the asset over time or at a point in time by determining if its performance creates an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date for ship and rig building and conversion, or where the Group's performance creates or enhances an asset that the customer controls as the asset is being created or enhanced for ship and rig repairs and overhaul.

The specialised asset has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised asset. The stage of completion is typically assessed by reference to surveys of work performed (output method), which is commensurate with the pattern of transfer of control to the customer.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the completed specialised asset is delivered to the customers and the customers have accepted it in accordance with the contract. On signing of the contract, customers are usually required to make an advance payment that is non-refundable if the contract is cancelled. The advance payment is presented as contract liability. No financing component has been recognised on these advance payments as the payment terms are for reasons other than financing. Where extended payment terms are granted to customers, interest is charged and recognised as finance income.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.19 Revenue (Cont'd)

(i) Contract revenue (Cont'd)

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, the Group recognises a financing component using a discount rate that reflects this as a separate financing transaction with the customer at contract inception. If the period between transfer and payment is one year or less, the Group elects the practical expedient not to adjust for significant financing component.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled to in exchange for transferring the promised goods or services. The transaction price may be fixed or variable, and is adjusted for time value of money if the contract includes a significant financing component. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Certain contracts include standard warranty terms as guarantee on the performance of the asset. The warranty is recognised as a provision, based on estimated claims made from historical data, from known and expected warranty work and contractual obligation for further work to be performed after completion. The warranty expense incurred could be higher or lower than the provision made.

The Group accounts for modifications to the scope and price of a contract as separate contracts if the modification adds distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations to be satisfied. For contract modifications that do not add distinct goods or services, the Group accounts for the modifications as continuation of the original contract and recognises as a cumulative adjustment to revenue at the date of modification.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceeds the payments received, a contract asset is recognised. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. If the payments received exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

(ii) Income on goods sold and services rendered

Revenue from goods sold and services rendered in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. Revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO on the basis of the relative stand-alone selling prices of the promised goods or services and excludes goods and services or other sales taxes. Trade discounts or variable considerations are allocated to one or more, but not all, of the POs if they relate specifically to those POs.

3 Significant accounting policies (Cont'd)

3.19 Revenue (Cont'd)

(ii) *Income on goods sold and services rendered (Cont'd)*

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled to in exchange for transferring the promised goods or services. The transaction price may be fixed or variable, and is adjusted for time value of money if the contract includes a significant financing component. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue may be recognised at a point in time or over time following the satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of the PO.

(iii) *Charter hire and rental income*

Charter hire and rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

3.20 Dividend and finance income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance income is recognised in profit or loss as it accrues, using the effective interest rate method.

3.21 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(i) *The Group as lessee*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.21 Leases (Cont'd)

(i) The Group as lessee (Cont'd)

Right-of-use assets are depreciated from the commencement date over the shorter of the asset's useful life and the lease term on a straight-line basis. The estimated useful lives of the assets are determined on the same basis as those of property, plant and equipment. In addition, the assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liabilities.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group determines the lessee's incremental borrowing rate by making certain adjustments to its interest rates on its issued notes to reflect the terms of the lease and security over the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments);
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and payments of penalties for early termination unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

COVID-19-related rent concessions

The Group has applied *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

No amount was recognised in profit or loss for current and prior years to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions.

3 Significant accounting policies (Cont'd)

3.21 Leases (Cont'd)

(ii) *The Group as lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases in profit or loss on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3.22 Finance costs

Finance costs comprise of interest expense on borrowings, amortisation of capitalised transaction costs and transaction costs written off. Interest expense and similar charges are expensed in profit or loss in the period using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset. The interest component of finance lease payments is recognised in profit or loss using the effective interest method. Termination of interest rate swaps are recognised in profit or loss.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.23 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's President & CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.25 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Notes To The Financial Statements

Year Ended 31 December 2022

3 Significant accounting policies (Cont'd)

3.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.27 Assets held for sale

Non-current assets are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs of disposal if they are expected to be recovered principally through a sale transaction rather than through continuing use.

Any impairment losses on initial classification and subsequent gains or losses on re-measurement are recognised in profit or loss. Subsequent increases in fair value less costs of disposal are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

4 Property, plant and equipment

Group Cost	Land and buildings		Construction- in-progress ⁽¹⁾	Docks and quays	Marine vessels ^{(2),(3)}	Plant, machinery and tools	Others ⁽⁴⁾	Total
	Freehold	Leasehold						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2021	335,019	1,087,431	761,324	1,565,605	301,447	1,773,935	201,253	6,026,014
Translation adjustments	14,025	3,284	7,242	8,871	5,280	5,508	487	44,697
Additions	-	1,041	38,831	138	703	1,600	1,297	43,610
Reclassifications	409,724	1,850	(441,732)	186	-	12,180	17,792	-
Disposals	-	(509)	-	-	(5,728)	(16,125)	(622)	(22,984)
Write off ⁽⁵⁾	-	(13,401)	-	(120,977)	-	(1,886)	(312)	(136,576)
Balance at 31 December 2021	758,768	1,079,696	365,665	1,453,823	301,702	1,775,212	219,895	5,954,761
Balance at 1 January 2022	758,768	1,079,696	365,665	1,453,823	301,702	1,775,212	219,895	5,954,761
Translation adjustments	(2,362)	(692)	(616)	(1,338)	(925)	(881)	(185)	(6,999)
Additions	-	669	12,500	388	5,954	3,056	1,266	23,833
Reclassifications	-	5,460	(31,182)	219	15,950	8,176	1,377	-
Disposals	(312)	(34)	-	-	(10)	(723)	(222)	(1,301)
Write off ⁽⁵⁾	-	(71,832)	-	-	-	(1,820)	(928)	(74,580)
Balance at 31 December 2022	756,094	1,013,267	346,367	1,453,092	322,671	1,783,020	221,203	5,895,714

Notes To The Financial Statements

Year Ended 31 December 2022

4 Property, plant and equipment (Cont'd)

Group	Land and buildings			Construction- in-progress ⁽¹⁾	Docks and quays	Marine vessels ^{(2),(3)}	Plant, machinery and tools	Others ⁽⁴⁾	Total
	Freehold	Leasehold							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation and impairment losses									
Balance at 1 January 2021	28,256	372,847	-	388,152	140,886	830,182	150,772	1,911,095	
Translation adjustments	727	1,561	-	950	3,709	1,762	317	9,026	
Depreciation for the year	7,965	25,198	-	31,192	8,356	61,127	13,277	147,115	
Reclassifications	-	66	-	(131)	-	(45)	110	-	
Disposals	-	(452)	-	-	(5,483)	(7,990)	(577)	(14,502)	
Write off ⁽⁵⁾	-	(13,398)	-	(120,977)	-	(1,880)	(309)	(136,564)	
Impairment losses	-	-	-	-	45,718	198	-	45,916	
Balance at 31 December 2021	36,948	385,822	-	299,186	193,186	883,354	163,590	1,962,086	
Balance at 1 January 2022	36,948	385,822	-	299,186	193,186	883,354	163,590	1,962,086	
Translation adjustments	(317)	(353)	-	(237)	(708)	(421)	(158)	(2,194)	
Depreciation for the year	18,637	26,453	-	31,392	7,561	57,728	9,356	151,127	
Disposals	(145)	(34)	-	-	(4)	(467)	(163)	(813)	
Write off ⁽⁵⁾	-	(71,832)	-	-	-	(1,820)	(927)	(74,579)	
Balance at 31 December 2022	55,123	340,056	-	330,341	200,035	938,374	171,698	2,035,627	
Carrying amounts									
At 1 January 2021	306,763	714,584	761,324	1,177,453	160,561	943,753	50,481	4,114,919	
At 31 December 2021	721,820	693,874	365,665	1,154,637	108,516	891,858	56,305	3,992,675	
At 31 December 2022	700,971	673,211	346,367	1,122,751	122,636	844,646	49,505	3,860,087	

4 Property, plant and equipment (Cont'd)

	Docks \$'000	Plant, machinery and tools \$'000	Others ⁽⁴⁾ \$'000	Total \$'000
Company				
Cost				
Balance at 1 January 2021	134,605	2,240	37,595	174,440
Additions	-	-	414	414
Write off ⁽⁵⁾	(121,054)	-	-	(121,054)
Balance at 31 December 2021	13,551	2,240	38,009	53,800
Balance at 1 January 2022	13,551	2,240	38,009	53,800
Additions	-	-	145	145
Balance at 31 December 2022	13,551	2,240	38,154	53,945
Accumulated depreciation				
Balance at 1 January 2021	134,605	2,235	31,880	168,720
Depreciation for the year	-	-	5,197	5,197
Write off ⁽⁵⁾	(121,054)	-	-	(121,054)
Balance at 31 December 2021	13,551	2,235	37,077	52,863
Balance at 1 January 2022	13,551	2,235	37,077	52,863
Depreciation for the year	-	1	383	384
Balance at 31 December 2022	13,551	2,236	37,460	53,247
Carrying amounts				
At 1 January 2021	-	5	5,715	5,720
At 31 December 2021	-	5	932	937
At 31 December 2022	-	4	694	698

The property, plant and equipment comprise mainly shipyard assets attributable to the “rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding” operating segment. Within this operating segment, there are two key cash generating units in Singapore and Brazil. These property, plant and equipment, together with right-of-use assets and certain intangible assets, were tested for impairment and described in Note 41.

(1) During the year, interest charge of \$Nil (2021: \$24,214,000) was capitalised as construction-in-progress.

(2) Accommodation vessel

At each reporting date, judgement is used to determine whether there is any indication of impairment on the Group's vessel.

In prior year, management assessed that there were indicators of possible impairment of the vessel.

In prior year, based on the Group's assessment of the recoverable amount of the marine vessel of \$79,919,000 using a range of probability-weighted possible outcomes as at 31 December 2021, impairment loss of \$45,718,000 was recognised in profit or loss during the year ended 31 December 2021.

As the Group expects to recover the value of the accommodation vessel through continuing use on a charter basis, the Group used the discounted cash flow projections to determine the recoverable amount. The cash flows projection considered different outcomes that took into account the expected renewal rates based on prevailing and foreseeable market conditions. The renewal rates (taking into consideration prevailing rates) were adjusted assuming a certain level of discount from the contractual rates under the last charter contract but factored a 2% inflationary adjustment till the end of the economic useful life of the vessel. The assumed operating cost was based on approved budget and adjusted for inflation at 2% per annum throughout the cash flow periods. The average utilisation rate was assumed at 85%; and the terminal value was based on expected scrap value at the end of the economic useful life of the vessel. These cash flows were then discounted using the pre-tax weighted average cost of capital determined to be 8.58% at 31 December 2021.

Notes To The Financial Statements

Year Ended 31 December 2022

4 Property, plant and equipment (Cont'd)

(2) Accommodation vessel (Cont'd)

As at 31 December 2022, the Group reassessed the recoverable amount to be higher than the net carrying value by applying similar assumptions as prior year and at a discount rate determined to be 9.64% at 31 December 2022. The assumptions used in the projections are inherently judgmental. The securing of charters, forecasted charter rates and utilisation assumed in the value in use calculation remains subject to estimation uncertainties. Accordingly, the Group did not recognise any write-back of impairment.

(3) Marine vessels includes dry-docking expenditures.

(4) Others comprise motor vehicles, furniture and office equipment, utilities and fittings, and computer equipment.

(5) During the year, the Group has written off fully depreciated property, plant and equipment of \$71,832,000 relating to Benoi Yard and Tuas Road Yard (2021: \$134,447,000 relating to Tanjong Kling Yard and Tuas Crescent Yard).

5 Right-of-use assets and leases

As a lessee

The Group leases many assets including land and buildings and tugboats. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets	Land and buildings ⁽¹⁾ \$'000	Marine vessels ⁽²⁾ \$'000	Others ⁽³⁾ \$'000	Total \$'000
Group				
Balance at 1 January 2021	198,322	49,726	2,968	251,016
Translation adjustments	645	-	1	646
Additions during the year	75,012	24	9	75,045
Depreciation charge for the year	(19,537)	(3,734)	(1,139)	(24,410)
Termination of lease	(20)	-	-	(20)
Impairment losses	(66,477)	-	-	(66,477)
Balance at 31 December 2021	187,945	46,016	1,839	235,800
Balance at 1 January 2022	187,945	46,016	1,839	235,800
Translation adjustments	(132)	-	-	(132)
Additions during the year	4,260	-	-	4,260
Depreciation charge for the year	(14,776)	(3,731)	(839)	(19,346)
Remeasurement adjustments	(4,731)	-	-	(4,731)
Balance at 31 December 2022	172,566	42,285	1,000	215,851

5 Right-of-use assets and leases (Cont'd)

As a lessee (Cont'd)

	Others ⁽³⁾ \$'000	Total \$'000
Company		
Balance at 1 January 2021	2,543	2,543
Depreciation charge for the year	(1,014)	(1,014)
Balance at 31 December 2021	1,529	1,529
Balance at 1 January 2022	1,529	1,529
Depreciation charge for the year	(733)	(733)
Balance at 31 December 2022	796	796

- (1) The leases for land and buildings typically run for a period of 1 to 30 years with options to renew the lease for an additional period of the same duration after the end of the contract term. The Group had determined that it is reasonably certain to exercise the extension option for certain leases.
- (2) The Group leases tugboats with lease terms of 8 years, and options to purchase the asset at the end of the lease term. The Group had determined that it is reasonably certain to exercise the purchase option.
- (3) Others comprise furniture and office equipment.

During the year, right-of-use assets included additional provision for restoration costs amounting to \$2,761,000 (2021: \$74,719,000) (Note 21).

As part of the Group's transformation and yard consolidation strategy, the Group is scheduled to restore the yard at Tanjong Kling Road ("Tanjong Kling Yard") and return the land to the Singapore Government by 2025. An impairment loss of \$66,477,000 was previously recognised since the lease was determined to be onerous when restoration works commenced in 2022.

	2022 \$'000	2021 \$'000
Group		
Amounts recognised in profit or loss		
Interest on lease liabilities	12,525	12,872
Expenses relating to short-term leases	1,186	1,418
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1,491	990
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	23,938	26,822

Extension options

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The extension options held are exercisable by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$29,480,000 (2021: \$27,342,000).

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Year Ended 31 December 2022

5 Right-of-use assets and leases (Cont'd)

As a lessor

The Group leases out its marine vessel and has classified these leases as operating leases, because they do not transfer substantially all the risk and rewards incidental to the ownership of the vessel.

The table below sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2022 \$'000	2021 \$'000
Within 1 year	7,207	6,112
Between 1 to 2 year	-	4,280
	7,207	10,392

6 Investment properties

	Owned assets \$'000	Right-of-use assets \$'000	Total \$'000
Company			
Cost			
Balance at 1 January 2021	60,669	161,380	222,049
Additions	-	66,640	66,640
Write off	(353)	-	(353)
Balance at 31 December 2021	60,316	228,020	288,336
Additions	-	156	156
Disposals	(312)	-	(312)
Balance at 31 December 2022	60,004	228,176	288,180
Accumulated depreciation			
Balance at 1 January 2021	54,893	119,974	174,867
Depreciation for the year	257	8,777	9,034
Impairment losses	-	66,477	66,477
Write off	(353)	-	(353)
Balance at 31 December 2021	54,797	195,228	250,025
Depreciation for the year	1,325	3,990	5,315
Disposals	(145)	-	(145)
Balance at 31 December 2022	55,977	199,218	255,195
Carrying amounts			
At 1 January 2021	5,776	41,406	47,182
At 31 December 2021	5,519	32,792	38,311
At 31 December 2022	4,027	28,958	32,985

Investment properties comprise owned assets and land leases held as right-of-use assets. The investment properties of the Company are used by the Group in carrying out its principal activities and are reclassified as property, plant and equipment or right-of-use assets at the Group.

In 2021, an impairment loss of \$66,477,000 was recognised relating to the yard at Tanjong Kling Road as described in Note 5.

6 Investment properties (Cont'd)

The following amounts are recognised in profit or loss:

	Company	
	2022 \$'000	2021 \$'000
Rental income	(12,367)	(15,138)
Operating expenses arising from rental of investment properties	12,033	14,800

7 Investments in subsidiaries

	Company	
	2022 \$'000	2021 \$'000
Unquoted shares, at cost	3,585,686	3,585,686

Details of the Company's subsidiaries are set out in Note 42. Investments in subsidiaries were tested for impairment and described in Note 41.

8 Interests in associates and joint ventures

	Group	
	2022 \$'000	2021 \$'000
Interests in associates	815	777
Less: allowance for impairment loss	(342)	(342)
	473	435
Interests in joint ventures	17,064	16,124
	17,537	16,559

In 2022, the Group received dividends of \$Nil (2021: \$32,000) from its investments in associates and joint ventures.

Associates

The Group has a number of associates that are individually immaterial to the Group. All are equity accounted. Summarised financial information of associates presented in aggregate, representing the Group's share, is as follows:

	2022 \$'000	2021 \$'000
Carrying amount	473	435
Profit for the year	38	44
Other comprehensive income	-	-
Total comprehensive income	38	44

Notes To The Financial Statements

Year Ended 31 December 2022

8 Interests in associates and joint ventures (Cont'd)

Joint ventures

The Group has a number of joint ventures that are individually immaterial to the Group. All are equity accounted. Summarised financial information of joint ventures presented in aggregate, representing the Group's share, is as follows:

	2022 \$'000	2021 \$'000
Carrying amount	17,064	16,124
Profit for the year	1,096	1,122
Other comprehensive income	(156)	2
Total comprehensive income	940	1,124

9 Other financial assets

	Group	
	2022 \$'000	2021 \$'000
(a) Non-current assets		
Financial assets at fair value through other comprehensive income:		
- Unquoted equity shares	2,642	2,642
Cash flow hedges:		
- Forward foreign currency contracts	16,121	-
- Interest rate swaps	5,294	633
	24,057	3,275
(b) Current assets		
Cash flow hedges:		
- Forward foreign currency contracts	3,334	1,106
- Interest rate swaps	15,569	2,010
Financial assets at fair value through profit or loss:		
- Forward foreign currency contracts	21,104	662
	40,007	3,778

	Note	2022			2021		
		Non-current	Current	Total	Non-current	Current	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
Trade receivables	(a)	893,117	345,658	1,238,775	1,148,627	364,175	1,512,802
Loan receivables	(b)	597,885	-	597,885	-	-	-
Amounts due from related parties	11	21,361	6,141	27,502	22,500	5,246	27,746
Staff loans	(c)	-	45	45	-	106	106
Interest receivable		-	34,658	34,658	-	1	1
Deposits		-	4,681	4,681	-	13,480	13,480
Sundry receivables		-	10,571	10,571	-	12,660	12,660
Unbilled receivables		-	10,827	10,827	-	13,428	13,428
Recoverable		-	16,370	16,370	-	20,391	20,391
		1,512,363	428,951	1,941,314	1,171,127	429,487	1,600,614
Loss allowance		(4,910)	(21,243)	(26,153)	(4,246)	(10,981)	(15,227)
Financial assets at amortised cost		1,507,453	407,708	1,915,161	1,166,881	418,506	1,585,387
Prepayments and advances		4	141,137	141,141	495	34,725	35,220
GST refundable		-	14,062	14,062	-	16,548	16,548
Grant receivables		-	8,887	8,887	-	1,542	1,542
		1,507,457	571,794	2,079,251	1,167,376	471,321	1,638,697
Company							
Amounts due from related parties	11	238,000	1,314,667	1,552,667	1,292,700	123,239	1,415,939
Interest receivable		-	245	245	-	-	-
Sundry deposits		-	71	71	-	2	2
Sundry receivables		-	8,811	8,811	-	9,743	9,743
Financial assets at amortised cost		238,000	1,323,794	1,561,794	1,292,700	132,984	1,425,684
Prepayments and advances		-	4,063	4,063	-	2,376	2,376
GST refundable		-	266	266	-	197	197
Grant receivables		-	8,887	8,887	-	-	-
		238,000	1,337,010	1,575,010	1,292,700	135,557	1,428,257

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Year Ended 31 December 2022

10 Trade and other receivables (Cont'd)

(a) Trade receivables

Included within trade receivables is \$911,326,000 (2021: \$1,028,480,000) due from one customer, which is secured, bears floating interest at 3.84% to 9.82% (2021: 3.63% to 5.65%) per annum, and is repayable in 2023 to 2025 (2021: 2022 to 2023).

