

Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

22,300,000 European Style Cash Settled Short Certificates

relating to the ordinary shares of Sembcorp Industries Ltd

with a Daily Leverage of -5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S\$0.45 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 16 June 2023 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading

at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 16 June 2023 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 11 July 2023.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

10 July 2023

¹ As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

² As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed “Placing and Sale” contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in

negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the “**Conditions**” shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has risen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 31 to 36 and the examples and illustrations of adjustments set out in the “Information relating to the European Style Cash Settled Short Certificates on Single Equities” section of this document for more information;

- (i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy (as described below) including the Stock Borrowing Cost (as defined below) and Rebalancing Cost (as defined below);
- (l) investors should note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (m) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the inverse performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (n) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (o) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (p) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight increase in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens (including the pre-opening session) the following day or (ii) a sharp intraday increase in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 52 to 53 of this document for more information;
- (q) In the case of extreme market conditions or where the Air Bag Mechanisms are triggered simultaneously, trading in the Certificates may be suspended for an extended period, which may be up to an additional 15 minutes, to facilitate the intra-day adjustment under the Air Bag Mechanism;
- (r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The

Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 37 to 39 of this document for more information;

- (s) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (t) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (u) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

- (v) legal considerations which may restrict the possibility of certain investments:
- Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;
- (w) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;
- (x) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may rise. The following is a list of some of the significant risks associated with the Underlying Stock:
- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
 - The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;
- (y) the value of the Certificates depends on the Leverage Inverse Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Inverse Strategy last closing level and a calculation tool available to the investors on a website;
- (z) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;
- (aa) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):
- (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
 - (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
 - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
 - (iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

- (bb) the US Foreign Account Tax Compliance Act (“**FATCA**”) withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do not provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor’s broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

- (cc) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under “TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986.” Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder’s particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

- (dd) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) entered into force on 2 July 2014. The BRRD, as amended, has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

In April 2023, the EU Commission released a proposal to amend, in particular, the BRRD according to which senior preferred debt instruments would no longer rank pari passu with any non covered non preferred deposits of the Issuer; instead, senior preferred debt instruments would rank junior in right of payment to the claims of all depositors.

This proposal will be discussed and amended by the European Parliament and the European Council before being final and applicable. If the Commission proposal was adopted as is, there may be an increased risk of an investor in senior preferred debt instruments losing all or some of their investment in the context of the exercise of the Bail-in Power. The proposal may also lead to a rating downgrade for senior preferred debt instruments.

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (“**SRM**”) and a Single Resolution Framework (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank (“**ECB**”) has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism (“**SSM**”). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States’ resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been, and continues to be, designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the “**SSM Regulation**”) and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the “**Resolution Authority**”) with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system (including taxpayers’ exposure to losses).

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution’s business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The BRRD, the BRR Act 2015 and the SRM Regulation however also state that, under exceptional circumstances, if the bail-in instrument is applied, the SRB, in cooperation with the CSSF, may completely or partially exclude certain liabilities from the application of the impairment or conversion powers under certain conditions.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities (“**MREL**”) pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The regime has evolved as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called “EU Banking Package”, the following legislative texts were published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (“**BRRD II**”); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity (“**TLAC**”) of credit institutions and investment firms (the “**SRM II Regulation**” and, together with the BRRD II, the “**EU Banking Package Reforms**”).

The EU Banking Package Reforms introduced, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet (“**FSB TLAC Term Sheet**”), by adapting, among other things, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions’ ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC has been implemented in accordance with the FSB TLAC Term Sheet, which impose a level of “Minimum TLAC” that will be determined individually for each global systemically important bank (“**G-SIB**”), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets since January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator since January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended by Regulation (EU) 2019/876 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”), EU G-SIBs, such as Societe Generale, have to comply with TLAC requirements, on top of the MREL requirements, since the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale have to comply with both the TLAC and MREL requirements.

Consequently, the criteria for MREL-eligible liabilities have been closely aligned with the criteria for TLAC-eligible liabilities under CRR II, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance with only an additional return permitted to be linked to that derivative component and dependent on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL is set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance and may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining term of at least one year and, they recognise contractually the Resolution Authority's power to write down or convert the liabilities governed by non-EU law.

The scope of liabilities used to meet MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in BRRD, as amended by BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail-in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks, including Societe Generale).

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	22,300,000 European Style Cash Settled Short Certificates relating to the ordinary shares of Sembcorp Industries Ltd (the “ Underlying Stock ”)
ISIN:	LU2375062192
Company:	Sembcorp Industries Ltd (RIC: SCIL.SI)
Underlying Price ³ and Source:	S\$5.24 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 0.45
Management Fee (p.a.) ⁴ :	0.40%
Gap Premium (p.a.) ⁵ :	6.50%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost ⁶ :	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost ⁶ :	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	4 July 2023
Closing Date:	10 July 2023

³ These figures are calculated as at, and based on information available to the Issuer on or about 10 July 2023. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 10 July 2023.

⁴ Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

⁵ Please note that the Gap Premium is calculated on a 360-day basis.

⁶ These costs are embedded within the Leverage Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days’ notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	11 July 2023
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 2 July 2025
Expiry Date:	9 July 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	8 July 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 43 to 58 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$, where:

“t” refers to “**Observation Date**” which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Exchange Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Inverse Strategy and the value of the Certificate on that fifth Exchange Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

Please refer to the “Information relating to the European Style Cash Settled Short Certificates on Single Equities” section on pages 43 to 58 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Inverse Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Inverse Strategy is set out in the “Specific Definitions relating to the Leverage Inverse Strategy” section on pages 19 to 25 below.

Initial Exchange Rate: 1

Final Exchange Rate: 1

Air Bag Mechanism:	<p>The “Air Bag Mechanism” refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more (“Air Bag Trigger Price”) during the trading day (which represents an approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.</p> <p>Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.</p> <p>The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero.</p> <p>Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 23 to 25 below and the “Description of Air Bag Mechanism” section on pages 49 to 51 of this document for further information of the Air Bag Mechanism.</p>
Adjustments and Extraordinary Events:	<p>The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.</p>
Underlying Stock Currency:	Singapore Dollar (“ SGD ”)
Settlement Currency:	SGD
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the “ SGX-ST ”)
Relevant Stock Exchange for the Underlying Stock:	The SGX-ST
Business Day, Settlement Business Day and Exchange Business Day:	A “ Business Day ”, a “ Settlement Business Day ” or an “ Exchange Business Day ” is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

Warrant Agent:	The Central Depository (Pte) Limited (“CDP”)
Clearing System:	CDP
Fees and Charges:	<p>Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.</p> <p>Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.</p>
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Inverse Strategy

Description of the Leverage Inverse Strategy

The Leverage Inverse Strategy is designed to track a 5 times daily leveraged inverse exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Inverse Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Inverse Strategy Formula

LSL_t means, for any Observation Date(t), the Leverage Inverse Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the **Leverage Inverse Strategy Closing Level** as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$LSL_1 = 1000$$

On each subsequent Observation Date(t):

$$LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - SB_{t-1,t} - RC_{t-1,t}), 0]$$

LR_{t-1,t} means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times R_{factor_t}} - 1 \right)$$

FC_{t-1,t} means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:

$$FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t - 1, t)}{\text{DayCountBasisRate}}$$

SB_{t-1,t} means the Stock Borrowing Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:

$$SB_{t-1,t} = -\text{Leverage} \times \frac{\text{CB} \times \text{ACT}(t - 1, t)}{\text{DayCountBasisRate}}$$

CB means the Cost of Borrowing applicable that is equal to: 3.00%

RC_{t-1,t} means the Rebalancing Cost of the Leverage Inverse Strategy on Observation Date (t), calculated as follows:

$$RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left| \frac{S_t}{S_{t-1} \times R_{factor_t}} - 1 \right| \right) \times \text{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:

0.04%

“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage	-5
S_t	means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.
Rate_t	means, in respect of each Observation Date(t), the daily Singapore Overnight Rate Average (SORA) provided by the Monetary Authority of Singapore as administrator of the benchmark (or a successor administrator), as published on BLOOMBERG/SIBCSORA Index or any successor page, being the rate as of day (t-2) at 09:00 Singapore time, provided that if such rate is not available, then such rate shall be determined by reference to the last available rate that was published on Refinitiv Screen (SORA=MAST) or any successor page.
Rfactor_t	<p>means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula :</p> $Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$ <p>where</p> <p><i>Div_t</i> is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered gross of any applicable withholding taxes.</p>
ACT(t-1,t)	ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).
DayCountBasisRate	365
Benchmark Fallback	upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.
Reference Rate Event	<p>means, in respect of the Reference Rate any of the following has occurred or will occur:</p> <p>(i) a Reference Rate Cessation;</p> <p>(ii) an Administrator/Benchmark Event; or</p> <p>(iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of</p>

any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

Reference Rate Cessation

means, for a Reference Rate, the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

Administrator/Benchmark Event

means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted

under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.

Reference Rate(s) means the rate(s) used in the Leverage Inverse Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

Extraordinary Strategy Adjustment for Performance Reasons If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date**, noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Inverse Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows :

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$$

$ILSL_{IR(k)}$ means, in respect of $IR(k)$, the Intraday Leverage Inverse Strategy Level in accordance with the following provisions :

(1) for $k = 1$:

$$ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - SB_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$$

(2) for $k > 1$:

$$ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$$

$ILR_{IR(k-1),IR(k)}$ means the Intraday Leveraged Return between $IR(k-1)$ and $IR(k)$, calculated as follows :

$$ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$$

$IRC_{IR(k-1),IR(k)}$ means the Intraday Rebalancing Cost of the Leverage Inverse Strategy in respect of $IR(k)$ on a given Intraday Restrike Date, calculated as follows :

$$IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left| \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right| \right) \times TC$$

$IS_{IR(k)}$ means the Underlying Stock Price in respect of $IR(k)$ computed as follows :

(1) for $k=0$

$$IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$$

(2) for $k=1$ to n

means in respect of $IR(k)$, the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to $IR(C)$

$$IS_{IR(C)} = S_{IRD}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k) For $k=0$, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For $k=1$ to n , means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.

IR(C) means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event means in respect of an Observation Date(t):

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $IS_{IR(0)}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $IS_{IR(k)}$ as of such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Inverse Strategy Level.

TimeReferenceOpening means the scheduled opening time (including pre-opening session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or

limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of: -
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 16 June 2023, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) **Transfer.** The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) **Title.** Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) **Bail-In.** By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
 - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
 - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

- (C) the cancellation of the Certificates; and/or
- (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);

- (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):

(A) ranking:

- (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
- (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
- (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the “**Contractual Bail-in**”).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg

and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

“Amounts Due” means any amounts due by the Issuer under the Certificates.

“Bail-In Power” means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“MREL” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“Relevant Resolution Authority” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case: -

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

- (c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document and subject to extension upon the occurrence of a Settlement Disruption Event (as defined below)) following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on any Settlement Business Day during the period of five Settlement Business Days following the Expiry Date a Settlement Disruption Event has occurred, such Settlement Business Day shall be postponed to the next Settlement Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate

the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

“Settlement Disruption Event” means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, the Calculation Agent, their respective affiliates (the **“SG Group”**), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer, the Guarantor and/or the Calculation Agent to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor, the Calculation Agent and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

“Computer System” means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

“Data” means any digital information, stored or used by the Computer System, including confidential data.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a **“Business Day”** shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* “**Potential Adjustment Event**” means any of the following:
- (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
 - (iii) an extraordinary dividend;
 - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
 - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
 - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective

date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

- (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
- (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger

or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction) and subject to the approval of the SGX-ST.
- (f) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (g) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For

the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by

CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging

arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

“Regulatory Event” means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the **“Relevant Affiliates”** and each of the Issuer, Société Générale and the Relevant Affiliates, a **“Relevant Entity”**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer’s obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer’s obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer’s obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer’s obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer’s capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