(b) Loan receivables

Loan receivables relates to loans extended to a customer. Under the agreement with the customer, the customer had made partial payment upon delivery of the vessels. Loan receivables will be paid through quarterly instalments with accrued interest within five years of the delivery dates. Non-current loan receivable of \$474,054,000 is secured and \$123,831,000 is unsecured, both bears fixed interest at 4.5% per annum, and are repayable up to 2027.

(c) Staff loans

Staff loans are unsecured and bear interest at 3.0% (2021: 3.0%) per annum.

The impairment losses are as follows:

	2022			2021		
	Gross \$'000	Impairment \$'000	Total \$'000	Gross \$'000	Impairment \$'000	Total \$'000
Group						
Trade receivables	1,238,775	(18,051)	1,220,724	1,512,802	(10,604)	1,502,198
Loan receivables	597,885	(3,307)	594,578	-	-	-
Amounts due from related parties	27,502	(4,795)	22,707	27,746	(4,623)	23,123
	1,864,162	(26,153)	1,838,009	1,540,548	(15,227)	1,525,321

11 Amounts due from related parties

Group	Note	Associates and joint ventures		Related companies		Total
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	
Amounts due from (net of loss allowance):						
- Trade	(a)	345	195	935	428	1,280
- Non-trade	(b)	-	-	66	-	66
- Loans and advances	(c)	21,361	22,500	-	-	21,361
		21,706	22,695	1,001	428	22,707
Amount due within 1 year (net of loss allowance)	10	(345)	(195)	(1,001)	(428)	(1,346)
	10	21,361	22,500	-	-	21,361
						22,500

Company	Note	Subsidiaries		Associates and joint ventures		Related companies		Total
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	
Amounts due from (net of loss allowance):								
- Trade	(a)	10,062	8,047	10	10	586	8	10,658
- Non-trade	(b)	34,009	15,174	-	-	-	-	34,009
- Loans and advances	(c)	1,508,000	1,392,700	-	-	-	-	1,508,000
		1,552,071	1,415,921	10	10	586	8	1,552,667
Amount due within 1 year (net of loss allowance)	10	(1,314,071)	(123,221)	(10)	(10)	(586)	(8)	(1,314,667)
	10	238,000	1,292,700	-	-	-	-	238,000
								1,292,700

(a) The trade amounts due from related parties are unsecured, repayable on demand and interest-free.

(b) The non-trade amounts due from related parties comprise mainly payments made on their behalf which are unsecured, repayable on demand and interest-free.

(c) At the Group level, the loans and advances of \$21,361,000 (2021: \$22,500,000) relates to loan to a joint venture that bears interest rates ranging from 0.39% to 6.24% (2021: 0.19% to 0.35%) per annum. The loans and advances to related parties are repayable on demand, and settlement is neither planned nor likely to occur in the foreseeable future. At the Company level, the loans and advances mainly relates to loans to a subsidiary of \$1,270,000,000 (2021: \$100,000,000) which is unsecured, bears interest rates ranging from 1.70% to 5.90% (2021: 1.69% to 1.85%) per annum and are repayable within the next twelve months, except for loans of \$220,000,000 (2021: \$1,270,000,000) which are repayable after one year.

Notes To The Financial Statements

Year Ended 31 December 2022

12 Contract assets

	2022			2021		
	Non-current \$'000	Current \$'000	Total \$'000	Non-current \$'000	Current \$'000	Total \$'000
Group						
Contract assets	-	296,766	296,766	463,517	1,298,268	1,761,785
Loss allowance	-	(3)	(3)	-	(2,960)	(2,960)
	-	296,763	296,763	463,517	1,295,308	1,758,825

The contract assets mainly relate to the Group's rights to consideration for work completed but not yet billed at reporting date on the long-term contracts for ship and rig building, conversion and repair & upgrades. The contract assets are transferred to trade receivables when the rights become unconditional.

Significant changes in the contract assets balances during the year are as follows:

	2022 \$'000	2021 \$'000
Transfer from contract assets recognised at the beginning of the year to receivables	(1,359,465)	(517,143)
Recognition of revenue, net of recognised in receivables	358,013	726,402
Write-back/(Impairment) loss on contract assets	2,957	(2,347)

13 Intangible assets

	Goodwill \$'000	Club memberships \$'000	Intellectual property rights \$'000	Designs under development \$'000	Total \$'000
Group					
Cost					
Balance at 1 January 2021	14,499	590	297,771	52,100	364,960
Translation adjustments	65	-	(3)	-	62
Additions	-	11	-	2,401	2,412
Dissolution of a subsidiary	(345)	-	-	-	(345)
Balance at 31 December 2021	14,219	601	297,768	54,501	367,089
Balance at 1 January 2022	14,219	601	297,768	54,501	367,089
Translation adjustments	-	-	(358)	-	(358)
Additions	-	-	-	5,868	5,868
Reclassifications	-	-	49,511	(49,511)	-
Balance at 31 December 2022	14,219	601	346,921	10,858	372,599

13 Intangible assets (Cont'd)

	Goodwill \$'000	Club memberships \$'000	Intellectual property rights \$'000	Designs under development \$'000	Total \$'000
Group					
Accumulated amortisation and impairment losses					
Balance at 1 January 2021	2,554	468	140,939	-	143,961
Translation adjustments	(1)	-	(1)	-	(2)
Amortisation for the year	-	-	25,056	-	25,056
Dissolution of a subsidiary	(345)	-	-	-	(345)
Balance at 31 December 2021	2,208	468	165,994	-	168,670
Balance at 1 January 2022	2,208	468	165,994	-	168,670
Translation adjustments	-	-	(113)	-	(113)
Amortisation for the year	-	-	29,337	-	29,337
Balance at 31 December 2022	2,208	468	195,218	-	197,894
Carrying amounts					
At 1 January 2021	11,945	122	156,832	52,100	220,999
At 31 December 2021	12,011	133	131,774	54,501	198,419
At 31 December 2022	12,011	133	151,703	10,858	174,705
Club memberships					
2022					
2021					
\$'000					
\$'000					
Company					
Cost					
Balance at 1 January				601	590
Additions				-	11
Balance at 31 December				601	601
Accumulated impairment losses					
Balance at 1 January and 31 December				468	468
Carrying amounts					
At 1 January				133	122
At 31 December				133	133

Notes To The Financial Statements

Year Ended 31 December 2022

13 Intangible assets (Cont'd)

Amortisation

The amortisation of intangible assets amounting to \$29,333,000 (2021: \$25,052,000) is included in cost of sales.

Goodwill

Impairment testing for goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating segments. The aggregate carrying amounts of goodwill allocated to each segment are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Rigs and floaters, repairs & upgrades, offshore platforms, and specialised shipbuilding	10,988	10,988
Others	1,023	1,023
Total	12,011	12,011

Intellectual property rights

Intellectual property rights relate to internally developed engineering designs and acquired patents for the Jurong Espadon Drillship, Satellite Services Platform offshore designs, re-deployable modularised LNG and LPG solutions, and geostationary cylindrical hull design.

Impairment test assessment

The goodwill, intellectual property rights and designs under development are attributed to the "rigs and floaters, repairs & upgrades, offshore platforms and specialised shipbuilding" operating segment. Within this operating segment, there are two key cash generating units in Singapore and Brazil subject to impairment test described in Note 41. Such goodwill, intellectual property rights and designs under development are attributed to the Singapore cash generating unit.

14 Deferred tax assets and liabilities

Group	At	Recognised		Recognised		Recognised		Recognised		At
	1 January 2021	in profit or loss (Note 31)	in other comprehensive income (Note 32)	in profit or loss (Note 31)	in other comprehensive income (Note 32)	in profit or loss (Note 31)	in other comprehensive income (Note 32)	in profit or loss (Note 31)	in other comprehensive income (Note 32)	31 December 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities										
Property, plant and equipment	72,727	(14,993)	-	(1)	57,733	(8,620)	-	-	-	49,113
Other financial assets	752	-	(547)	-	205	-	2,879	-	-	3,084
Intangible assets	27,751	(3,317)	-	-	24,434	(3,822)	-	-	-	20,612
Provisions	860	(860)	-	-	-	-	-	-	-	-
Other items	1,764	(292)	-	16	1,488	68	-	(9)	-	1,547
	103,854	(19,462)	(547)	15	83,860	(12,374)	2,879	(9)	-	74,356
Deferred tax assets										
Property, plant and equipment	(2,613)	885	-	(34)	(1,762)	(3,686)	-	5	-	(5,443)
Trade and other receivables	(1,567)	227	-	(21)	(1,361)	1,079	-	(5)	-	(287)
Trade and other payables	(27,381)	(4,756)	-	(2)	(32,139)	10,146	-	-	-	(21,993)
Unutilised tax losses, capital and investment allowances	(131,687)	(44,790)	-	81	(176,396)	28,486	-	(53)	-	(147,963)
Provisions	(24,860)	(12,960)	-	(32)	(37,852)	(4,994)	-	10	-	(42,836)
Other financial liabilities	(136)	-	(1,688)	-	(1,824)	-	1,824	-	-	-
Other items	(6,041)	(3,630)	-	-	(9,671)	394	-	-	-	(9,277)
	(194,285)	(65,024)	(1,688)	(8)	(261,005)	31,425	1,824	(43)	-	(227,799)
Net deferred tax (assets)/liabilities	(90,431)	(84,486)	(2,235)	7	(177,145)	19,051	4,703	(52)	-	(153,443)
Company										
Deferred tax liabilities										
Property, plant and equipment	848	(771)	-	-	77	(15)	-	-	-	62
Deferred tax assets										
Trade and other payables	(2,872)	(415)	-	-	(3,287)	1,007	-	-	-	(2,280)
Provisions	(14,535)	(12,195)	-	-	(26,730)	(74)	-	-	-	(26,804)
	(17,407)	(12,610)	-	-	(30,017)	933	-	-	-	(29,084)
Net deferred tax (assets)/liabilities	(16,559)	(13,381)	-	-	(29,940)	918	-	-	-	(29,022)

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Year Ended 31 December 2022

14 Deferred tax assets and liabilities (Cont'd)

Deferred tax liabilities and assets are set off when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting included in the balance sheets are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred tax liabilities	15,789	19,070	-	-
Deferred tax assets	(169,232)	(196,215)	(29,022)	(29,940)
	(153,443)	(177,145)	(29,022)	(29,940)

As at 31 December 2022, a deferred tax liability of \$105,000 (2021: \$577,000) for temporary difference of \$2,107,000 (2021: \$6,338,000) related to investments in subsidiaries was not recognised because the Group can control the timing of reversal of the taxable temporary differences for all subsidiaries and the temporary differences are not expected to reverse in the foreseeable future.

Deferred tax assets have not been recognised by certain subsidiaries in respect of the following items:

	Group	
	2022 \$'000	2021 \$'000
Tax losses	1,531,501	1,305,903
Capital allowances	16,993	217
	1,548,494	1,306,120

The deductible temporary differences, the remaining tax losses and the capital allowances do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of the above in accordance with Note 3.16 and under the following circumstances:

- Where they qualify for offset against the tax liabilities of member companies within the Group under the Loss Transfer System of Group Relief but the terms of the transfer have not been ascertained as at year end; and
- Where it is uncertain that future taxable profit, subject to the tax provisions and agreement by the relevant tax authorities of the various jurisdictions, will be available against which certain subsidiaries of the Group can utilise the benefits.

During the year, the Group utilised deferred tax credit of \$19,051,000 (2021: recognised deferred tax credit of \$84,486,000) relating to unutilised tax losses, investment allowances and deductible temporary differences.

The recognition of such deferred tax assets is presumed on the Group's ability to generate future taxable profits in the foreseeable future against which the deferred tax assets will be utilised. Although the Group has been in losses in recent years, the Group has certain subsidiaries who have been in taxable profits and have been utilising these tax losses and credits. The Group has relied on the financial forecast of these subsidiaries to estimate the future taxable profits against which the deferred tax assets recognised will be utilised. Such forecasts are however subject to estimation uncertainty.

Information about the sources of estimation uncertainty are disclosed in Note 41(b) and Note 41(d).

15 Inventories

	Group	
	2022 \$'000	2021 \$'000
Raw materials	70,566	66,757
Finished goods	495	206
	71,061	66,963

In 2022, raw materials and changes in finished goods included as cost of sales amounted to \$322,742,000 (2021: \$544,317,000). During the year, there was a net write-back of inventories to net realisable value of \$2,853,000 (2021: write-down of \$21,328,000) relating to raw materials, included in cost of sales.

16 Contract costs

	Group	
	2022 \$'000	2021 \$'000
Current assets		
Contract costs		
- Fulfilment cost	47,654	68,456

Under SFRS(I) 15, costs incurred relating to contracts with customers had been capitalised as fulfilment cost for future performance obligations. These costs are expected to be recoverable and are amortised to the profit or loss when the related revenue is recognised. In 2022, \$280,983,000 (2021: \$127,811,000) was amortised.

17 Cash and cash equivalents

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Fixed deposits	(a)	987,493	2,786	580,000	-
Cash and bank balances	(b)	1,103,350	1,101,332	35,875	734,167
Cash and cash equivalents		2,090,843	1,104,118	615,875	734,167

(a) Fixed deposits with banks of the Group earn interest at rates ranging from 0.66% to 13.92% (2021: 1.89% to 7.69%) per annum.

(b) Included in the Group's cash and bank balances at the balance sheet date are amounts of \$22,264,000 (2021: \$619,703,000) placed with a bank under the Group's cash pooling arrangement by the Company. During the year, the cash pooling balances earn interest rates ranging from 0.225% to 2.369% (2021: 0.14% to 0.226%) per annum, which are also the effective interest rates. The remaining bank balances during the year earn interest at floating rates based on daily bank deposit rates of up to 3.10% (2021: up to 0.55%) and up to 0.55% (2021: up to 0.15%) per annum, for the Group and the Company respectively, which are also the effective interest rates.

Included in the Group's cash and bank balances are amounts of \$1,269,013,000 (2021: \$405,314,000) placed with a related corporation. The Company's cash and bank balances of \$607,524,000 (2021: \$128,069,000) are also placed with a related corporation.

Notes To The Financial Statements

Year Ended 31 December 2022

18 Trade and other payables

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
(a) Current liabilities					
Trade and accrued payables ⁽¹⁾		1,012,607	1,404,176	18,164	12,370
Amounts due to related parties – Trade	19	5,802	2,828	9,673	16,646
		1,018,409	1,407,004	27,837	29,016
Deposits received		1,545	1,625	64	–
GST payables		62	191	–	–
Interest payable ⁽²⁾		20,290	9,265	401	139
Other creditors		5,222	6,045	44	392
Deferred grant income		3,541	4,006	–	–
Accrued capital expenditure		3,465	3,920	–	–
Amounts due to related parties – Non-trade	19	–	–	19,066	9,650
		34,125	25,052	19,575	10,181
Total		1,052,534	1,432,056	47,412	39,197
(b) Non-current liabilities					
Other long-term payables ⁽³⁾		448	3,711	–	1,731

(1) Included in the Group's accrued payables are amounts of \$11,000,000 (2021: \$11,000,000) relating to an assumption of liabilities on behalf of a joint venture.

(2) Included in the Group's interest payable are amounts of \$2,030,000 (2021: \$1,611,000) payable to a related corporation.

(3) Other long-term payables include deferred grant income and long-term employee benefits.

19 Amounts due to related parties

	Note	Associates and joint ventures		Related companies		Total	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Group							
Amounts due to:							
- Trade	18	989	2,427	4,813	401	5,802	2,828
Company							
Amounts due to:							
- Trade		9,665	16,644	8	2	9,673	16,646
- Non-trade		19,066	9,650	–	–	19,066	9,650
	18	28,731	26,294	8	2	28,739	26,296

The trade and non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

20 Contract liabilities

	Group	
	2022	2021
	\$'000	\$'000
Current liabilities		
Contract liabilities	585,801	171,551

The contract liabilities primarily relate to the advance consideration received from customers amounting to \$585,579,000 (2021: \$78,269,000) for which revenue is recognised over time, and \$222,000 (2021: \$93,282,000) for which revenue is recognised at point in time.

Significant changes in the contract liabilities balances during the year are as follows:

	2022	2021
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	(166,961)	(67,714)
Increases due to cash received, excluding amounts recognised as revenue during the year	582,015	85,068

21 Provisions

	Retirement gratuities \$'000	Warranty \$'000	Restoration costs \$'000	Onerous contract \$'000	Total \$'000
Group					
2022					
Balance at 1 January	835	15,750	243,945	964	261,494
Translation adjustments	(7)	(112)	(57)	-	(176)
Provision made during the year	7	33,651	19,930	-	53,588
Provision reversed during the year	(132)	(4,517)	(15,582)	-	(20,231)
Provision utilised during the year	(67)	(5,383)	(5,493)	(963)	(11,906)
Unwind of discount on restoration costs	-	-	3,473	-	3,473
Balance at 31 December	636	39,389	246,216	1	286,242
Provisions due:					
- within 1 year	36	39,389	49,981	1	89,407
- after 1 year but within 5 years	83	-	151,418	-	151,501
- after 5 years	517	-	44,817	-	45,334
	636	39,389	246,216	1	286,242
2021					
Balance at 1 January	1,067	32,371	145,848	1,519	180,805
Translation adjustments	1	106	305	-	412
Provision made during the year	-	1,731	96,655	483	98,869
Provision reversed during the year	(64)	(10,505)	-	-	(10,569)
Provision utilised during the year	(169)	(7,953)	(875)	(1,038)	(10,035)
Unwind of discount on restoration costs	-	-	2,012	-	2,012
Balance at 31 December	835	15,750	243,945	964	261,494
Provisions due:					
- within 1 year	48	14,178	41,196	964	56,386
- after 1 year but within 5 years	126	1,572	156,976	-	158,674
- after 5 years	661	-	45,773	-	46,434
	835	15,750	243,945	964	261,494

Notes To The Financial Statements

Year Ended 31 December 2022

21 Provisions (Cont'd)

	Restoration costs	
	2022	2021
	\$'000	\$'000
Company		
Balance at 1 January	157,234	85,498
Provision made during the year	5,354	71,642
Provision reversed during the year	(5,094)	-
Provision utilised during the year	(1,866)	(796)
Unwind of discount	2,041	890
Balance at 31 December	157,669	157,234
Provisions due:		
- within 1 year	48,512	30,673
- after 1 year but within 5 years	109,157	126,561
	157,669	157,234

Warranty

Provision for warranties relate to contracts with contractual warranty terms. The provision for warranty is based on estimates made from historical warranty data associated with similar projects and adjusted by weighting all possible outcomes by their associated probabilities.