“Change in law” means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government

(including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

“**Holding Limit Event**” means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Sembcorp Industries Ltd
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	22,300,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 16 June 2023 (the “ Master Instrument ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ Master Warrant Agent Agreement ”) and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

- Transfers of Certificates: Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
- Listing: Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 11 July 2023.
- Governing Law: The laws of Singapore
- Warrant Agent: The Central Depository (Pte) Limited
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589
- Further Issues: Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED SHORT CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Short Certificates on Single Equities?

European style cash settled short certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Inverse Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will decrease and are seeking short-term leveraged inverse exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
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Daily Fees	=	Daily Management Fee Adjustment
		1 – Management Fee x ACT (t-1;t) / 360
		x
		Daily Gap Premium Adjustment
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

Value of Certificates	=	t ⁰ =0	x	t=1	x	t=2	x ...	t=i			
		Notional Amount		Leverage Inverse Strategy daily performance ⁸		x		Daily Fees	Leverage Inverse Strategy daily performance	x	Daily Fees

Value of Certificates	=	t=0	x	Product of the daily Leverage Inverse Strategy Performance	x	Product of the Daily Fees (Hedging Fee Factor)					
		Notional Amount		Leverage Inverse Strategy daily performance		x	Leverage Inverse Strategy daily performance	x	Daily Fees	x	Daily Fees

Final Value of Certificates	=	t=0	x	Final Reference Level x Final Exchange Rate	÷	x	Hedging Fee Factor
		Notional Amount		Initial Reference Level x Initial Exchange Rate			

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

⁷ "t" refers to "Observation Date" which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date.

⁸ Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Closing Level on Business Day (t) divided by the Leverage Inverse Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you **MUST NOT** rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Sembcorp Industries Ltd
Expected Listing Date:	03/07/2018
Expiry Date:	18/07/2018
Initial Reference Level:	1,000
Initial Exchange Rate:	1
Final Reference Level:	1,200
Final Exchange Rate:	1
Issue Price:	0.45 SGD
Notional Amount per Certificate:	0.45 SGD
Management Fee (p.a.):	0.40%
Gap Premium (p.a.):	6.50%
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Exchange Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Exchange Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 6.50\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9819\% \approx 99.9808\%$$

Assuming 2nd Exchange Business Day falls 3 Calendar Days after 1st Exchange Business Day:

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(2) = 99.9808\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.50\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9808\% \times 99.9967\% \times 99.9458\% \approx 99.9233\%$$

The same principle applies to the following Exchange Business Days:

$$\text{HFF (n)} = \text{HFF (n - 1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t - 1; t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t - 1; t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7129% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9808%
5/7/2018	99.9617%
6/7/2018	99.9425%
9/7/2018	99.8850%
10/7/2018	99.8659%
11/7/2018	99.8468%
12/7/2018	99.8276%
13/7/2018	99.8085%
16/7/2018	99.7511%
17/7/2018	99.7320%
18/7/2018	99.7129%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7129\% \\ &= 119.66\% \end{aligned}$$

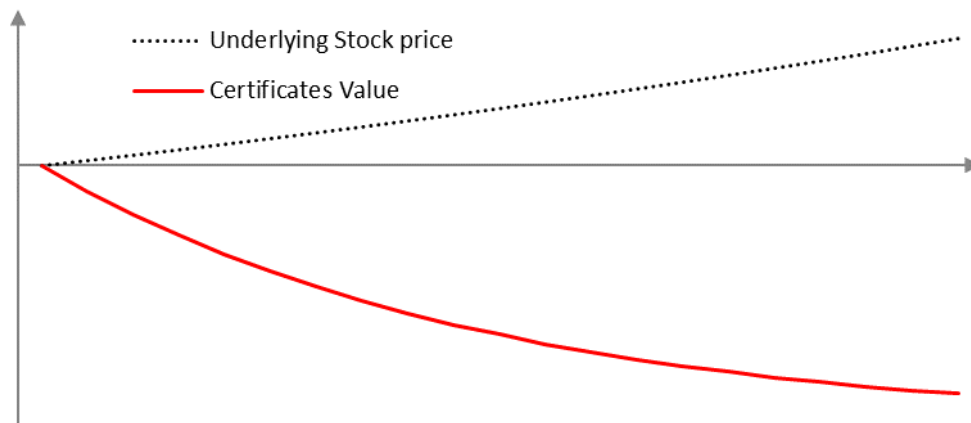
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.66\% \times 0.45 \text{ SGD} \\ &= \mathbf{0.538 \text{ SGD}} \end{aligned}$$

Illustration on how returns and losses can occur under different scenarios

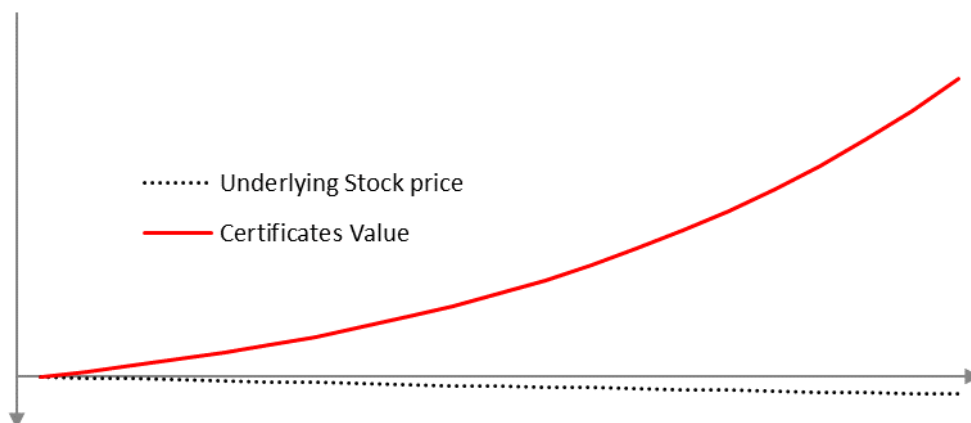
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

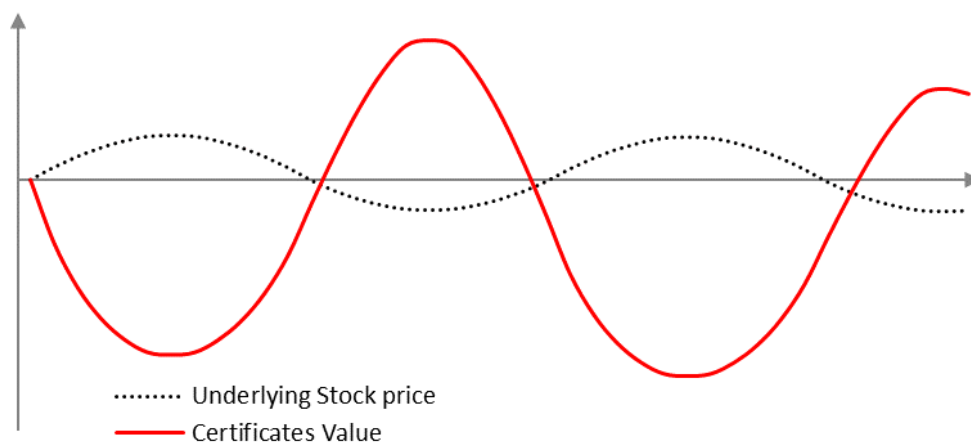
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.45	0.41	0.36	0.33	0.30	0.27
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.45	0.50	0.54	0.60	0.66	0.72
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	10.0%	-10.0%	10.0%	-10.0%
Price at end of day	0.45	0.41	0.45	0.40	0.44	0.40
Accumulated Return		-10.00%	-1.00%	-10.90%	-1.99%	-11.79%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period: during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its maximum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Inverse Strategy is reset using the maximum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Inverse Strategy, 30 minutes after the Air Bag trigger.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered and does not take into account the mid-day break. Investors cannot sell or purchase any Certificates during this period.