The non-current portion of the provision for warranty is for contracts with contractual warranty periods that will lapse within 2 to 3 years from the reporting date.

Restoration costs

Restoration costs relate to cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the operating lease agreements. The Group expects to incur the liability upon termination of the leases.

22 Other financial liabilities

	Group	
	2022	2021
	\$'000	\$'000
(a) Current liabilities		
Cash flow hedges:		
- Forward foreign currency contracts	441	15,560
Financial liabilities at fair value through profit or loss:		
- Forward foreign currency contracts	1,181	9,935
	1,622	25,495
(b) Non-current liabilities		
Cash flow hedges:		
- Forward foreign currency contracts	4,414	-
- Interest rate swaps	89	-
Financial liabilities at fair value through profit or loss:		
- Forward foreign currency contracts	21	781
	4,524	781

23 Interest-bearing borrowings

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current liabilities					
Unsecured term loans					
- Floating rate		980,226	161,394	-	-
- Fixed rate		688,938	659,187	50,000	50,000
		1,669,164	820,581	50,000	50,000
Non-current liabilities					
Unsecured term loans (a)					
- Floating rate		1,096,766	1,932,784	-	-
- Fixed rate		322,766	322,444	-	-
		1,419,532	2,255,228	-	-
		3,088,696	3,075,809	50,000	50,000

Of the Group's interest-bearing borrowings, \$633,250,000 (2021: \$656,750,000) were borrowed from a related corporation.

Effective interest rates and maturity of liabilities

	Group	
	2022 %	2021 %
Floating rate loans	3.83 – 6.85	1.39 – 2.24
Fixed rate loans	1.82 – 5.88	1.33 – 2.50
Notes	3.85	3.85

	Group	
	2022 \$'000	2021 \$'000
Within 1 year	1,669,164	820,581
After 1 year but within 5 years	1,096,766	1,932,784
After 5 years	322,766	322,444
Total borrowings	3,088,696	3,075,809

(a) Unsecured term loans

Included in the unsecured term loans are the following notes of the Group:

On 18 August 2014, the Company updated its \$2,000,000,000 Multicurrency Multi-issuer Debt Issuance Programme (the "Programme") to include perpetual securities as one of the debt instruments under the Programme.

Under the updated Programme, the Company, together with its subsidiaries - Jurong Shipyard Pte Ltd, Sembcorp Marine Repairs and Upgrades Pte. Ltd. and Sembcorp Marine Offshore Platforms Pte. Ltd. ("Issuing Subsidiaries"), may from time to time issue notes (the "Notes") and/or perpetual securities (the "Perpetual Securities", and together with the Notes, the "Securities") denominated in Singapore dollars and/or any other currency as the relevant Issuer and the relevant dealer may agree. The obligations in respect of Securities issued by the Issuing Subsidiaries will be unconditionally and irrevocably guaranteed by the Company.

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Year Ended 31 December 2022

23 Interest-bearing borrowings (Cont'd)

Effective interest rates and maturity of liabilities (Cont'd)

(a) Unsecured term loans (Cont'd)

In 2014, Jurong Shipyard Pte Ltd issued the following medium term notes under the Programme:

	Nominal interest rate	Year of issue	Year of maturity	Principal amount \$'000
S\$ medium term notes	2.95%	2014	2021	275,000
S\$ medium term notes	3.85%	2014	2029	325,000
				600,000

In 2021, the medium term notes amounting to \$275,000,000 matured and was repaid.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Interest- bearing borrowings \$'000	Lease liabilities \$'000	Total \$'000
Group			
Balance at 1 January 2022	3,075,809	278,744	3,354,553
Cash flows			
Cash payments*	(325,155)	(23,938)	(349,093)
Cash proceeds	325,276	-	325,276
Non-cash items			
Additions	-	1,501	1,501
Capitalised borrowing cost	16,283	12,525	28,808
Foreign exchange movement	(3,517)	(143)	(3,660)
Balance at 31 December 2022	3,088,696	268,689	3,357,385
Balance at 1 January 2021	3,549,794	291,567	3,841,361
Cash flows			
Cash payments*	(2,038,855)	(26,822)	(2,065,677)
Cash proceeds	1,526,707	-	1,526,707
Non-cash items			
Additions	-	326	326
Capitalised borrowing cost	18,698	12,872	31,570
Termination	-	(20)	(20)
Foreign exchange movement	19,465	821	20,286
Balance at 31 December 2021	3,075,809	278,744	3,354,553

* Cash payments includes \$3,924,000 (2021: \$4,686,000) of interest paid for lease liabilities.

24 Share capital

	Group and Company	
	No. of ordinary shares	
	2022	2021
Issued and fully paid, with no par value:		
Balance at 1 January	31,389,105,375	12,555,645,884
Rights issue	–	18,833,459,491
Balance at 31 December	31,389,105,375	31,389,105,375

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

The Company issued 4,010,000 (2021: 3,420,217) treasury shares during the year pursuant to its share based incentive plans (Note 36).

Rights issue

On 22 September 2021, the Company issued 3 rights shares for every 2 existing ordinary shares in the capital of the Company at \$0.08 per rights share held by the shareholders of the Company. The Company raised gross proceed of \$1,506,677,000 and recognised transaction costs of \$7,835,000 from the rights issue in equity.

25 Other reserves

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Distributable					
Reserve for own shares	(a)	(1)	(1)	(1)	(1)
Non-distributable					
Currency translation reserve	(b)	(23,517)	(17,732)	–	–
Share-based payments reserve	(c)	(25,995)	(25,995)	(23,907)	(23,907)
Hedging reserve	(d)	29,524	(6,271)	–	–
Capital reserves	(e)	(1,683)	(1,683)	960	960
		(21,672)	(51,682)	(22,948)	(22,948)

(a) Reserve for own shares comprises the cost of the Company's shares held by the Company. As at 31 December 2022, the Company holds 6,223 (2021: 6,223) of its own shares as treasury shares.

(b) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(c) Share-based payments reserve comprises the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance based restricted shares. The expense for service received is recognised over the performance period and/or vesting period.

(d) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

(e) Capital reserves comprise mainly reserves arising from acquisition and disposals of non-controlling interests that do not result in a change of control.

Notes To The Financial Statements

Year Ended 31 December 2022

26 Turnover

Turnover represents sales from the various activities described in Note 1 and Note 42, including the revenue recognised on contracts relating to rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding.

	Group	
	2022	2021
	\$'000	\$'000
Contract revenue	1,924,987	1,839,938
Charter hire income	18,385	18,443
Sale of goods	3,823	3,834
	1,947,195	1,862,215

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major product and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 43).

	Reportable segments			
	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Total \$'000
Primary geographical markets				
2022				
Singapore	269,135	10,182	3,823	283,140
Rest of Asia, Australia & India	115,481	-	-	115,481
Middle East & Africa	102,366	-	-	102,366
United Kingdom	257,482	-	-	257,482
Norway	274,907	-	-	274,907
The Netherlands	31,488	-	-	31,488
Rest of Europe	257,854	-	-	257,854
Brazil	215,949	8,203	-	224,152
U.S.A.	393,615	-	-	393,615
Other countries	6,710	-	-	6,710
Total	1,924,987	18,385	3,823	1,947,195
2021				
Singapore	211,073	11,624	3,834	226,531
Rest of Asia, Australia & India	108,337	-	-	108,337
Qatar	223,616	-	-	223,616
Rest of Middle East & Africa	1,141	-	-	1,141
United Kingdom	208,114	-	-	208,114
Norway	263,340	-	-	263,340
The Netherlands	21,857	6,819	-	28,676
Rest of Europe	277,488	-	-	277,488
Brazil	144,106	-	-	144,106
U.S.A.	380,581	-	-	380,581
Other countries	285	-	-	285
Total	1,839,938	18,443	3,834	1,862,215

26 Turnover (Cont'd)

(a) Disaggregation of revenue from contracts with customers (Cont'd)

	Reportable segments			Total \$'000
	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	
Major product and service lines				
2022				
Ship and rig building or conversion	1,073,430	-	-	1,073,430
Repair, maintenance and related services	506,063	-	-	506,063
Offshore platforms	282,960	-	-	282,960
Specialised shipbuilding	24,067	-	-	24,067
Charter hire	-	18,385	-	18,385
Sale of goods	-	-	3,823	3,823
Others	38,467	-	-	38,467
Total	1,924,987	18,385	3,823	1,947,195
Timing of revenue recognition				
Control transferred over time	1,919,729	18,385	-	1,938,114
Control transferred at a point in time	5,258	-	3,823	9,081
Total	1,924,987	18,385	3,823	1,947,195
Major product and service lines				
2021				
Ship and rig building or conversion	803,940	-	-	803,940
Repair, maintenance and related services	395,695	-	-	395,695
Offshore platforms	573,475	-	-	573,475
Specialised shipbuilding	32,701	-	-	32,701
Charter hire	-	18,443	-	18,443
Sale of goods	-	-	3,834	3,834
Others	34,127	-	-	34,127
Total	1,839,938	18,443	3,834	1,862,215
Timing of revenue recognition				
Control transferred over time	1,835,520	18,443	-	1,853,963
Control transferred at a point in time	4,418	-	3,834	8,252
Total	1,839,938	18,443	3,834	1,862,215

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26 Turnover (Cont'd)

(b) Transaction price allocated to remaining performance obligation

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at reporting date:

Reportable segments	Estimated based on expected project progress			Total \$'000
	Within the next 12 months	Between 1 to 5 years	More than 5 years	
	\$'000	\$'000	\$'000	
2022				
Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding	3,696,081	2,618,370	-	6,314,451
2021				
Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding	801,226	268,961	-	1,070,187

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less, as allowed by SFRS(I) 15.

27 Operating loss

Detailed below are the key amounts recognised in arriving at operating loss:

	Note	Group	
		2022 \$'000	2021 \$'000
Amortisation of intangible assets	13	29,337	25,056
Audit fees paid/payable			
- auditors of the Company		1,796	841
- other member firms of KPMG International		180	212
Non-audit fees paid/payable			
(i) Audit-related services ("ARS")			
- auditors of the Company		735	86
- other member firms of KPMG International		4	10
(ii) Non-ARS			
- auditors of the Company		38	24
- other member firms of KPMG International		28	30
Impairment losses on trade receivables and contract assets, net		8,815	2,356
Depreciation of property, plant and equipment, and right-of-use assets	4, 5	170,473	171,525
Changes in fair value of financial instruments		(34,196)	35,989
Foreign currency exchange loss/(gain), net		64,595	(40,522)
(Gain)/loss on disposal of property, plant and equipment, net		(2,466)	4,565
Loss on modified cash flows of receivables		2,884	3,084
Impairment losses on property, plant and equipment	4	-	45,916
Impairment losses on right-of-use assets	5	-	66,477
Provision for restoration costs, net		6,318	21,937
(Reversal of write-down)/write-down of inventories, net	15	(2,853)	21,328
Property, plant and equipment written off		1	12
Government grants		(20,988)	(42,716)
Staff costs	(a)	537,770	429,605

27 Operating loss (Cont'd)

		Group	
		2022	2021
		\$'000	\$'000
(a)	Staff costs		
	Salaries and bonus	436,061	348,663
	Defined contribution plan	33,522	29,641
	Directors' fee	2,207	1,633
	Other employee benefits	65,980	49,668
		537,770	429,605

28 Finance income and finance costs

		Group	
		2022	2021
		\$'000	\$'000
Finance income			
Interest income from:			
	- Trade receivables and contracts with customers	96,447	49,376
	- Fixed deposits and bank balances	5,465	1,334
	- Joint venture	346	58
		102,258	50,768
Finance costs			
	Interest expense on lease liabilities	12,525	12,872
	Interest paid and payable to bank and others	104,419	57,535
	Amortisation of capitalised transaction costs	16,283	10,180
	Unwinding of discount on restoration costs	3,473	2,012
		136,700	82,599

29 Non-operating income

		Group	
		2022	2021
		\$'000	\$'000
Non-operating income			
	Gain on liquidation of a subsidiary	8	-

30 Share of results of associates and joint ventures

		Group	
		2022	2021
		\$'000	\$'000
	Share of profit before tax for the year	1,621	1,792
	Share of tax for the year	(487)	(626)
		31	1,166

Notes To The Financial Statements

Year Ended 31 December 2022

31 Tax expense/(credit)

	Note	Group	
		2022 \$'000	2021 \$'000
Current tax expense			
Current year		3,655	4,785
Under provided in prior years		3,110	279
		6,765	5,064
Deferred tax expense/(credit)			
Movements in temporary differences		21,828	(86,407)
Under provided in prior years		(2,777)	1,921
		19,051	(84,486)
Tax expense/(credit)		25,816	(79,422)
Reconciliation of effective tax rate			
Loss for the year		(265,560)	(1,175,358)
Tax expense/(credit)		25,816	(79,422)
Share of results of associates and joint ventures	30	(1,134)	(1,166)
Loss before share of results of associates and joint ventures, and tax credit		(240,878)	(1,255,946)
Tax calculated using Singapore tax rate of 17% (2021: 17%)		(40,949)	(213,511)
Exempt income, capital gains and tax incentives/concessions		(8,313)	(13,129)
Effect of different tax rates in foreign jurisdictions		(7,270)	13,297
Tax adjustment on changes in undistributed profits from foreign entities		(44,008)	(64,155)
Effect on utilisation of deferred tax assets not previously recognised		(166)	(4,661)
Non-deductible expenses		52,146	92,535
Under provided in prior years		333	2,200
Deferred tax assets not recognised		74,043	108,000
Others		-	2
Tax expense/(credit)		25,816	(79,422)

As at 31 December 2022, certain subsidiaries have unutilised tax losses and capital and investment allowances of \$1,548,494,000 (2021: \$1,306,120,000) that have not been recognised and are available for set-off against future taxable income subject to the tax provisions and agreement by the relevant tax authorities of the various jurisdictions.

32 Other comprehensive income

Tax effects relating to each component of other comprehensive income are set out below:

	2022			2021		
	Before tax \$'000	Tax expense \$'000	Net of tax \$'000	Before tax \$'000	Tax expense \$'000	Net of tax \$'000
Group						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	(6,614)	–	(6,614)	14,295	–	14,295
Net change in fair value of cash flow hedges	10,070	470	10,540	(6,604)	1,505	(5,099)
Net change in fair value of cash flow hedges transferred to profit or loss	30,428	(5,173)	25,255	(4,292)	730	(3,562)
Realisation of reserve upon disposal of subsidiaries	(2)	–	(2)	4	–	4
Other comprehensive income	33,882	(4,703)	29,179	3,403	2,235	5,638

33 Non-controlling interests

The following subsidiaries have material non-controlling interests:

Name of company	Place of incorporation and business	Operating segment	Ownership interests held by non-controlling interests	
			2022 %	2021 %
Gravifloat AS	Norway	Engineering and related services	44	44

The following summarised financial information of each of the Group's subsidiaries with material non-controlling interest, based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Notes To The Financial Statements

Year Ended 31 December 2022

33 Non-controlling interests (Cont'd)

	Gravifloat AS \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
31 December 2022				
Revenue	-			
Loss for the year	(10,507)			
Other comprehensive income	1			
Total comprehensive income	(10,506)			
Attributable to non-controlling interests:				
(Loss)/profit for the year	(4,623)	204	-	(4,419)
Other comprehensive income	-*	(40)	-	(40)
Total comprehensive income	(4,623)	164	-	(4,459)
Non-current assets	42,542			
Current assets	20			
Non-current liabilities	(9,373)			
Current liabilities	(50)			
Net assets	33,139			
Net assets attributable to non-controlling interests	14,581	4,455	-	19,036
Cash flows from operating activities	-*			
Cash flows from investing activities	-*			
Cash flows from financing activities	-*			
Net decrease in cash and cash equivalents	-*			
31 December 2021				
Revenue	-			
Loss for the year	(10,507)			
Other comprehensive income	-			
Total comprehensive income	(10,507)			
Attributable to non-controlling interests:				
Loss for the year	(4,623)	(177)	-	(4,800)
Other comprehensive income	-*	(47)	-	(47)
Total comprehensive income	(4,623)	(224)	-	(4,847)
Non-current assets	56,002			
Current assets	40			
Non-current liabilities	(12,333)			
Current liabilities	(63)			
Net assets	43,646			
Net assets attributable to non-controlling interests	19,204	4,589	-	23,793
Cash flows from operating activities	-*			
Cash flows from investing activities	-*			
Cash flows from financing activities	-*			
Net decrease in cash and cash equivalents	-*			

* Amount is immaterial to meaningfully disclose it.

34 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company of \$261,141,000 (2021: \$1,170,558,000) by the weighted average number of ordinary shares outstanding of 31,389,099,000 (2021: 18,033,907,000) as follows:

	Note	Group	
		2022 \$'000	2021 \$'000
Loss attributable to owners of the Company		(261,141)	(1,170,558)
		No. of shares '000	No. of shares '000
Weighted average number of ordinary shares			
Issued ordinary shares at 1 January	24	31,389,105	12,555,646
Effect of performance shares and restricted shares released		2,005	574
Effect of own shares held		(2,011)	(854)
Effect of rights issue		-	4,708,365
Effect of bonus factor		-	770,176
Weighted average number of ordinary shares during the year		31,389,099	18,033,907

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the loss attributable to owners of the Company of \$261,141,000 (2021: \$1,170,558,000) by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 31,389,099,000 (2021: 18,033,907,000) as follows:

		Group	
		2022 \$'000	2021 \$'000
Loss attributable to owners of the Company		(261,141)	(1,170,558)
		No. of shares '000	No. of shares '000
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares used in the calculation of basic earnings per share		31,389,099	18,033,907
Effect of dilutive shares		- [^]	- [^]
Weighted average number of ordinary shares during the year		31,389,099	18,033,907

[^] Effect of dilutive shares is immaterial to meaningfully disclose it.

For the purpose of calculating diluted earnings per ordinary share, the weighted average number of ordinary shares outstanding is adjusted for the effects of dilutive potential ordinary shares.

Notes To The Financial Statements

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35 Dividends

No dividends had been declared or proposed in respect of the year ended 31 December 2022 and 31 December 2021.

36 Share-based incentive plans

Following the expiry of the Company's Performance Share Plan 2010 ("SCM PSP 2010") and Restricted Share Plan ("SCM RSP 2010"), the Company's Performance Share Plan ("SCM PSP 2020") and Restricted Share Plan ("SCM RSP 2020") (collectively, the "2020 Share Plans") were approved and adopted by the shareholders at the Annual General Meeting of the Company held on 20 May 2020.