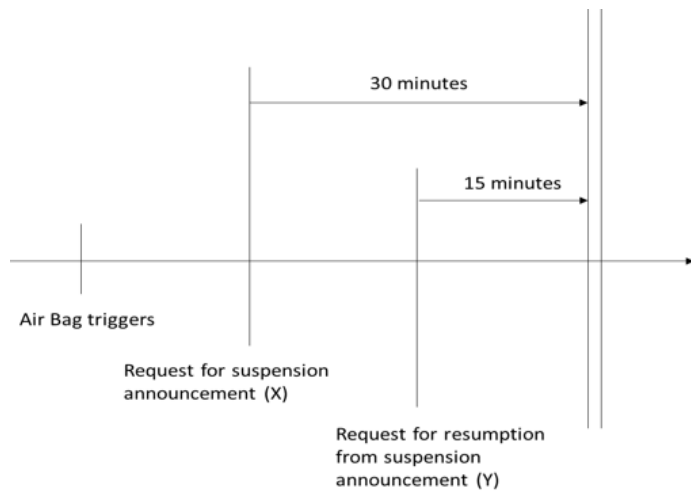
The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

Air Bag Mechanism timeline

Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
Less than 45 minutes before Market Close and more than 15 minutes before Market Close		Next trading day at Market Open
15 minutes or less than 15 minutes before Market Close	From Air Bag Trigger to Market Close	

With **Market Close** defined as:

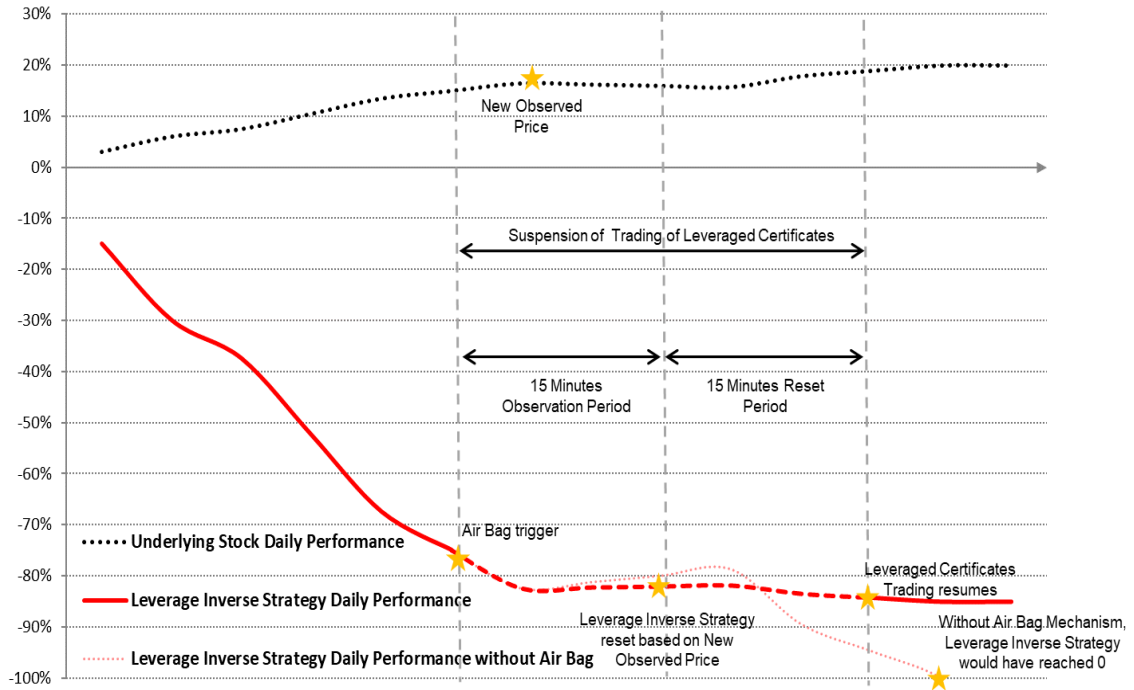
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



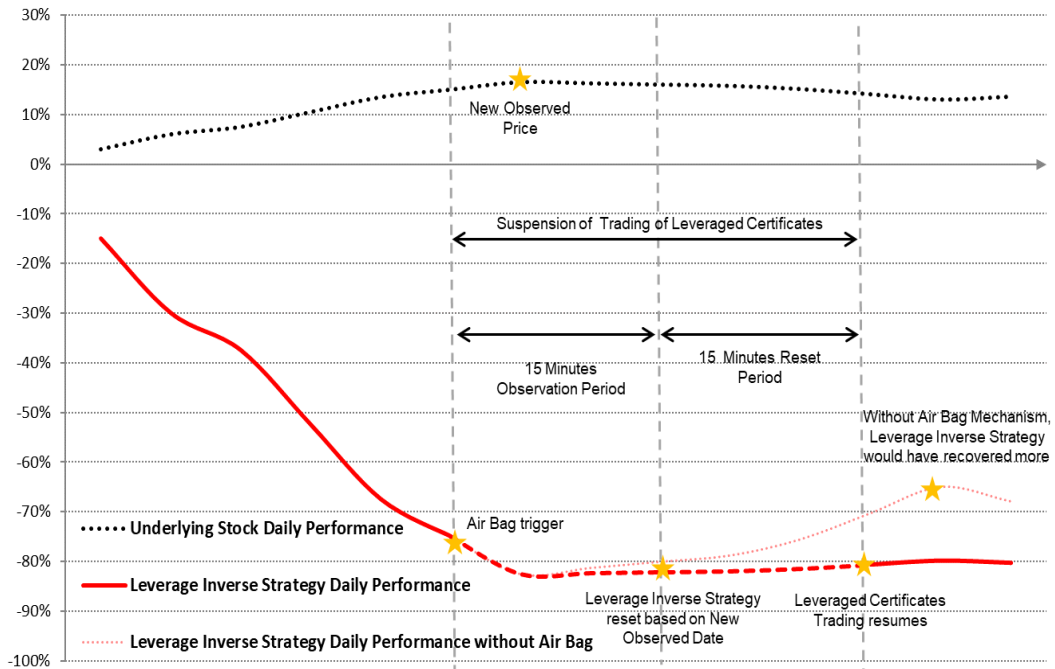
- The later between $X+30$ minutes or $Y+15$ minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day

Illustrative examples of the Air Bag Mechanism⁹

Scenario 1 – Upward Trend after Air Bag trigger



Scenario 2 – Downward Trend after Air Bag trigger



⁹ The illustrative examples are not exhaustive.