The SCM RSP 2020 is the incentive scheme for directors and employees of the Company and its subsidiaries (the "Group") whereas the SCM PSP 2020 is aimed primarily at key executives of the Group.

The 2020 Share Plans are intended to increase the Company's flexibility and effectiveness in its continuing efforts to attract, retain and incentivise participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group. The 2020 Share Plans will strengthen the Company's competitiveness in attracting and retaining talented key senior management and senior executives.

The SCM RSP 2020 is intended to apply to a broad base of senior executives as well as to the non-executive directors, while the SCM PSP 2020 is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the SCM RSP 2020 and the SCM PSP 2020 will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

The 2020 Share Plans will provide incentives to high performing key senior management and senior executives to excel in their performance and encourage greater dedication and loyalty to the Company. Through the 2020 Share Plans, the Company will be able to motivate key senior management and senior executives to continue to strive for the Group's long-term shareholder value. In addition, the 2020 Share Plans aim to foster a greater ownership culture within the Group which will align the interests of participants with the interests of shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

The 2020 Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate key senior management and senior executives to achieve pre-determined targets which create and enhance economic value for shareholders. The Company believes that the 2020 Share Plans will be effective tools in motivating key senior management and senior executives to strive to deliver long-term shareholder value.

While the 2020 Share Plans cater principally to Group executives, it is recognised that there are other persons who can make significant contributions to the Group through their close working relationship with the Group. Such persons include employees of associates over which the Company has operational control.

A participant's awards under the 2020 Share Plans will be determined at the sole discretion of the Committee. In considering an award to be granted to a participant, the Committee may take into account, *inter alia*, the participant's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skill set.

In current and prior year, no amount was charged to profit or loss in relation to the Performance Share Plan, Restricted Share Plan and Sembcorp Marine Challenge Bonus.

37 Related parties

(a) Related party transactions

In addition to those disclosed elsewhere in the financial statements, the Group had the following outstanding balances and significant transactions with related parties during the year:

	Outstanding balances Group		Significant transactions Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Related corporations				
Sales	415	428	3,534	-
Purchases	(4,813)	(401)	(65,430)	(42,187)
Finance income	586	-	1,825	148
Finance costs	(2,030)	(1,611)	(19,957)	(2,783)
Others	-	-	(149)	(256)
Associates and joint ventures				
Sales	22	183	10	4
Purchases	(872)	(2,170)	(5,604)	(5,269)
Rental income	-	-	-	4
Finance income	323	12	346	58
Others	(117)	(257)	44	43

(b) Compensation of key management personnel

During the year and in prior year, the Group considers the directors of the Company (including the President & Chief Executive Officer of the Company), the Executive Vice President & Head of Operations, the Group Finance Director, the Senior Vice President & Head of Rigs & Floaters, the Chief Risk Officer and the Chief Human Resource Officer of the Company to be key management personnel in accordance with SFRS(I) 1-24 *Related Party Disclosures*.

These persons have the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation is as follows:

	Group	
	2022 \$'000	2021 \$'000
Directors' fees and remuneration	3,399	2,334
Other key management personnel remuneration	2,913	2,066
	6,312	4,400

Remuneration includes salary (which includes allowances, fees and other emoluments) and bonuses (which includes AWS, discretionary bonus and performance targets bonus).

In addition to the above, the Company provides medical benefits to all employees including key management personnel.

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added ("EVA"), as well as to attainment of individual and Group performance goals for its key executives. A "bonus bank" is used to hold incentive compensation credited in any year. Typically, one-third of the available balance is paid out in cash each year, with the balance being carried forward to the following year. The balances of the bonus bank in future will be adjusted by the yearly EVA performance of the Group and its subsidiaries and the payouts made from the bonus bank.

As at 31 December 2022, there were no outstanding provisions for EVA (2021: \$Nil).

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38 Financial instruments

Financial risk management objectives and policies

The Group's activities expose it to market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk.

As part of the Group's Enterprise Risk Management framework, the Group's treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of Group liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Group utilises foreign exchange contracts, interest rate swaps and various financial instruments to manage exposures to interest rate and foreign exchange risks arising from operating, financing and investment activities. Exposures to foreign currency risks are also hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount where possible. All such transactions must involve underlying assets or liabilities and no speculative transactions are allowed.

The financial authority limits seek to limit and mitigate transactional risks by setting out the threshold of approvals required for the entry into contractual obligations and investments.

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its debt obligations.

The Group's policy is to maintain an efficient and optimal interest cost structure using a mix of fixed and variable rate debts and long-term and short-term borrowings.

The Group's risk management policy is to ensure that at least 50% of its debt portfolio is at fixed interest rates. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps to hedge the variability in cash flows attributable to the floating interest rates.

The Group designates the interest rate swaps in their entirety to hedge its interest rate risk and applies a hedge ratio of 1:1. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

In these hedge relationships, the main source of ineffectiveness is the effect of the counterparties' and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates.

Hedging relationships that are impacted by IBOR reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding IBOR transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

At 31 December 2022, the Group had interest rate swaps with an aggregate notional amount of \$708,300,000 (2021: \$348,060,000). The Group receives a variable interest rate and pays a fixed rate interest ranging from 1.82% to 5.08% (2021: 1.87% to 2.05%) per annum on the notional amount. Interest rate swaps with notional amounts of \$300,000,000 (2021: \$75,000,000) were entered with a related corporation. Of the Group's interest-bearing borrowings, approximately 60% (2021: approximately 50%) are not subjected to interest rate repricing risk.

38 Financial instruments (Cont'd)

(a) Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

Sensitivity analysis

It is estimated that 50 basis points (“bp”) change in interest rate at the reporting date would increase/ (decrease) equity and profit before tax by the following amounts. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax		Equity	
	50 bp Increase \$'000	50 bp Decrease \$'000	50 bp Increase \$'000	50 bp Decrease \$'000
Group				
31 December 2022				
Variable rate financial instruments	(1,380)	1,380	1,869	(1,882)
31 December 2021				
Variable rate financial instruments	(2,908)	2,908	2,281	(2,308)
Company				
31 December 2022				
Variable rate financial instruments	178	(178)	-	-
31 December 2021				
Variable rate financial instruments	3,670	(3,670)	-	-

(ii) Foreign currency risk

The Group operates globally and is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company and its subsidiaries. The currencies in which these transactions are primarily denominated in are Singapore dollars (“SGD”), United States dollars (“USD”), Euros (“EUR”), Pounds sterling (“GBP”) and Brazilian Real (“BRL”). Such risks are hedged either by forward foreign currency contracts in respect of actual or forecasted currency exposures which are reasonably certain or hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount. Forward foreign currency contracts with notional amounts of \$637,895,000 (2021: \$934,118,000) were entered with a related corporation.

The Group’s risk management policy is to hedge 50% to 100% of its estimated net foreign currency exposure in respect of its forecasted project cash inflows and outflows over the lifespans of the projects.

The Group designates the forward foreign currency contracts in their entirety to hedge its foreign currency risk and applies a hedge ratio of 1:1. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

In these hedge relationships, the main sources of ineffectiveness may be due to:

- the effect of the counterparties’ and the Group’s own credit risk on the fair value of the forward foreign currency contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

Notes To The Financial Statements

Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign currency risk (Cont'd)

The summary of quantitative data about the Group's exposure to foreign currency risk as provided to the management of the Group based on its risk management policy is as follows:

	SGD \$'000	USD \$'000	EUR \$'000	GBP \$'000	BRL \$'000	Others \$'000	Total \$'000
Group							
31 December 2022							
Financial assets							
Cash and cash equivalents	3,509	411,195	48,466	179	555	9,856	473,760
Trade and other receivables	133,476	2,080,504	13,278	2,794	53,661	20,471	2,304,184
	136,985	2,491,699	61,744	2,973	54,216	30,327	2,777,944
Financial liabilities							
Trade and other payables	(94,088)	(245,843)	(20,195)	(1,529)	(55,785)	(21,108)	(438,548)
Interest-bearing borrowings	(150,000)	(435,499)	-	-	-	-	(585,499)
Lease liabilities	(9,530)	(31,057)	-	-	-	-	(40,587)
	(253,618)	(712,399)	(20,195)	(1,529)	(55,785)	(21,108)	(1,064,634)
Net financial (liabilities)/assets	(116,633)	1,779,300	41,549	1,444	(1,569)	9,219	1,713,310
Add: Contract assets	-	192,786	1,363	1,994	-	-	196,143
Add: Firm commitments and highly probable forecast transactions in foreign currencies	(520)	1,171,994	(439,088)	(51,410)	-	(134,997)	545,979
Less: Foreign currency forward contracts	-	(2,565,111)	214,389	-	-	(15,875)	(2,366,597)
Net currency exposure	(117,153)	578,969	(181,787)	(47,972)	(1,569)	(141,653)	88,835
31 December 2021							
Financial assets							
Cash and cash equivalents	6,839	136,822	50,154	800	2,859	4,380	201,854
Trade and other receivables	132,716	2,827,661	65,592	2,037	36,339	30,246	3,094,591
	139,555	2,964,483	115,746	2,837	39,198	34,626	3,296,445
Financial liabilities							
Trade and other payables	(106,373)	(876,370)	(86,143)	(15,002)	(71,800)	(42,564)	(1,198,252)
Interest-bearing borrowings	(120,000)	(520,343)	-	-	-	-	(640,343)
Lease liabilities	(12,859)	(36,956)	-	-	(4)	-	(49,819)
	(239,232)	(1,433,669)	(86,143)	(15,002)	(71,804)	(42,564)	(1,888,414)
Net financial (liabilities)/assets	(99,677)	1,530,814	29,603	(12,165)	(32,606)	(7,938)	1,408,031
Add: Contract assets	-	817,116	68,195	-	-	15,762	901,073
Add: Firm commitments and highly probable forecast transactions in foreign currencies	(1,367)	2,846	(88,576)	13,997	-	(54,842)	(127,942)
Less: Foreign currency forward contracts	-	(1,636,969)	(53,453)	-	-	-	(1,690,422)
Net currency exposure	(101,044)	713,807	(44,231)	1,832	(32,606)	(47,018)	490,740

38 Financial instruments (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign currency risk (Cont'd)

The Company's gross exposure to foreign currencies is as follows:

	USD \$'000	Others \$'000	Total \$'000
Company			
31 December 2022			
Financial assets			
Cash and cash equivalents	4	-	4
Trade and other receivables	54	8,855	8,909
	58	8,855	8,913
Financial liabilities			
Trade and other payables	(97)	(12)	(109)
Net financial (liabilities)/assets	(39)	8,843	8,804
31 December 2021			
Financial assets			
Cash and cash equivalents	597	-	597
Trade and other receivables	1	9,721	9,722
	598	9,721	10,319
Financial liabilities			
Trade and other payables	(1,335)	-	(1,335)
Net financial (liabilities)/assets	(737)	9,721	8,984

Sensitivity analysis

A 10% strengthening of the following currencies against the functional currencies of the Company and its subsidiaries at the balance sheet date would have increased/(decreased) equity and profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of firm commitments (not subject to fair value hedges) and highly probable forecast transactions in foreign currencies. The analysis is performed on the same basis for 2021.

	Group		Company	
	Equity \$'000	Profit before tax \$'000	Equity \$'000	Profit before tax \$'000
2022				
SGD	-	(11,663)	-	-
USD	(129,952)	100,562	-	(4)
EUR	17,878	4,291	-	-
GBP	-	344	-	-
BRL	-	(157)	-	-
Others	(1,272)	922	-	884
2021				
SGD	-	(9,968)	-	-
USD	(100,060)	189,117	-	(74)
EUR	(4,369)	9,780	-	-
GBP	-	(1,217)	-	-
BRL	-	(3,261)	-	-
Others	-	782	-	972

A 10% weakening of the above currencies against the functional currencies of the Company and its subsidiaries at the balance sheet date would have equal but opposite effects on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow hedges

At the reporting date, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

	Forward contract rate \$	Interest rate %	Maturity		
			Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
2022					
Foreign currency risk					
Forward foreign currency contracts (Buy/Sell)					
- SGD/USD	1.32 – 1.40	-	152,134	1,340,176	-
- EUR/SGD	1.43 – 1.47	-	96,473	31,497	-
- EUR/USD	1.07 – 1.08	-	86,419	-	-
- SGD/AUD	0.93 – 0.95	-	953	14,921	-
Interest rate risk					
Interest rate swaps					
- Float-to-fixed	-	1.82 – 5.08	458,300	250,000	-
2021					
Foreign currency risk					
Forward foreign currency contracts (Buy/Sell)					
- SGD/USD	1.32 – 1.39	-	1,190,270	-	-
- SGD/EUR	1.54 – 1.59	-	53,453	-	-
Interest rate risk					
Interest rate swaps					
- Float-to-fixed	-	1.87 – 2.05	-	348,060	-

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Cash flow hedge reserve for continuing hedges \$'000
2022	
Foreign currency risk	
Sales receipts	9,772
Interest rate risk	
Variable rate borrowings	19,752
2021	
Foreign currency risk	
Sales receipts	(8,787)
Interest rate risk	
Variable rate borrowings	2,516

38 Financial instruments (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow hedges (Cont'd)

The amounts related to items designated as hedging instruments and hedge ineffectiveness were as follows:

	2022				During the year 2022				
	Nominal amount \$'000	Assets \$'000	Liabilities \$'000	Line item in the balance sheet where the hedging instrument is included	Change in value of hedging instrument recognised in OCI \$'000	Hedge ineffectiveness recognised in profit or loss \$'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss \$'000	Line item affected in profit or loss because of the reclassification
Foreign currency risk									
Forward foreign currency contracts	1,722,573	19,455	4,855	Other financial assets, Other financial liabilities	(6,696)	30,652	Other operating income, Other operating expenses	(5,397)	Other operating income, Other operating expenses
Interest rate risk									
Interest rate swaps	708,300	20,863	89	Other financial assets, Other financial liabilities	17,236	-	Other operating income, Other operating expenses	-	Other operating income, Other operating expenses
	2021				During the year 2021				
	Nominal amount \$'000	Assets \$'000	Liabilities \$'000	Line item in the balance sheet where the hedging instrument is included	Change in value of hedging instrument recognised in OCI \$'000	Hedge ineffectiveness recognised in profit or loss \$'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss \$'000	Line item affected in profit or loss because of the reclassification
Foreign currency risk									
Forward foreign currency contracts	1,243,723	1,106	15,560	Other financial assets, Other financial liabilities	(7,878)	(5,191)	Other operating income, Other operating expenses	1,147	Other operating income, Other operating expenses
Interest rate risk									
Interest rate swaps	348,060	2,643	-	Other financial assets, Other financial liabilities	2,779	-	Other operating income, Other operating expenses	482	Other operating income, Other operating expenses

Notes To The Financial Statements

Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow hedges (Cont'd)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

	\$'000
Cash flow hedge reserve	
Balance at 1 January 2022	(6,271)
Changes in fair value:	
Foreign currency risk	(8,068)
Interest rate risk	18,138
Amount reclassified to profit or loss:	
Foreign currency risk	30,428
Tax on movements on reserves during the year	(4,703)
Balance at 31 December 2022	29,524
Balance at 1 January 2021	2,390
Changes in fair value:	
Foreign currency risk	(9,491)
Interest rate risk	2,887
Amount reclassified to profit or loss:	
Foreign currency risk	(4,872)
Interest rate risk	580
Tax on movements on reserves during the year	2,235
Balance at 31 December 2021	(6,271)

(b) Credit risk

The Group monitors its exposure to credit risks arising from sales to trade customers on an on-going basis, and credit evaluations are done on customers that require credit. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

The Group only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Group's counterparty risk, the Group enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating.

The Group assumes that credit risk of a financial asset has increased significantly when the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The Group's and the Company's maximum exposure to credit risk, before taking into account any collateral held, is the carrying amount of each financial asset, including derivatives, in the balance sheets.

The carrying amount of receivables from the Group's most significant customers was \$1,606,545,000 as at 31 December 2022 (2021: \$1,148,625,000).

38 Financial instruments (Cont'd)

(b) Credit risk (Cont'd)

Deferment of receivables

Prior to 2020, payment on the outstanding receivables for the assets delivered to this customer was deferred and due only between November 2022 to January 2024. Interest is charged on the principal amount deferred. The receivable is secured over a right to repossess and to re-sell the assets delivered in the event of default by the customer.

In 2020, the Group entered into an amendment agreement with this customer to defer certain portions of the interest payments to January 2022, with interest being charged on the deferred interest payments. In 2021, a second amendment was entered into to further defer certain portions of the interest payments to March 2023, with the principal amount to be paid on May 2023 instead of the original agreed period of November 2022 to January 2024. Interest continues to be charged on the deferred principal and interest payments and all amounts due from the customer continue to be secured by first priority mortgages with legal rights to repossess and to re-sell the assets delivered in the event of default by this customer.

As at 31 December 2021, the Group had agreed in-principle to further defer the maturity date of the amount due from the customer to 1 May 2025 ("Deferment") if the customer managed to refinance or extend its maturities of its other credit facilities and convertible bond to 2025 or later. The customer had also agreed to pay the Group an extension fee and make earlier payments of part of the capitalised interest previously due in first quarter of 2023. The remaining capitalised interest will be repaid in quarterly instalments in 2023 and 2024 and interest will continue to be charged.

In 2022, in light of the improving oil and gas drilling market, the Company had entered into the Deferment with the customer, resulting in the customer making earlier and higher amounts of interest payments and partial principal repayments to the Company from 2022 to 2024.

The above amendments to the outstanding receivables with this customer are not expected to have a detrimental impact on the estimated future cash flows of the receivables. All amounts due from the customer continue to be secured by first priority mortgages with legal rights to repossess and to re-sell the assets delivered in the event of default by this customer.

There is no concentration of customer's credit risk at the Company level.

The Group's and the Company's maximum exposure to credit risk for financial assets at amortised cost and contract assets at the balance sheet date is as follows:

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
By business activity					
Rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding		1,605,455	3,334,123	-	-
Ship chartering		5,594	4,566	-	-
Others		600,875	5,523	1,561,794	1,425,684
		2,211,924	3,344,212	1,561,794	1,425,684
Financial assets at amortised cost and contract assets					
Non-current*	10, 12	1,507,453	1,630,398	238,000	1,292,700
Current	10, 12	704,471	1,713,814	1,323,794	132,984
		2,211,924	3,344,212	1,561,794	1,425,684

* Not past due.

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Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(b) Credit risk (Cont'd)

The age analysis of financial assets at amortised cost and contract assets for the Group and Company is as follows:

	Gross 2022 \$'000	Impairment 2022 \$'000	Gross 2021 \$'000	Impairment 2021 \$'000
Group				
Not past due	2,176,004	4,924	3,276,735	7,215
Past due 0 to 3 months	17,345	35	23,612	69
Past due 3 to 6 months	6,682	-	32,529	882
Past due 6 to 12 months	1,222	42	11,118	211
More than 1 year	36,827	21,155	18,405	9,810
	2,238,080	26,156	3,362,399	18,187
Company				
Not past due	1,555,034	-	1,422,682	-
Past due 0 to 3 months	6,760	-	2,857	-
Past due 3 to 6 months	-	-	16	-
Past due 6 to 12 months	-	-	117	-
More than 1 year	-	-	12	-
	1,561,794	-	1,425,684	-

Expected credit loss (ECL) assessment for customers with credit ratings (or equivalent)

The Group allocates exposure from key customers to a credit risk grade based on data that is determined to be indicative of the risk of loss (including but not limited to external ratings if available, audited financial statements to calculate the internal risk rating using the Altman Z-score method, and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from Standards and Poor's.

ECL rate is calculated based on probabilities of default and loss given default. Lifetime probabilities of default for individual customers are based on external ratings from Bloomberg L.P. adjusted for time horizon of the credit exposure, or historical data supplied by Standards and Poor's for each credit rating. The Group monitors changes in credit risk through on-going review of customer credit worthiness and by tracking published external credit ratings.

Loss rates are adjusted for current conditions and the Group's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

The following table provides information about the exposure to credit risk and ECLs for financial assets at amortised cost and contract assets for customers with credit ratings (or equivalent):

	Credit impaired	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2022				
Group				
<i>Receivables measured at lifetime ECL</i>				
- Trade receivables and contract assets	No	1,511,551	15,902	1,495,649
Company				
<i>Receivables measured at lifetime ECL</i>				
- Trade receivables	No	-	-	-

38 Financial instruments (Cont'd)

(b) Credit risk (Cont'd)

	Credit impaired	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2021				
Group				
<i>Receivables measured at lifetime ECL</i>				
- Trade receivables and contract assets	No	3,199,556	8,348	3,191,208
Company				
<i>Receivables measured at lifetime ECL</i>				
- Trade receivables	No	-	-	-

Expected credit loss assessment for customers (allowance matrix)

The Group uses an allowance matrix to measure the ECLs of trade receivables for customers not allocated specific credit ratings, which comprises large number of small balances.

Loss rates are calculated using a “roll rate” method based on the probability of a receivable progressing through succession stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past 5 years adjusted for current conditions and the Group’s view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

The following table provides information about the exposure to credit risk and ECLs for financial assets at amortised cost and contract assets for customers with no credit rating or no representative credit rating or equivalent:

	Credit impaired	Weighted average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2022					
Group					
Not past due	No	0.46	712,454	3,310	709,144
Past due 0 to 3 months	No	-	2,150	-	2,150
Past due 3 to 6 months	No	-	1,537	-	1,537
Past due 6 to 12 months	No	3.31	847	28	819
More than 1 year	No	72.49	9,541	6,916	2,625
Total			726,529	10,254	716,275
Company					
Not past due	No	-	1,555,034	-	1,555,034
Past due 0 to 3 months	No	-	6,760	-	6,760
Past due 3 to 6 months	No	-	-	-	-
Past due 6 to 12 months	No	-	-	-	-
More than 1 year	No	-	-	-	-
Total			1,561,794	-	1,561,794

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38 Financial instruments (Cont'd)

(b) Credit risk (Cont'd)

	Credit impaired	Weighted average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2021					
Group					
Not past due	No	0.03	123,576	41	123,535
Past due 0 to 3 months	No	-	1,048	-	1,048
Past due 3 to 6 months	No	-	22,601	-	22,601
Past due 6 to 12 months	No	9.37	1,548	145	1,403
More than 1 year	No	68.61	14,070	9,653	4,417
Total			162,843	9,839	153,004
Company					
Not past due	No	-	1,422,682	-	1,422,682
Past due 0 to 3 months	No	-	2,857	-	2,857
Past due 3 to 6 months	No	-	16	-	16
Past due 6 to 12 months	No	-	117	-	117
More than 1 year	No	-	12	-	12
Total			1,425,684	-	1,425,684

Movements in the allowance for impairment of financial assets at amortised cost and contract assets are as follows:

	Group Lifetime ECL \$'000
Balance at 1 January 2022	18,187
Currency translation difference	(292)
Impairment loss recognised:	
- Financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired	15,864
- Remaining financial assets	186
Loss allowance written back	(7,235)
Allowance utilised	(554)
Balance at 31 December 2022	26,156
Balance at 1 January 2021	15,782
Currency translation difference	114
Impairment loss recognised:	
- Financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired	3,586
- Remaining financial assets	191
Loss allowance written back	(1,421)
Allowance utilised	(65)
Balance at 31 December 2021	18,187

38 Financial instruments (Cont'd)

(b) Credit risk (Cont'd)

The total net impairment loss of \$8,815,000 (2021: net impairment loss of \$2,356,000) have been recognised in the general and administrative expenses.

Arising from the COVID-19 pandemic, many businesses globally, including the Group's customers, have been impacted. This resulted in increased credit risk ratings on the Group's customers. The customers are not considered credit impaired as the Group does not expect the increased credit risk ratings to have a detrimental impact on the estimated future cash flows of the receivables.

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of \$34,009,000 (2021: \$15,174,000). These balances are amounts lent to subsidiaries to satisfy short-term funding requirements. The Company uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. There is no significant increase in credit risk for these exposures. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

(c) Liquidity risk

The Group manages its liquidity risk with the view to maintaining a healthy level of cash and cash equivalents appropriate to the operating environment and expected cash flows of the Group. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Group to meet its obligations. The Group will continue to take steps to manage cost, cash flows and gearing to address its financial position. While the majority of contracts and new orders are secured on progressive payment terms, future new orders may result in increased working capital needs.

The table below analyses the maturity profile of the Group's and Company's financial instruments (including derivatives) based on contractual undiscounted cash inflows/(outflows), including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Cash flows			Over 5 years \$'000
		Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	
Group					
31 December 2022					
Derivative financial liabilities					
Interest rate swaps	(89)	480	304	176	-
Forward foreign currency contracts	(6,057)				
- Inflow		824,263	302,902	521,361	-
- Outflow		(830,320)	(304,524)	(525,796)	-
Derivative financial assets					
Interest rate swaps	20,863	21,960	5,749	16,211	-
Forward foreign currency contracts	40,559				
- Inflow		2,315,574	1,316,763	998,811	-
- Outflow		(2,275,015)	(1,292,325)	(982,690)	-
Non-derivative financial liabilities					
Trade and other payables**	(1,027,096)	(1,027,096)	(1,027,096)	-	-
Interest-bearing borrowings#	(3,108,986)	(3,332,504)	(1,722,371)	(1,260,074)	(350,059)
Lease liabilities	(268,689)	(645,912)	(30,489)	(70,506)	(544,917)
	(4,349,495)	(4,948,570)	(2,751,087)	(1,302,507)	(894,976)

* Excludes deposits received, Goods and Services Tax, deferred grant income and long-term employee benefits.

The carrying amount of trade and other payables excludes finance costs payable while the interest-bearing borrowings include finance costs payable, for the purposes of presentation of this liquidity table.

Notes To The Financial Statements

Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(c) Liquidity risk (Cont'd)

	Carrying amount \$'000	Cash flows			Over 5 years \$'000
		Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	
Group					
31 December 2021					
Derivative financial liabilities					
Forward foreign currency contracts	(26,276)				
- Inflow		2,035,703	1,899,833	135,870	-
- Outflow		(2,061,979)	(1,925,328)	(136,651)	-
Derivative financial assets					
Interest rate swaps	2,643	2,036	(121)	2,157	-
Forward foreign currency contracts	1,768				
- Inflow		200,807	200,807	-	-
- Outflow		(199,039)	(199,039)	-	-
Non-derivative financial liabilities					
Trade and other payables**	(1,416,969)	(1,416,969)	(1,416,969)	-	-
Interest-bearing borrowings#	(3,085,074)	(3,276,940)	(848,001)	(2,066,367)	(362,572)
Lease liabilities	(278,744)	(668,231)	(24,778)	(87,195)	(556,258)
	(4,802,652)	(5,384,612)	(2,313,596)	(2,152,186)	(918,830)

* Excludes deposits received, advance payment from customers, Goods and Services Tax, deferred grant income and long-term employee benefits.

The carrying amount of trade and other payables excludes finance costs payable while the interest-bearing borrowings include finance costs payable, for the purposes of presentation of this liquidity table.

	Carrying amount \$'000	Cash flows			Over 5 years \$'000
		Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	
Company					
31 December 2022					
Non-derivative financial liabilities					
Trade and other payables**	(46,947)	(46,947)	(46,947)	-	-
Interest-bearing borrowings#	(50,401)	(51,111)	(51,111)	-	-
Lease liabilities	(43,170)	(48,759)	(10,808)	(26,631)	(11,320)
	(140,518)	(146,817)	(108,866)	(26,631)	(11,320)
31 December 2021					
Non-derivative financial liabilities					
Trade and other payables**	(39,058)	(39,058)	(39,058)	-	-
Interest-bearing borrowings#	(50,139)	(50,384)	(50,384)	-	-
Lease liabilities	(51,925)	(59,377)	(10,785)	(32,316)	(16,276)
	(141,122)	(148,819)	(100,227)	(32,316)	(16,276)

* Excludes deposits received, Goods and Services Tax, deferred grant income and long-term employee benefits.

The carrying amount of trade and other payables excludes finance costs payable while the interest-bearing borrowings include finance costs payable, for the purposes of presentation of this liquidity table.

38 Financial instruments (Cont'd)

(c) Liquidity risk (Cont'd)

The following table indicates the periods in which the cash flow associated with derivatives that are cash flow hedges are expected to impact profit or loss and the fair value of the related hedging instruments:

	Carrying amount \$'000	Cash flows		
		Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000
Group				
31 December 2022				
Derivative financial liabilities				
Interest rate swaps	(89)	480	304	176
Forward foreign currency contracts	(4,855)			
- Inflow		474,192	86,419	387,773
- Outflow		(479,047)	(86,860)	(392,187)
Derivative financial assets				
Interest rate swaps	20,863	21,960	5,749	16,211
Forward foreign currency contracts	19,455			
- Inflow		1,249,384	250,573	998,811
- Outflow		(1,229,929)	(247,239)	(982,690)
	35,374	37,040	8,946	28,094
31 December 2021				
Derivative financial liabilities				
Forward foreign currency contracts	(15,560)			
- Inflow		1,179,659	1,179,659	-
- Outflow		(1,195,219)	(1,195,219)	-
Derivative financial assets				
Interest rate swaps	2,643	2,036	(121)	2,157
Forward foreign currency contracts	1,106			
- Inflow		64,064	64,064	-
- Outflow		(62,958)	(62,958)	-
	(11,811)	(12,418)	(14,575)	2,157

(d) Estimation of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Fair values are measured based on quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – Fair values are measured using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 – Fair values are measured using inputs which are not based on observable market data (unobservable input).

Notes To The Financial Statements

Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(d) Estimation of fair values (Cont'd)

Securities

The fair value of financial assets at fair value through profit or loss, and fair value through other comprehensive income, is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

Derivatives

The fair value of forward exchange contracts is accounted for based on the difference between the contractual price and the current market price.

The fair value of interest rate swaps is the indicative amount that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

Non-derivative non-current financial assets and liabilities

Fair values determined for non-derivative non-current financial assets and liabilities are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. This includes determination for fair value disclosure purpose as well.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

For financial instruments that are not actively traded in the market, the fair value is determined by independent third party or using valuation techniques where applicable. The Group may use a variety of methods and make assumptions that are based on existing market conditions at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for medium term notes for disclosure purpose. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. Where discounted cash flow techniques are used, the management will estimate the future cash flows and use relevant market rate as the discount rate at the balance sheet date.

Non-current amount due from related parties

Fair values are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date.

Fair value hierarchy

The following table sets forth by level within the fair value hierarchy of the financial assets and liabilities that were accounted for at fair value on a recurring basis as of 31 December 2022. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

38 Financial instruments (Cont'd)

(d) Estimation of fair values (Cont'd)

Financial assets and liabilities carried at fair value

	Fair value measurement using:			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Group				
At 31 December 2022				
Financial assets at fair value through other comprehensive income				
- Unquoted equity shares	-	-	2,642	2,642
Derivative financial assets	-	61,422	-	61,422
Derivative financial liabilities	-	(6,146)	-	(6,146)
Total	-	55,276	2,642	57,918
At 31 December 2021				
Financial assets at fair value through other comprehensive income				
- Unquoted equity shares	-	-	2,642	2,642
Derivative financial assets	-	4,411	-	4,411
Derivative financial liabilities	-	(26,276)	-	(26,276)
Total	-	(21,865)	2,642	(19,223)

In 2022 and 2021, there were no transfers between the different levels of the fair value hierarchy.

Assets and liabilities not carried at fair value but for which fair values are disclosed*

	Fair value measurement using:			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Group				
At 31 December 2022				
Interest-bearing borrowings	-	(1,411,545)	-	(1,411,545)
At 31 December 2021				
Interest-bearing borrowings	-	(2,254,245)	-	(2,254,245)

* Excludes financial assets and liabilities whose carrying amounts measured on the amortised cost basis that approximate their fair values due to their short-term nature, frequent repricing, and/or where the effect of discounting is immaterial.

Notes To The Financial Statements

Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(e) Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheets are as follows:

Group	Note	Mandatorily at FVTPL \$'000	Fair value - hedging instruments \$'000	FVOCI - Unquoted equity shares \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
At 31 December 2022								
Cash and cash equivalents	17	-	-	-	2,090,843	-	2,090,843	2,090,843
Trade and other receivables*	10	-	-	-	1,915,161	-	1,915,161	1,915,161
Financial assets at fair value through other comprehensive income								
- Unquoted equity shares	9(a)	-	-	2,642	-	-	2,642	2,642
Cash flow hedges								
- Forward foreign currency contracts	9(a)&(b)	-	19,455	-	-	-	19,455	19,455
- Interest rate swaps	9(a)&(b)	-	20,863	-	-	-	20,863	20,863
Financial assets at fair value through profit or loss								
- Forward foreign currency contracts	9(b)	21,104	-	-	-	-	21,104	21,104
		21,104	40,318	2,642	4,006,004	-	4,070,068	4,070,068
Trade and other payables**								
Cash flow hedges								
- Forward foreign currency contracts	18	-	-	-	-	1,047,386	1,047,386	1,047,386
Interest-bearing borrowings								
- Forward foreign currency contracts	22(a)&(b)	-	4,855	-	-	-	4,855	4,855
- Interest rate swaps	22(b)	-	89	-	-	-	89	89
Financial liabilities at fair value through profit or loss								
- Forward foreign currency contracts	22(a)&(b)	1,202	-	-	-	-	1,202	1,202
Short-term borrowings								
- Short-term borrowings	23	-	-	-	-	1,669,164	1,669,164	1,669,164
- Long-term borrowings	23	-	-	-	-	1,419,532	1,419,532	1,411,545
		1,202	4,944	-	-	4,136,082	4,142,228	4,134,241

* Excludes Goods and Services Tax and grant receivables.

** Excludes deposits received, advance payment from customers, Goods and Services Tax, deferred grant income and long-term employee benefits.

(e) Fair value versus carrying amounts (Cont'd)

Group	Note	Mandatorily at FVTPL \$'000	Fair value - hedging instruments \$'000	FVOCI - Unquoted equity shares \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
At 31 December 2021								
Cash and cash equivalents	17	-	-	-	1,104,118	-	1,104,118	1,104,118
Trade and other receivables*	10	-	-	-	1,585,387	-	1,585,387	1,585,387
Financial assets at fair value through other comprehensive income								
- Unquoted equity shares	9(a)	-	-	2,642	-	-	2,642	2,642
Cash flow hedges								
- Forward foreign currency contracts	9(b)	-	1,106	-	-	-	1,106	1,106
- Interest rate swaps	9(a)&(b)	-	2,643	-	-	-	2,643	2,643
Financial assets at fair value through profit or loss								
- Forward foreign currency contracts	9(b)	662	-	-	-	-	662	662
		662	3,749	2,642	2,689,505	-	2,696,558	2,696,558
Trade and other payables**	18	-	-	-	-	1,426,234	1,426,234	1,426,234
Cash flow hedges								
- Forward foreign currency contracts	22(a)&(b)	-	15,560	-	-	-	15,560	15,560
Financial liabilities at fair value through profit or loss								
- Forward foreign currency contracts	22(a)&(b)	10,716	-	-	-	-	10,716	10,716
Interest-bearing borrowings								
- Short-term borrowings	23	-	-	-	-	820,581	820,581	820,581
- Long-term borrowings	23	-	-	-	-	2,255,228	2,255,228	2,254,245
		10,716	15,560	-	-	4,502,043	4,528,319	4,527,336

* Excludes Goods and Services Tax and grant receivables.

** Excludes deposits received, advance payment from customers, Goods and Services Tax, deferred grant income and long-term employee benefits.

Notes To The Financial Statements

Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(e) Fair value versus carrying amounts (Cont'd)

	Note	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Company					
At 31 December 2022					
Cash and cash equivalents	17	615,875	-	615,875	615,875
Trade and other receivables*	10	1,561,794	-	1,561,794	1,561,794
		2,177,669	-	2,177,669	2,177,669
Trade and other payables**	18	-	47,348	47,348	47,348
Interest-bearing borrowings					
- Short-term borrowings	23	-	50,000	50,000	50,000
		-	97,348	97,348	97,348
At 31 December 2021					
Cash and cash equivalents	17	734,167	-	734,167	734,167
Trade and other receivables*	10	1,425,684	-	1,425,684	1,425,684
		2,159,851	-	2,159,851	2,159,851
Trade and other payables**	18	-	39,197	39,197	39,197
Interest-bearing borrowings					
- Short-term borrowings	23	-	50,000	50,000	50,000
		-	89,197	89,197	89,197

* Excludes Goods and Services Tax and grant receivables.

** Excludes deposits received, Goods and Services Tax, deferred grant income and long-term employee benefits.

(f) Capital management

The Group aims to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development and growth of its businesses, while at the same time maintaining an appropriate dividend policy to reward shareholders. The Group monitors Economic Value Added attributable to shareholders, which the Group defines as net operating profit after tax less capital charge excluding non-controlling interests. Management also monitors the level of dividends paid to ordinary shareholders.

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Capital is defined as equity attributable to the equity holders. The Group's debt to capitalisation ratio as at the balance sheet date was as follows:

	Group	
	2022 \$'000	2021 \$'000
Debt	3,088,696	3,075,809
Total equity	3,788,391	4,025,070
Total debt and equity	6,877,087	7,100,879
Debt-to-capitalisation ratio	0.45	0.43

There were no changes in the Group's approach to capital management during the year.

38 Financial instruments (Cont'd)

(f) Capital management (Cont'd)

The Group is required to maintain consolidated net borrowings to consolidated net assets (less dividends, goodwill and other intangible assets) ratio of not more than 1.75.

(g) Managing interest rate benchmark reform and associated risks

A fundamental review and reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. As at 31 December 2022, the Group's remaining IBOR exposure is indexed to Singapore swap offer rates (SORs) and US dollar LIBOR. In Singapore, the Steering Committee for SOR and SIBOR transition to SORA (SC-STs) together with the Associate of Banks in Singapore (ABS) and Singapore Foreign Exchange Market Committee (SFEMC), has identified the Singapore Overnight Rate Average (SORA) as the alternative interest rate benchmark to replace SOR in Singapore. The timeline for SORA to replace SOR is by the end of June 2023. In 2022, the Group has undertaken amendments to its financial instruments with contractual terms indexed to SOR such that they incorporate the new benchmark rate (i.e. SORA). The Group is also in the process of implementing appropriate fallback clauses for all US dollar LIBOR indexed exposures. These clauses automatically switch the instrument from USD LIBOR to Secured Overnight Financing Rate (SOFR) as and when USD LIBOR ceases. As announced by the Financial Conduct Authority (FCA) in early 2022, the panel bank submissions for US dollar LIBOR will cease in mid-2023.

The risk management committee monitors and manages the Group's transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee reports to the Group's board of directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management on interest rate risk and risks arising from IBOR reform.

Non-derivative financial assets and liabilities

The Group's IBOR exposure to non-derivative financial assets and liabilities as at 31 December 2022 were interest for trade receivables, secured bank loans and interest rate swaps indexed to the US dollar LIBOR. The Group is still in the process of communication with the counterparties and specific changes have yet been agreed.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by interest rate benchmark reform as at 31 December 2022. The Group's hedged items and hedging instruments continued to be indexed to IBOR benchmark rates which are US dollar LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's US dollar LIBOR cash flow hedging relationships extend beyond the anticipated cessation date for the respective rates. The Group is still in the process of communication with the counterparties for all US dollar LIBOR indexed exposures and the relevant hedging instruments and hedged items have not been amended to transition from US dollar LIBOR. The Group has evaluated that there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments and how such uncertainty may impact the hedging relationships. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by interest rate benchmark reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur for the relevant hedged items and hedging instruments. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to US dollar LIBOR using available quoted market rates for LIBOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in US dollar LIBOR on a similar basis.

Notes To The Financial Statements

Year Ended 31 December 2022

38 Financial instruments (Cont'd)

(g) Managing interest rate benchmark reform and associated risks (Cont'd)

Managing risk

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	SOR		LIBOR	
	Total amount of unreformed contracts \$'000	Amount with appropriate fallback clause \$'000	Total amount of unreformed contracts \$'000	Amount with appropriate fallback clause \$'000
Group				
31 December 2022				
Financial assets				
Trade receivables	-	-	-	911,326
Financial liabilities				
Secured bank loans	565,000	-	680,500	-
Derivatives				
Interest rate swaps	-	-	408,300	-
31 December 2021				
Financial assets				
Trade receivables	-	-	1,028,480	-
Financial liabilities				
Secured bank loans	565,000	-	819,180	-
Derivatives				
Interest rate swaps	-	-	273,060	-

39 Contingent liabilities

The Group is subject to various litigation, regulatory and arbitration matters in the normal course of business.

The Group rigorously defends the claims and, in the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Group.

Electoral Suit in Brazil

The Brazilian Public Prosecutors filed a complaint before the Electoral Courts in Aracruz, Espirito Santo, against the Company's subsidiary in Brazil, Estaleiro Jurong Aracruz Ltda ("EJA") in 2015 alleging that political donations were made in 2014 (in total BRL 1.75 million or equivalent to approximately SGD 470,000 as at June 2021) which exceeded the threshold permitted by law.

39 Contingent liabilities (Cont'd)

Electoral Suit in Brazil (Cont'd)

The dispute arises from the interpretation of the Art. 81, paragraph 1, of the Brazilian Law n. 9,504/97 (effective as at the time of the donation) that prescribed that the donation was subject to a limit of two percent of the Company's gross revenue in the year preceding the elections. As the definition of "gross revenue" is not clearly defined under the Electoral Code, there was disagreement as to whether a narrow definition of the "gross revenue" for tax purposes, or a broad definition of total revenue should apply as has already been decided by the Superior Electoral Tribunal (TSE) (the highest court in Brazilian electoral justice system) in similar cases.

In late June 2021, EJA was notified of a decision rendered by the local court of Aracruz where the judge took the narrow interpretation and applied a fine of an amount which corresponds to half of the Prosecutor's request. The fine was BRL 8.57 million, equivalent to SGD 2.33 million as at June 2021.

EJA denies all allegations that it has breached the relevant laws and will appeal against the decision, which contradicts precedents from the Superior Electoral Tribunal (TSE).

Receipt of Notice of Arbitration

On 24 December 2021, the Company's wholly-owned subsidiary, Jurong Shipyard Pte Ltd ("JSPL") has received a notice of commencement of four arbitrations from a vendor (the "Vendor") under four separate contracts for the supply of certain equipment for some of its projects.

JSPL maintains that the contracts for the supply of equipment were validly suspended or terminated. Parties have been in discussions over the payment claims from the Vendor for such suspension or termination, but have yet to reach an agreement.

The Vendor has now commenced arbitration proceedings making allegations of breach and for payment. The amounts purportedly claimed are for invoices of approximately USD 76 million, equivalent to approximately SGD 103 million plus other costs and interests under the four contracts, all of which remain to be proved by the Vendor. JSPL has engaged legal advisers for the four arbitrations proceedings and will defend all claims made against it. The Company will provide updates on material developments on this matter as appropriate.

Corporate guarantees

	2022	2021
	\$'000	\$'000
Company		
Unsecured corporate guarantees granted in respect of:		
- Performance of subsidiaries	4,097,553	5,342,011
- Unsecured term loans by a subsidiary	626,100	651,530
- Unsecured revolving credit facilities by subsidiaries	1,466,600	1,469,180
- Unsecured bonds issued by a subsidiary	325,000	325,000

The Company has provided guarantees to banks to secure banking facilities provided to its wholly-owned subsidiaries, Jurong Shipyard Pte Ltd, Estaleiro Jurong Aracruz Ltda and Sembcorp Marine Financial Services Pte. Ltd.. These financial guarantee contracts are accounted for as insurance contracts.

The principal risk to which the Company is exposed to is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantees on behalf of.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

Estimates of the Company's obligation arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of balance sheet date, there is no provision made in respect of the obligations as the Company believes it is remote that these corporate guarantees will be called upon.

Notes To The Financial Statements

Year Ended 31 December 2022

40 Commitments

Commitments not provided for in the financial statements are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Approved capital commitment:</i>				
- Approved capital expenditure commitment	19,571	22,505	-	-

41 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

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

Information on other significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Information about the assumptions and their risk factors relating to goodwill impairment are disclosed in Note 41(d).

(b) Taxes

Current tax

The Group is subject to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The Group believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxes and deferred tax provisions in the period in which such determination is made. The tax expense is disclosed in Note 31.

Deferred tax assets

Certain subsidiaries of the Group have tax benefits arising from unutilised tax losses, tax credits and deductible temporary differences, which are available for set-off against future taxable profits. Of these, the utilisation of these tax benefits, for which deferred tax asset was recognised, is presumed on the ability of the Group's subsidiaries to generate taxable profits in the foreseeable future.

41 Significant accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(c) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 60 years. The carrying amounts of the Group's property, plant and equipment are set out in Note 4. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

(d) Impairment assessment of property, plant and equipment and intangible assets

Impairment assessment of the Group's shipyards

Owing to the continuing difficult market conditions impacting the offshore and marine sector, and the negative impact to the Group's financial performance and liquidity arising from the outbreak of the COVID-19 pandemic and the measures adopted by the Singapore government to mitigate the pandemic's spread, there were indications that the Group's shipyards (the "cash generating units") might be impaired. Under the Group's formal impairment assessment of the individual cash generating units in: (i) Singapore (yards in Singapore, together with their sub-contracting yards in Indonesia and the United Kingdom); and (ii) Brazil, the recoverable amounts for the Group's individual cash generating units were based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends of the industry.

The discount rate was a post-tax measure estimated based on historical industry average weighted average cost of capital. The discount rates for the Singapore and Brazil cash generating units are 9% to 10% (31 December 2021: 7% to 8.5%) and 13.5% to 14.0% (31 December 2021: 10% to 11.5%), respectively.

The discounted cash flow projections included management's assessment of the forecasted order book over a period of 10 years (31 December 2021: 10 years) for both Singapore and Brazil (the "projection periods"), with applicable growth rates for Singapore and Brazil beyond the projection periods through 47 years and 50 years (31 December 2021: 48 years and 50 years) respectively. The range of long term growth rates for Singapore at 1.5% to 2.5% (31 December 2021: 1.5% to 2.5%) was determined based on long term inflation and considering global growth. Long term growth rate of 4% (31 December 2021: 4%) for Brazil was determined based on Brazil's long term inflation forecast and risk free rate in USD.

The cash flows in the projection period are primarily driven by forecasted order book and project margins. The near term cash flows reflect the most recent developments on the economic impacts of the geopolitical tensions and residual COVID-19 challenges on gross domestic product and inflation as at the reporting date. Due to the high level of uncertainty, it was very challenging to predict the full extent and duration of these impacts on the Group's operations.

The cash flows are projected based on the Group's estimate of pipeline revenue, market observable data surrounding the state-owned and international oil majors' capital commitment and projected capital expenditures in oil and gas production and exploration activities, market expectations and developments for contract order prices, and other external analysts' forecast reports in oil price movements and demands for production solutions. The Brazil cash generating unit is substantially complete, and the yard will gradually ramp up to its full operational capacity over the projection period. The Group has factored in the long-term fundamentals of the oil and gas industry in Brazil in their projection.

As the Group pivots to also support the energy transition to renewable energy, the cash flow in the projection period included forecasted orders in renewable solutions. For the Singapore cash generating unit, the projections are based on the Group's past experience in this area, market developments on financial support for renewable energy infrastructure, and other analysts' forecast reports on renewable energy demand and growth. For the Brazil cash generating unit, cash flows from year 3 (31 December 2021: year 5) of the projection period are augmented by expectation of active tenders of projects in renewable energy and gas solutions.

Notes To The Financial Statements

Year Ended 31 December 2022

41 Significant accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(d) Impairment assessment of property, plant and equipment and intangible assets (Cont'd)

Project margins are projected with reference to historical experience and taking into account planned recoveries by management.

Based on the fair value less costs of disposal, the Group assessed that no impairment loss is required for these individual cash generating units.

The forecasted order book and the margins assumed in the discounted cash flows are, however, subject to estimation uncertainties that may have a significant risk of resulting in material adjustments in future periods. Changes to the assumptions used in the recoverable amount could lead to material impairment losses if the forecasted order book and the forecasted margins in the near term were to deviate from the original forecast. The recoverable amount of the Brazil cash generating unit is further subject to political risk and will be reviewed at regular intervals.

For the Singapore cash generating unit, based on a mid-point discount rate of 9.5% (31 December 2021: 7.75%) and long term growth rates for Singapore of 1.5% (31 December 2021: 1.5%), a 4% (31 December 2021: 2%) decrease in forecasted project margins throughout the cash flow periods would be required for the recoverable amount to equal the carrying amount.

For the Brazil cash generating unit, based on a mid-point discount rate of 13.8% (31 December 2021: 10.75%), a 3% (31 December 2021: 2.9%) decrease in forecasted project margins throughout the cash flow periods would be required for the recoverable amount to equal the carrying amount.

(e) Provisions and contingent liabilities

Estimates of the Group's obligations arising from contracts that exist as at balance sheet date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on the management's knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Warranty

The provision for warranty is based on estimates from known and expected warranty work and contractual obligation for further work to be performed after completion. The warranty expense incurred could be higher or lower than the provision made. Movements in provision for warranty are detailed in Note 21.

Site restoration costs

The provision for site restoration costs arising from operating leases is based on the best estimate of the costs to be incurred beyond the 12 months period provided by external consultants and the scope of works to be agreed with the lessors. Given the complexities involved in carrying out the restoration work on certain sites in the longer run, the actual costs may vary from the estimate.

At the reporting date, the Group remains in discussion with the Singapore Government on the extent of work required for the restoration of land at Tanjong Kling Yard. Depending on the outcome of the discussion, the provision required may vary significantly from amounts recorded.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Disclosure of contingent liabilities is detailed in Note 39.

41 Significant accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(f) Determination of net realisable value of inventories

The net realisable value of inventories is estimated by reference to contract prices. However, such net realisable value may not be the actual realisable value, arising from contract modifications, if any, which may result in other variable considerations. Such contract modifications may significantly affect the eventual realisable value of inventories; and there is a significant risk of resulting in a material adjustment to the carrying amounts of inventories in future periods.

(g) Determination of the appropriate rate to discount lease payments

The Group is required to exercise considerable judgement in determining the discount rate by taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and the effective date of any lease modification.

(h) Impairment assessment of the Company's investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimate of the recoverable amount of the subsidiaries. Estimating the recoverable amount requires the Company to make an estimate of the future cash flows expected from its investment and of an appropriate discount rate in order to calculate the present value of these cash flows. The forecasts used to estimate the future cash flows are subject to the risks noted in the impairment assessments of the Group's shipyards. Information about the assumptions and risk factors are disclosed in Note 41(d).

Based on the Company's assessment, no impairment loss is required as at 31 December 2022 and 31 December 2021 as the recoverable amounts assessed were in excess of the carrying amounts of the investment in subsidiaries.

Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

(a) Revenue recognition and assessment of risk of foreseeable losses on long term construction contracts

The Group has assessed its contracts relating to services for ship and rig repair, building, conversion and overhaul as a single performance obligation due to the inter-dependence of services provided in these contracts.

Significant judgement is required in determining whether the performance obligations are distinct. Such considerations include the Group's assessment of whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customers and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contracts.

For contracts with variable considerations (such as liquidated damages and discounts), the Group has applied judgement in determining the transaction price for the recognition of revenue. Such judgement includes assessment of the evaluation of any potential risks and factors which may affect the timely completion of the project as well as the quality of the output delivered to the customer.

The Group has recognised revenue on construction contracts, rigs & floaters, repairs & upgrades and offshore platforms based on the percentage of completion method in proportion to the stage of completion. The percentage of completion is assessed by reference to surveys of work performed. Significant judgement is required in determining the appropriate stage of completion for revenue recognition; and likewise, judgement is required in determining the triggering point of suspension of revenue recognition when it is no longer probable that inflow of economic benefits associated with the contracts will occur. Such considerations include the Group's assessment of the credit-worthiness of customers and an evaluation of the contract performance obligations discharged by the customers.

Notes To The Financial Statements

Year Ended 31 December 2022

41 Significant accounting estimates and judgements (Cont'd)

Critical accounting judgements in applying the Group's accounting policies (Cont'd)

(a) Revenue recognition and assessment of risk of foreseeable losses on long term construction contracts (Cont'd)

The Group conducts critical review of all its long term construction contracts regularly. Allowance is made where necessary to account for onerous contracts. To determine the total costs, the Group monitors and reviews constantly the progress of all long term construction contracts taking into consideration all inputs from both internal project managers and external customers. The review includes evaluating any potential risks and factors which may affect the contract price and timely completion of the construction contracts. The review also encompasses the cost analysis process whereby both actual costs incurred and future costs to complete are critically examined.

(b) Contract costs – fulfilment costs

For ship and rig building contracts with customers where revenue is recognised at a point in time (i.e. upon delivery to customer), the costs incurred during the construction phase are recognised as an asset (i.e. contract costs – fulfilment). Upon fulfilment of the performance obligation and recognition of revenue, these costs will be recognised in profit or loss. Significant judgement is required to determine if the contract costs recognised are expected to be recovered. Such judgement includes assessment of the evaluation of any potential risks and factors which may affect the customer ability to take delivery of the ship and rig. The review also encompasses the analysis of the industry outlook and the customers' financial health.

(c) Impairment of financial assets and contract assets

The Group follows the guidance of SFRS(I) 9 *Financial Instruments* in recognising loss allowances for expected credit losses on financial assets and contract assets.

The loss allowances for financial assets and contract assets are based on assumptions about risk of default and expected loss rates to be applied for the respective category of the financial assets and contract assets. The Group uses judgement in making these assumptions and selecting the input to the impairment calculation including credit default ratings, evaluation of the Group's past history of loss rate, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group also evaluates, among other factors, financial restructuring (where relevant), credit-worthiness and financial health of and near-term business outlook of its customers, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

For certain financial assets and contract assets, the Group has a right to repossess or retain title, and to re-sell the assets delivered in the event of default by the customer. The Group has assessed and considered the value of the repossessed assets and applied a range of probability weighted possible outcomes in determining the expected credit loss.

In assessing the segmenting of the customers for the loss allowance, judgement is involved in determining the credit-worthiness and financial health of its customers whose conditions are subject to changes, which may require changes in the customers' segmentation, which in turn may affect the level of loss allowance in future periods.

The carrying amounts of financial assets and contract assets are disclosed in the following notes:

- Note 9 – Other financial assets
- Note 10 – Trade and other receivables
- Note 12 – Contract assets

41 Significant accounting estimates and judgements (Cont'd)

Critical accounting judgements in applying the Group's accounting policies (Cont'd)

(d) Exercise of extension option, purchase option and termination option

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, purchase option or option to terminate. Extension options (or periods after an optional termination date) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows are not included in the lease liability if it is not reasonably certain that the leases will be extended (or not terminated) or that purchase options will be exercised. The assessment is reviewed if a significant event or a significant change in circumstances that is within the control of the lessee occurs and affects this assessment.

(e) Hedging accounting relationships

The Group determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate or foreign currency. For cash flow hedging relationships directly impacted by IBOR reform (i.e. hedges of SOR and LIBOR), the Group assumes that the cash flows of the hedged item and hedging instrument will not be altered as a result of IBOR reform. The Group further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item.

Significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2022.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations for when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has applied its best judgement to analyse market expectations when determining the fair value of the hedging instrument and present value of estimated cash flows of the hedged item.

(f) Capitalisation of development costs

Significant managerial judgement and detailed evaluation is required to determine whether it is appropriate to capitalise or to continue to carry costs associated with the development of engineering designs for offshore solutions on the balance sheet. Such costs remain on the balance sheet while additional review and feasibility studies are performed on the designs. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop. Where there is no longer an intention to continue the development, the costs are immediately expensed. The Group remains committed to developing the engineering designs and expects to carry the capitalised costs on its balance sheet.

The carrying amount of engineering designs under development is included in Note 13. When available for use, the costs capitalised will be reclassified within intangible assets and commence amortisation.

Notes To The Financial Statements

Year Ended 31 December 2022

42 Group entities

Details of the Group's subsidiaries, associates and joint ventures are as follows:

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group	
			2022 %	2021 %
<u>Subsidiaries</u>				
Dolphin Shipping Company Private Limited ⁽¹⁾	Singapore	Amalgamated with Jurong Marine Services Pte Ltd on 31 January 2023	100	100
Gravifloat AS ⁽²⁾	Norway	Engineering and related services	56	56
Jurong Shipbuilders Private Limited ⁽¹⁾	Singapore	Investment holding	100	100
Jurong Shipyard Pte Ltd ⁽¹⁾	Singapore	Ship and rig repair, building, conversion and related services	100	100
PPL Shipyard Pte Ltd ⁽¹⁾	Singapore	Rig building, repair and related services	100	100
Sembcorp Marine Financial Services Pte. Ltd. ⁽¹⁾	Singapore	Acting as the finance and treasury centre for the Group	100	100
Sembcorp Marine Integrated Yard Pte. Ltd. ⁽¹⁾	Singapore	Ship and rig repair, building, conversion, offshore engineering and related services	100	100
SML Shipyard Pte Ltd ⁽¹⁾	Singapore	Ship repair and related services	100	100
<u>Subsidiaries of Jurong Shipyard Pte Ltd</u>				
Dolphin Rig 1 Pte. Ltd. ⁽¹⁾	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 2 Pte. Ltd. ⁽¹⁾	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 3 Pte. Ltd. ⁽¹⁾	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 4 Pte. Ltd. ⁽¹⁾	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 5 Pte. Ltd. ⁽¹⁾	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 6 Pte. Ltd. ⁽¹⁾	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 7 Pte. Ltd. ⁽¹⁾	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Estaleiro Jurong Aracruz Ltda ⁽³⁾	Brazil	Ship and rig repair, building, conversion and related services	100	100
JED Centre Sdn. Bhd. ⁽²⁾	Malaysia	Render services for engineering	100	100
Jurong do Brasil Prestacao de Servicos Ltda ⁽³⁾	Brazil	Ship and rig repair, building, conversion and related services	100	100
Jurong Marine Contractors Private Limited ⁽¹⁾	Singapore	Provision of contract services	100	100
Jurong Netherlands B.V. ⁽⁴⁾	Netherlands	Investment holding	100	100
Jurong Offshore Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Polar 1 Construcao Naval SPE Ltda ⁽³⁾	Brazil	Construction of large vessels, maintenance and repair of vessels and floating structures, shipping activities and engineering services	100	-
Sembmarine SSP Inc ⁽⁴⁾	United States of America	In the business of engineering design, research and development, marketing and client services support centre	100	100

42 Group entities (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group	
			2022 %	2021 %
<u>Subsidiaries of PPL Shipyard Pte Ltd</u>				
Baker Marine Pte Ltd ⁽¹⁾	Singapore	Rig enhancement and upgrading services, engineering consultancy and project management, and supply of rig equipment and parts	100	100
Baker Marine Services (HK) Limited ⁽²⁾	Hong Kong	Provision of rig designs	100	100
Baker Marine Technology Inc. ⁽⁴⁾	United States of America	Engineering design, research and development, marketing and client services support centre	100	100
<u>Subsidiaries, associates and joint ventures of Sembcorp Marine Integrated Yard Pte. Ltd.</u>				
Aquarius Brasil B.V. ⁽³⁾	Netherlands	Shipowner	100	100
Aragon AS ⁽²⁾	Norway	Process design and engineering	50	50
Bayberry Limited ⁽¹⁾	Singapore	Investment holding	100	–
Bulk Trade Pte Ltd ⁽¹⁾	Singapore	Bulk trading	100	100
HiLoad LNG AS ⁽²⁾	Norway	Design, development and engineering of LNG related offshore solutions	100	100
Joint Shipyard Management Services Pte Ltd ⁽¹⁾	Singapore	Managing dormitories	32	32
JPL Concrete Products Pte Ltd ⁽¹⁾	Singapore	Production of concrete products	85.8	85.8
JPL Industries Pte Ltd ⁽¹⁾	Singapore	Processing and distribution of copper slag	85.8	85.8
Jurong Marine Services Pte Ltd ⁽¹⁾	Singapore	Provision of tugging and sea transportation services	100	100
Karimun Shiprepair & Engineering Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
LMG Marin AS ⁽²⁾	Norway	Ship design and engineering	100	100
LMG Marin France ⁽³⁾	France	Ship design and engineering	60	60
LMG Oilcraft AS ⁽⁴⁾	Norway	Ship design and engineering	100	100
Marine Housing Services Pte. Ltd. ⁽³⁾	Singapore	Provision of dormitory housing services	50	50
Midcon Designer Sp. Z.o.o. ⁽⁴⁾	Poland	Ship design and engineering	72.4	72.4
Pegasus Marine & Offshore Pte. Ltd. ⁽¹⁾	Singapore	Marine services	100	100
P.T. Karimun Sembawang Shipyard ⁽³⁾	Indonesia	Ship repair and related services	100	100
PT SMOE Indonesia ⁽²⁾	Indonesia	Engineering, construction and fabrication of offshore structures	90	90
Semb-Eco Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Semb-Eco R&D Pte. Ltd. ⁽¹⁾	Singapore	Research and development, holding of patents	100	100
Semb-Eco Technology Pte. Ltd. ⁽¹⁾	Singapore	Manufacturing and commercialisation of patents	100	100
Sembawang Shipyard (S) Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Sembmarine Kakinada Limited ⁽³⁾	India	In process of liquidation	35.8	35.8
Sembcorp Marine Contractors Pte. Ltd. ⁽¹⁾	Singapore	Provision of contract services	100	100
Sembcorp Marine Offshore Platforms Pte. Ltd. ⁽¹⁾	Singapore	Engineering, construction and fabrication of offshore structures	100	100
Sembcorp Marine Repairs & Upgrades Pte. Ltd. ⁽¹⁾	Singapore	Ship repair and related services	100	100
Sembcorp Marine Rigs & Floaters Pte. Ltd. ⁽¹⁾	Singapore	Ship and rig building, conversion and related services	100	100

Notes To The Financial Statements

Year Ended 31 December 2022

42 Group entities (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group	
			2022 %	2021 %
<i>Subsidiaries, associates and joint ventures of Sembcorp Marine Integrated Yard Pte. Ltd. (Cont'd)</i>				
Sembcorp Marine Solutions Pte. Ltd. ⁽¹⁾	Singapore	Provision of management and technical services	100	100
Sembcorp Marine Specialised Shipbuilding Pte. Ltd. ⁽¹⁾	Singapore	Shipbuilding, ship repair and related services	100	100
Sembmarine SLP Limited ⁽³⁾	United Kingdom	Design, engineering, fabrication and installation of offshore platforms, modules and structures for the oil, gas and renewable energy industry	100	100
SES Engineering (M) Sdn Bhd ⁽²⁾	Malaysia	Struck off on 1 July 2022	-	100
SES Marine Services (Pte) Ltd ⁽¹⁾	Singapore	Marine services	100	100
Sevan SSP AS ⁽²⁾	Norway	Design, development, engineering and consulting related to offshore solutions	100	100
Shenzhen Chiwan Offshore Petroleum Engineering Company Ltd ⁽³⁾	People's Republic of China	Equipment inspection, repair and maintenance services for oil reconnoiter and exploitation in South China Sea	35	35
Straits Overseas Pte. Ltd. ⁽¹⁾	Singapore	Investment holding and engineering, construction and fabrication of offshore marine structures	100	100

(1) Audited by KPMG LLP, Singapore

(2) Audited by member firms of KPMG International in the respective countries

(3) Audited by other firms and not significant

(4) These companies are not required to be audited under the laws of their country of incorporation and not significant

43 Operating segments

(a) Business segments

The Group has two reportable segments, which are the Group's strategic business units. They are: (i) rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding; and (ii) ship chartering. The strategic business units are managed separately because of their different business activities. The results of all projects related to shipbuilding and repairs are reviewed as a whole and form the basis for resource allocation decisions of the shipyard activities.

The accounting policies are described in Note 3. Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, intangible assets, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's President & CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

43 Operating segments (Cont'd)

(a) Business segments (Cont'd)

Other operations include bulk trading in marine engineering related products; provision of harbour tug services to port users; collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
31 December 2022					
Turnover					
Sales to external parties	1,924,987	18,385	3,823	–	1,947,195
Inter-segment sales	–	–	98,887	(98,887)	–
Total	1,924,987	18,385	102,710	(98,887)	1,947,195
Results					
Segment results	(207,641)	6,304	(5,107)	–	(206,444)
Finance income	98,647	7	111,916	(108,312)	102,258
Finance costs	(185,737)	(1,389)	(57,886)	108,312	(136,700)
Non-operating income	–	–	8	–	8
Share of results of associates and joint ventures, net of tax	417	–	717	–	1,134
(Loss)/profit before tax	(294,314)	4,922	49,648	–	(239,744)
Tax expense	(21,844)	(940)	(3,032)	–	(25,816)
(Loss)/profit for the year	(316,158)	3,982	46,616	–	(265,560)
Assets					
Segment assets	8,158,076	240,556	3,257,024	(2,755,377)	8,900,279
Investments in associates and joint ventures	4,384	–	13,153	–	17,537
Deferred tax assets	167,881	1,351	–	–	169,232
Tax recoverable	14,840	–	–	–	14,840
Total assets	8,345,181	241,907	3,270,177	(2,755,377)	9,101,888
Liabilities					
Segment liabilities	6,294,596	43,235	1,706,102	(2,755,377)	5,288,556
Deferred tax liabilities	14,779	–	1,010	–	15,789
Current tax payable	4,704	1,492	2,956	–	9,152
Total liabilities	6,314,079	44,727	1,710,068	(2,755,377)	5,313,497
Capital expenditure	22,032	5,556	2,113	–	29,701
Significant non-cash items					
Depreciation and amortisation	188,511	10,818	481	–	199,810
Changes in fair value of financial instruments	(3,808)	–	(30,388)	–	(34,196)
Provision for restoration costs, net	6,318	–	–	–	6,318
Property, plant and equipment written off (Reversal of write-down)/write-down of inventories, net	1	–	–	–	1
Impairment losses on trade receivables and contract assets, net	(2,904)	–	51	–	(2,853)
Gain on disposal of a subsidiary	8,815	–	–	–	8,815
	–	–	(8)	–	(8)

Notes To The Financial Statements

Year Ended 31 December 2022

43 Operating segments (Cont'd)

(a) Business segments (Cont'd)

	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
31 December 2021					
Turnover					
Sales to external parties	1,839,938	18,443	3,834	–	1,862,215
Inter-segment sales	–	–	56,861	(56,861)	–
Total	1,839,938	18,443	60,695	(56,861)	1,862,215
Results					
Segment results	(1,171,565)	(50,036)	(2,514)	–	(1,224,115)
Finance income	59,757	–	61,927	(70,916)	50,768
Finance costs	(112,750)	(1,633)	(39,132)	70,916	(82,599)
Share of results of associates and joint ventures, net of tax	(56)	–	1,222	–	1,166
(Loss)/profit before tax	(1,224,614)	(51,669)	21,503	–	(1,254,780)
Tax credit/(expense)	83,454	(866)	(3,166)	–	79,422
(Loss)/profit for the year	(1,141,160)	(52,535)	18,337	–	(1,175,358)
Assets					
Segment assets	9,200,954	182,756	3,245,910	(3,558,614)	9,071,006
Investments in associates and joint ventures	4,123	–	12,436	–	16,559
Deferred tax assets	196,144	71	–	–	196,215
Tax recoverable	16,093	–	–	–	16,093
Total assets	9,417,314	182,827	3,258,346	(3,558,614)	9,299,873
Liabilities					
Segment liabilities	6,894,856	43,073	1,870,326	(3,558,614)	5,249,641
Deferred tax liabilities	18,878	84	108	–	19,070
Current tax payable	858	1,687	3,547	–	6,092
Total liabilities	6,914,592	44,844	1,873,981	(3,558,614)	5,274,803
Capital expenditure	39,962	5,894	166	–	46,022
Significant non-cash items					
Depreciation and amortisation	183,721	12,308	552	–	196,581
Changes in fair value of financial instruments	5,331	–	30,658	–	35,989
Impairment losses on property, plant and equipment	–	45,718	198	–	45,916
Impairment losses on right-of-use assets	66,477	–	–	–	66,477
Provision for restoration costs, net	21,937	–	–	–	21,937
Property, plant and equipment written off	12	–	–	–	12
Write-down/(reversal of write-down) of inventories, net	21,361	–	(33)	–	21,328
Impairment losses on trade receivables and contract assets, net	2,356	–	–	–	2,356

43 Operating segments (Cont'd)

(b) Geographical segments

The Group operates in 12 (2021: 12) countries and headquarters in the Republic of Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
31 December 2022				
Singapore	283,140	3,985,734	7,086,046	17,528
Rest of Asia, Australia & India	115,481	106,619	122,264	2,337
Middle East & Africa	102,366	-	-	-
United Kingdom	257,482	1,772	9,157	59
Norway	274,907	67,630	78,411	68
The Netherlands	31,488	82,466	95,910	5,926
Rest of Europe	257,854	136	3,122	65
Brazil	224,152	1,531,258	1,706,729	3,718
U.S.A.	393,615	22	249	-
Other countries	6,710	-	-	-
Total	1,947,195	5,775,637	9,101,888	29,701
31 December 2021				
Singapore	226,531	4,281,078	7,347,040	18,294
Rest of Asia, Australia & India	108,337	114,292	151,934	857
Qatar	223,616	-	-	-
Rest of Middle East & Africa	1,141	-	-	-
United Kingdom	208,114	2,008	4,928	17
Norway	263,340	28,227	38,331	8
The Netherlands	28,676	80,398	84,425	-
Rest of Europe	277,488	155	2,477	89
Brazil	144,106	1,568,010	1,670,374	26,757
U.S.A.	380,581	178	364	-
Other countries	285	-	-	-
Total	1,862,215	6,074,346	9,299,873	46,022

(1) Non-current assets presented consist of property, plant and equipment, right-of-use assets, investments in associates and joint ventures, trade and other receivables, contract assets and intangible assets.

(c) Major customers

In 2022, turnover from one (2021: two) customer of the Group's rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding segment represents approximately 12 per cent (2021: 24 per cent) of the Group's total turnover.

Notes To The Financial Statements

Year Ended 31 December 2022

44 Changes in accounting policies

The Group has applied the following SFRS(I)s, interpretations of SFRS(I) and requirement of SFRS(I) which are mandatorily effective from 1 January 2022:

- Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to the SFRS(I) 1-1, SFRS(I) 9, illustrative examples accompanying SFRS(I) 16 and SFRS(I) 1-41 (Annual Improvements to SFRS(I)s 2018-2020)

In prior year, the Group had early adopted Amendment to SFRS(I) 16: *Covid-19-Related Rent Concessions beyond 30 June 2021* issued on 31 March 2021.

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

45 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

(i) **Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)**

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability is recognised on a net basis. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. The Group is still in the process of assessing the impact on the financial statements. The Group does not expect significant impact on the financial statements upon adoption of the new SFRS(I).

(ii) **Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)**

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2024 retrospectively. Earlier application is permitted. The Group is still in the process of assessing the impact on the financial statements. The Group does not expect significant impact on the financial statements upon adoption of the new SFRS(I).

(iii) **Others**

The following SFRS(I)s, amendments to and interpretations of SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

Applicable to 2023 financial statements

- SFRS(I) 17 *Insurance Contracts* and Amendments to SFRS(I) 17 *Insurance Contracts*
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

46 Update in relation to Brazil

The Company refers to its earlier announcements on 3 July 2019, 8 July 2019, 3 February 2020, 21 February 2020 and 4 June 2020 in relation to ongoing investigations related to Operacao Lava Jato (“Operation Car Wash”) in Brazil.

Charges have been filed against Mr Guilherme Esteves de Jesus (“GDJ”) for money laundering and ex-employee Mr Martin Cheah Kok Choon (“MCKC”) for money laundering and corruption in connection with certain drilling rig construction contracts entered into in 2012 by subsidiaries of the Company with subsidiaries of Sete Brasil (“Contracts”). GDJ has been convicted by the Federal Courts of Curitiba of the crimes of corruption, money laundering and participation in a criminal organisation.

MCKC is the former President of Estaleiro Jurong Aracruz Ltda (“EJA”), the Company’s Brazilian subsidiary. MCKC’s employment with the Group was terminated in June 2015. Companies connected to GDJ were engaged by the Company’s subsidiaries as consultants, with all such consultancy contracts having been suspended, and remain suspended, by the SCM group indefinitely.

The above charges filed against MCKC and GDJ by the Ministerio Publico Federal (“MPF”) are in their personal capacities and not against EJA.

The Group continues to cooperate fully with the Brazilian authorities investigating the above matter.

As at the date of these financial statements, proceedings are ongoing and it is premature to predict and the Group cannot reliably determine the eventual outcome to this matter. The timeline for resolution of this matter also cannot be determined presently.

47 Subsequent events

On 31 January 2023, the Company issued a circular to its shareholders (the “Circular”) setting out further information on the Proposed Combination by way of the acquisition by the Company of the entire issued and paid-up share capital of Keppel Offshore & Marine Ltd (“KOM”) and the listing and quotation for up to 36,848,072,918 KOM Consideration Shares on the Mainboard of the SGX-ST. The purpose of the Circular was to provide Shareholders with information pertaining to, and to seek Shareholders’ approval at an extraordinary general meeting of the Company (the “EGM”) for the Proposed Combination to be held on 16 February 2023.

On 16 February 2023, the Proposed Combination was duly approved and passed by the Company’s shareholders at the EGM.

The completion of the Proposed Combination is scheduled to be on 28 February 2023.

Supplementary Information

Year Ended 31 December 2022

(Under SGX-ST Listing Manual requirements)

A. Directors' and Key Executives' Remuneration Earned for the Year

Summary compensation table for the year ended 31 December 2022

Name of Director	Salary ¹ \$'000	Bonus Earned \$'000	Fair value of share-based compensation granted for the year ² \$'000	Directors' Fees ³	
				Cash- based \$'000	Share- based \$'000
Payable by the Company:					
Tan Sri Mohd Hassan Marican	-	-	-	563	-
Yap Chee Keong	-	-	-	328	141
Wong Weng Sun	728	512	-	-	-
Koh Chiap Khiong	-	-	-	160	-
Eric Ang Teik Lim	-	-	-	61	-
Gina Lee-Wan	-	-	-	165	-
Bob Tan Beng Hai	-	-	-	241	-
William Tan Seng Koon	-	-	-	186	-
Patrick Daniel	-	-	-	217	-
Tan Wah Yeow	-	-	-	189	-

Name of Key Executive	Salary ¹ %	Bonus Earned %	Fair value of share-based compensation granted for the year ² %	Total Compensation %
\$250,001 to \$500,000				
Tan Cheng Tat	79	21	-	100
\$500,001 to \$750,000				
Goh Khor Boon William	94	6	-	100
William Gu	65	35	-	100
Chua San Lye	66	34	-	100
\$750,001 to \$1,000,000				
Wang Zijian	70	30	-	100
Total for Key Executives				\$2,913,362

Notes:

- The amount shown is inclusive of basic salary, fixed allowances, AWS and other emoluments.
- The fair value of the share plans granted for the year is disclosed. The shares granted to key executives are contingent upon meeting performance measures. If these performance measures are not met, the key executives, will not be vested with any shares. In 2022, no share was granted to these key executives.
- Save for Mr Koh Chiap Khiong (whose fee is paid wholly in cash to Sembcorp Industries Ltd), the directors' fees for the non-executive directors comprise a cash component and a share component, with up to 30% being delivered in the form of restricted share awards under the Sembcorp Marine Restricted Share Plan 2020. These awards consist of the grant of fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares (including shares obtained by other means) worth at least the value of their basic retainer fee of \$75,000. Any excess may be disposed of as desired. A non-executive director can dispose of all of his shares one year after leaving the Board.

The actual number of shares awarded to each non-executive director holding office at the time of the payment will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange Securities Trading Limited over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the Annual General Meeting ("AGM") in 2023 (or, if no final dividend is proposed at the AGM, or the resolution to approve the final dividend is not approved at the AGM, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. A non-executive director who steps down before the delivery of the share component will receive all of his director's fee in cash.

Details on performance shares and restricted shares granted to the directors are set out on pages 92 to 94 of the Sembcorp Marine Annual Report 2022.

(Under SGX-ST Listing Manual requirements)

B. Interested Person Transactions

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 shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Transaction for the Purchase of Goods and Services					
PSA Marine (Pte) Ltd	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	-	-	100	-
Sygnia Consulting Ltd	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	-	-	354	-
Total Interested Person Transactions		-	-	454	-

Supplementary Information

Year Ended 31 December 2022

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT

NAME OF DIRECTOR	YAP CHEE KEONG ("MR YAP")	MARK GAINSBOROUGH ("MR GAINSBOROUGH")
Date of appointment	8 December 2021	28 February 2023
Date of last re-appointment	20 April 2022	N.A.
Age	63	64
Country of principal residence	Singapore	United Kingdom
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board considered Mr Yap's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of Sembcorp Marine Ltd ("SCM").	The Board considered Mr Gainsborough's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of SCM.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<p>Non-executive and Independent Director</p> <p>Deputy Chairman of the Board of Directors</p> <p>Chairman of the Audit and Risk Committee</p> <p>Member of the Nomination and Remuneration Committee</p> <p>Member of the Corporate Social Responsibility Committee</p> <p>Member of the Transformation Committee</p>	<p>Non-executive and Independent Director</p> <p>Chairman of the Board of Directors</p> <p>Chairman of the Nomination and Remuneration Committee</p> <p>Chairman of the Transformation Committee</p> <p>Member of the Audit and Risk Committee</p> <p>Member of Corporate Social Responsibility Committee</p>
Professional qualifications	Mr Yap holds a Bachelor of Accountancy from the National University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants, CPA Australia and Singapore Institute of Directors.	Mr Gainsborough holds a Master's degree in Environmental Policy and a Bachelor of Science degree in Psychology. He is a Fellow of the UK Energy Institute.

CHRIS ONG LENG YEOW ("MR ONG")	NAGI HAMIYEH ("MR HAMIYEH")	JAN HOLM ("MR HOLM")	LAI CHUNG HAN ("MR LAI")
28 February 2023	28 February 2023	28 February 2023	28 February 2023
N.A.	N.A.	N.A.	N.A.
48	54	54	50
Singapore	Singapore	Singapore	Singapore
The Board considered Mr Ong's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of SCM.	The Board considered Mr Hamiyeh's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of SCM.	The Board considered Mr Holm's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of SCM.	The Board considered Mr Lai's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of SCM.
Executive, Chief Executive Officer ("CEO") of SCM	Non-Executive	Non-Executive	Non-Executive
Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Non-Executive and Independent Director	Non-executive and Independent Director
CEO	Member of the Audit and Risk Committee	Chairman of the Corporate Social Responsibility Committee	Member of the Corporate Social Responsibility Committee
Member of the Corporate Social Responsibility Committee	Member of Nomination and Remuneration Committee	Member of the Audit and Risk Committee	Member of the Transformation Committee
Member of the Transformation Committee	Member of the Transformation Committee	Member of the Transformation Committee	
Mr Ong holds a bachelor of Engineering (Electrical and Electronics) and a Master of Science (Electrical and Electronic). He has completed Berkeley-Nanyang's Advanced Management Programme.	Mr Hamiyeh holds a Master of Science (Civil and Environmental Engineering) and a Bachelor of Science (Civil Engineering).	Mr Holm holds a Master of Science Economics and Business Administration (Finance and Accounting) and an Executive MBA. He has completed INSEAD Advanced Management Program and Asian International Executive Program. He is a Certified International Director from INSEAD. He has completed the mandatory training required to sit on the board of an SGX listed company.	Mr Lai holds a Bachelor of Arts (First Class Honours) and a Master of Arts in Economics as well as a Master in Public Administration.

Supplementary Information

Year Ended 31 December 2022

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (Cont'd)

NAME OF DIRECTOR	YAP CHEE KEONG ("MR YAP")	MARK GAINSBOROUGH ("MR GAINSBOROUGH")
Working experience and occupation(s) during the past 10 years	Executive Director of The Straits Trading Company Chief Financial Officer of Singapore Power Group	2009 to 2020 Executive Vice President of Royal Dutch Shell 2020 to Present Chairman and Co-Founder of Low Carbon Advisors
Shareholding interest in the listed issuer and its subsidiaries	Mr Yap holds 979,485 ordinary shares in SCM.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	In September 2021, Mr Gainsborough was engaged as an independent adviser to Temasek Holdings (Private) Limited, a controlling shareholder of the Company, under an advisory agreement. The advisory agreement has since been terminated.
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments (including directorships)		

CHRIS ONG LENG YEOW ("MR ONG")	NAGI HAMIYEH ("MR HAMIYEH")	JAN HOLM ("MR HOLM")	LAI CHUNG HAN ("MR LAI")
<p><u>1 July 2017 to Present</u> CEO of Keppel Offshore & Marine Ltd</p> <p><u>1 August 2019 to 27 February 2023</u> Managing Director of Keppel Renewable Energy</p> <p><u>1 April 2017 to 30 June 2017</u> Acting CEO of Keppel Offshore & Marine Ltd</p> <p><u>5 July 2016 to 31 March 2017</u> Managing Director of Keppel FELS Limited</p> <p><u>1 May 2015 to 4 July 2016</u> Deputy Managing Director of Keppel FELS Limited</p> <p><u>1 May 2014 to 30 April 2015</u> Executive Director (Commercial) of Keppel FELS Limited; Executive Director (Commercial)</p> <p><u>1 October 2013 to 30 April 2014</u> Acting Executive Director (Operations) of Keppel FELS Limited</p> <p><u>1 May 2011 to 30 September 2013</u> General Manager (Engineering) of Keppel FELS Limited</p>	<p><u>2005 to Present</u> Managing Director and Head of Portfolio Development Group at Temasek International (Private) Limited</p>	<p><u>2020 to Present</u> Executive Vice President of Seaborg Technologies</p> <p><u>2004 to 2021</u>, Managing Director of Maersk Drilling, Singapore</p>	<p><u>2019 to Present</u> Permanent Secretary for Education, Ministry of Education</p> <p><u>2017 to 2019</u> Second Permanent Secretary for Education, Ministry of Education</p> <p><u>2017 to 2019</u> Second Permanent Secretary for Home Affairs, Ministry of Home Affairs</p> <p><u>2014 to 2017</u> Chief of Navy, Singapore Armed Forces</p> <p><u>2012 to 2014</u> Deputy Secretary (Policy), Ministry of Defence</p>
Mr Ong holds 9,432,796 ordinary shares in SCM.	Nil	Nil	Nil
None	Mr Hamiyeh is currently a Managing Director and Head of Portfolio Development Group at Temasek International (Private) Limited.	None	None
None	None	None	None
Yes	Yes	Yes	Yes

Supplementary Information

Year Ended 31 December 2022

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (Cont'd)

NAME OF DIRECTOR	YAP CHEE KEONG ("MR YAP")	MARK GAINSBOROUGH ("MR GAINSBOROUGH")
Past (for the last 5 years)	<ul style="list-style-type: none">- Maxeon Solar Technologies Ltd (Director)- Certis CISCO Security Pte Ltd (Director)- Citibank Singapore Limited (Director)- The Straits Trading Company Limited (Director)- Malaysia Smelting Corporation Berhad (Director)- Bayberry Limited (Director)- Olam International Limited (Director)- Rahman Hydraulic Tin Sdn Bhd (Director)	<ul style="list-style-type: none">- Corvus Energy A.S (Board Member)

**CHRIS ONG LENG YEOW
("MR ONG")**

- Subsidiaries of Keppel Corporation Ltd (Director)
- KrisEnergy Ltd (In Official Liquidation) ("KrisEnergy") (Director)

**NAGI HAMIYEH
("MR HAMIYEH")**

- Aquarius Healthcare Investments Pte Ltd (Director)
- Canopus Healthcare Investments Pte Ltd (Director)
- Carinus Healthcare Investments Pte Ltd (Director)
- Gallienus Healthcare Investments Pte Ltd (Director)
- Imperius Healthcare Investments Pte Ltd (Director)
- Kyanite Holdings Pte Ltd (Director)
- Kyanite Investment Holdings (II) Pte Ltd (Director)
- Lebanese International Finance Executives (Board Member)
- Olam International Limited (Director)
- Polaris Healthcare Investments Pte Ltd (Director)
- Sheares Healthcare China Holdings Pte Ltd (Director)
- Sheares Healthcare Group Pte Ltd (Director)
- Sheares Healthcare India Holdings Pte Ltd (Director)
- Sheares Healthcare International Holdings Pte Ltd (Director)
- Sheares Healthcare Management Pte Ltd (Director)
- Sheares Healthcare Solutions Pte Ltd (Director)
- Sigma Healthcare Management Pte Ltd (Director)
- Tana Africa Capital Limited (Director)
- Tana Africa Investment Managers Ltd (Director)
- Valerius Healthcare Investments Pte Ltd (Director)
- Capitaland Group Pte Ltd (Director)
- CLA Real Estate Holdings Pte Ltd (Director)
- Startree Investments Pte Ltd (Director)
- Dream International BV (Director)

**JAN HOLM
("MR HOLM")**

- A.P. Moller Singapore Pte Ltd (Director)
- Africasia Capital Pte Ltd (Director)
- Dropboy ApS Holdingselskabet af 29.11.2017 A/S (Director)
- Maersk Drilling JS-Services Lda (Angola) (Director)
- Maersk Drilling Labuan Ltd (Director)
- Maersk Drilling Malaysia Sdn Bhd (Director)
- Maersk Rigworld Ghana Limited (Director)
- Maersk Supply Service Singapore Pte Ltd (Director)
- Noble Drilling Nigeria Holdings Pte Ltd (Director)
- Noble Drilling Services Singapore Pte Ltd (Director)
- Noble Drillship I Singapore Pte Ltd (Director)
- Noble Drillship II Singapore Pte Ltd (Director)
- Noble Drillship IV Singapore Pte Ltd (Director)
- Noble Highlander UK Ltd, Singapore Branch (Director)
- Noblecorp Drilling Holdings Singapore Pte Ltd (Director)
- Own Suite Home Pte Ltd (Director)

**LAI CHUNG HAN
("MR LAI")**

- Singapore Management University (Member of Board of Trustees)

Supplementary Information

Year Ended 31 December 2022

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (Cont'd)

NAME OF DIRECTOR	YAP CHEE KEONG ("MR YAP")	MARK GAINSBOROUGH ("MR GAINSBOROUGH")
Present	<ul style="list-style-type: none"> - Olam Group Limited - Sembcorp Industries Ltd (Director) - Shangri-La Asia Limited (Director) - Singapore Life Holdings Pte Ltd (Director) - Singapore Life Ltd (Director) - Singlife Financial Pte Ltd (Director) - Pacific International Lines (Private) Limited (Director) - PIL Marine Pte. Ltd. (Director) - PIL Enterprises Pte. Ltd. (Director) - Professional Investment Advisory Service Pte Ltd (Chairman) - PIL Pte Ltd (Director) - Ensign Infosecurity Pte Ltd (Director) - Medicorp Pte Ltd (Director) - The Assembly of Christians of Singapore Ltd (Director) 	<ul style="list-style-type: none"> - Green Mantra Recycling, Technologies Ltd (Board Member) - Greenko Energy Holdings (Board Member) - Husk Power Systems Inc. (Board Member) - Low Carbon Advisors Pte Ltd (Director) - NZE50 Consulting Ltd (Director) - Off The Line Vineyard Ltd (Director)

Information required pursuant to Listing Rule 704(7):

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

CHRIS ONG LENG YEOW ("MR ONG")	NAGI HAMIYEH ("MR HAMIYEH")	JAN HOLM ("MR HOLM")	LAI CHUNG HAN ("MR LAI")
<ul style="list-style-type: none"> - Asian Lift Pte Ltd (Chairman) - Caspian Shipyard Company LLC (Director) - Keppel Offshore & Marine Ltd (Director) - Institute of Technical Institution (Governing Board Member) - Maritime and Port Authority of Singapore (Board Member) - Global Centre for Maritime Decarbonisation (Governing Board Member) 	<ul style="list-style-type: none"> - Kyanite Investment Holdings Pte Ltd (Director) - Kyanite Investment Holdings (I) Pte Ltd (Director) - ofi Group Ltd (Director) - Olam Agri Holdings Pte Ltd (Director) - Olam Group Limited (Director) - Sembcorp Industries Ltd (Director) 	<ul style="list-style-type: none"> - Alexandra Road Ventures Pte Ltd (Director) - Oceanway Holdings Pte Ltd (Director) - Risk Intelligence A/S (Chairman) - Risk Intelligence Singapore Pte Ltd (Director) - Rov-Tech Pte Ltd (Director) - Seaborg Singapore Pte Ltd (Director) - Sirius Venture Pte Ltd (Director) - Centre for Strategic Energy and Resources Limited (Chairman) 	<ul style="list-style-type: none"> - Nanyang Technological University (Member of Board of Trustees) - National University of Singapore (Member of Board of Trustees) - National Institute of Education (Council Chairman)
No	No	No	No
<p>Yes.</p> <p>Mr Ong was, from January 2018 to July 2020, a non-executive director of KrisEnergy (In Official Liquidation) which was listed on the Mainboard of the SGX-ST. On 4 June 2021, KrisEnergy submitted a winding-up petition to the Grand Court of the Cayman Islands to be placed in liquidation. The winding-up petition was approved by the Grand Court of the Cayman Islands on 12 July 2021.</p>	No	No	No
No	No	No	No

Supplementary Information

Year Ended 31 December 2022

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (Cont'd)

NAME OF DIRECTOR	YAP CHEE KEONG ("MR YAP")	MARK GAINSBOROUGH ("MR GAINSBOROUGH")
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CHRIS ONG LENG YEOW
(“MR ONG”)

NAGI HAMIYEH
(“MR HAMIYEH”)

JAN HOLM
(“MR HOLM”)

LAI CHUNG HAN
(“MR LAI”)

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

Supplementary Information

Year Ended 31 December 2022

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (Cont'd)

NAME OF DIRECTOR	YAP CHEE KEONG ("MR YAP")	MARK GAINSBOROUGH ("MR GAINSBOROUGH")
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		

CHRIS ONG LENG YEOW
(“MR ONG”)

NAGI HAMIYEH
(“MR HAMIYEH”)

JAN HOLM
(“MR HOLM”)

LAI CHUNG HAN
(“MR LAI”)

Yes. Keppel Corporation Limited had previously announced that investigations had been conducted by authorities in the United States, Brazil and Singapore in relation to corrupt payments made by a former agent of Keppel Offshore & Marine Ltd (“KOM”) in relation to certain KOM projects in Brazil.

No

No

No

During the relevant period between 2000 to 2015 when the matters giving rise to the investigations had occurred, Mr Ong had been (a) a key executive of KOM; (b) a director and key executive of Keppel FELS Limited; and (c) a director of Keppel Shipyard Limited, FELS Offshore Pte. Ltd. and Keppel AmFELS LLC (now known as Keppel AmFELS Inc).

All of the entities referred to above had been involved in the relevant matters and had accordingly been subject to investigations by the relevant authorities. However, Mr Ong had no personal involvement in the facts relating to the relevant matters and was not a personal subject of the investigations.

Yes, please see above

No

No

No

Yes, please see above

No

No

No

Yes, please see above

No

No

No

Supplementary Information

Year Ended 31 December 2022

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (Cont'd)

NAME OF DIRECTOR	YAP CHEE KEONG ("MR YAP")	MARK GAINSBOROUGH ("MR GAINSBOROUGH")
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

CHRIS ONG LENG YEOW
(“MR ONG”)

NAGI HAMIYEH
(“MR HAMIYEH”)

JAN HOLM
(“MR HOLM”)

LAI CHUNG HAN
(“MR LAI”)

No

No

No

No

Major Properties

As at 31 December 2022

Location	Description & Approximate Land Area	Tenure	Usage
Singapore Yards			
• Admiralty Road East/ Admiralty Road West	Land area: 866,699m ² Buildings, workshops, drydocks and quays	22 years leasehold	Ship repairs, ship conversion, offshore engineering and rig building including docks, berthage and workshops
• Pandan Road	Land area: 141,791m ²	5 years leasehold (JTC Land)	Rig building, repairs, upgrading and fabrication including berthage and workshops
• Pandan Road	Land area: 9,182m ²	30 years leasehold (JTC Land)	Steel fabrication and precision machining of components for offshore jack-up oil rigs
• Shipyard Road*	Land area: 28,959m ² Buildings, workshops and drydocks	2 years Temporary Occupation License	Reinstatement works
• Tanjong Kling Road*	Land area: 491,247.70m ² Buildings, workshops, drydocks and quays	5 years tenancy	Ship repairs, ship conversion, offshore engineering, shipbuilding and rig building including drydock, berthage and workshops
• Tuas South Boulevard Phase I	Land area: 761,502m ² Docks, quays, workshops, buildings and berthage	30 plus 30 years leasehold (JTC land)	Ship repairs, ship conversion, offshore engineering, shipbuilding and rig building including drydocks, berthage and workshops
• Tuas South Boulevard Phase II	Land area: 345,600m ²	30 plus 30 years leasehold (JTC land)	Ship repairs, ship conversion, offshore engineering, shipbuilding and rig building including drydocks, berthage and workshops
• Tuas South Boulevard Phase IIIa	Land area: 411,131m ² (Pending final survey of land by JTC)	30 plus 30 years leasehold (JTC land)	Marine engineering activities including repair, conversion, upgrading and building of rigs, ships and offshore structures

* The properties are being prepared to be handed back to JTC following expiry of tenure.

Location	Description & Approximate Land Area	Tenure	Usage
Overseas Yards			
PT. Karimun Sembawang Shipyard			
<ul style="list-style-type: none"> Karimun Island, Indonesia 	Land area: 307,650m ² Buildings, workshops and wharves	30 years leasehold (extendable for 20 years and renewable for 30 years)	Ship repair and fabrication including berthage and workshop
Estaleiro Jurong Aracruz			
<ul style="list-style-type: none"> Municipality of Aracruz, State of Espirito Santo, Brazil 	Land area: 825,000m ² Slipways, berthing quays, drydock, ancillary steel and piping facilities	Freehold	Drill ships construction, building of semi-submersible rigs, FPSO integration, fabrication of topside modules, PSVs construction, drilling rig repairs and modification works
P.T. SMOE Indonesia			
<ul style="list-style-type: none"> Batam Island, Indonesia 	Land area: 815,036m ² Workshops, office buildings and 547 metres of jetty for modules load-out	30 years leasehold	Workshops and fabrication facilities
Miscellaneous			
JPL Industries			
<ul style="list-style-type: none"> Jurong Pier Road 	Land area: 27,783m ²	30 years leasehold (JTC Land)	Copper slag recycling
Sembmarine SLP Ltd			
<ul style="list-style-type: none"> Lowestoft, Suffolk, UK 	Land area: 14,285m ² Workshops and office building	Leasehold land ranging from 22 to 99 years	Storage, workshops, and light assembly works
Mendon Spring			
<ul style="list-style-type: none"> Pasir Panjang 	Six units of 3-room apartment with built-in area of 99m ² per unit	Freehold	Residential properties



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