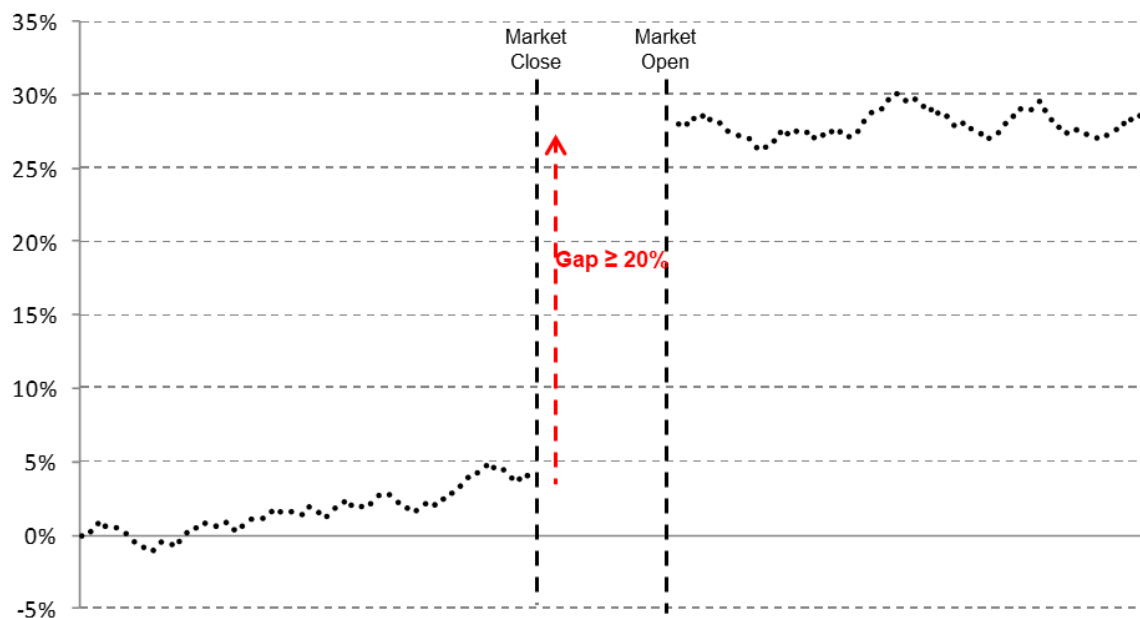
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

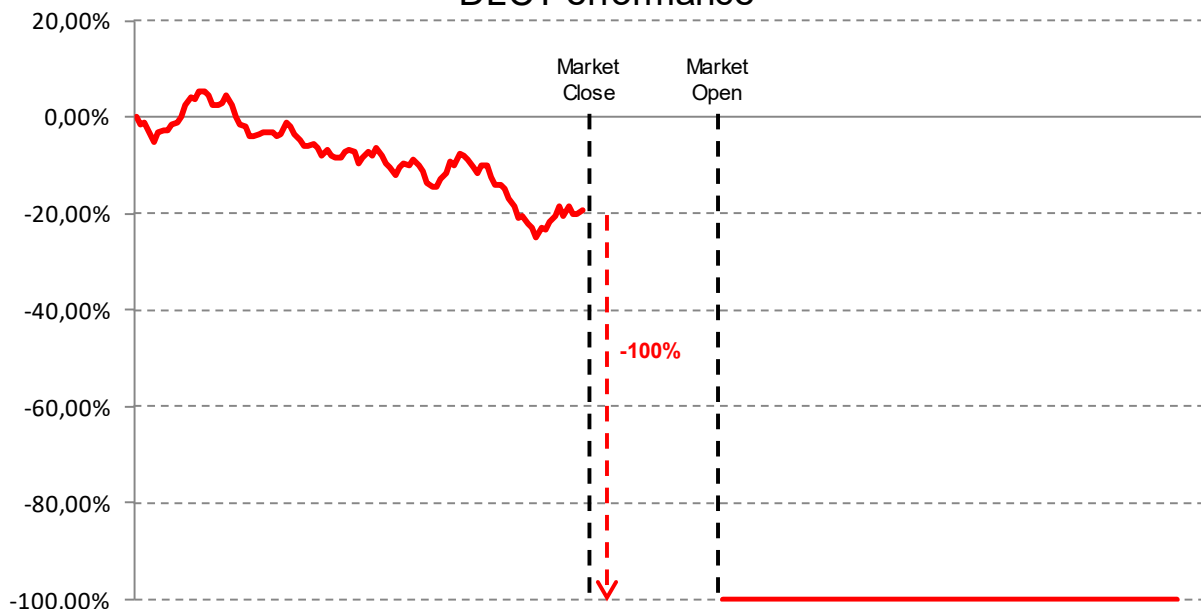
Scenario 1 – Overnight rise of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more above the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens (including the pre-opening session) the following day, and the Certificates would lose their entire value in such event.

Underlying Stock Performance

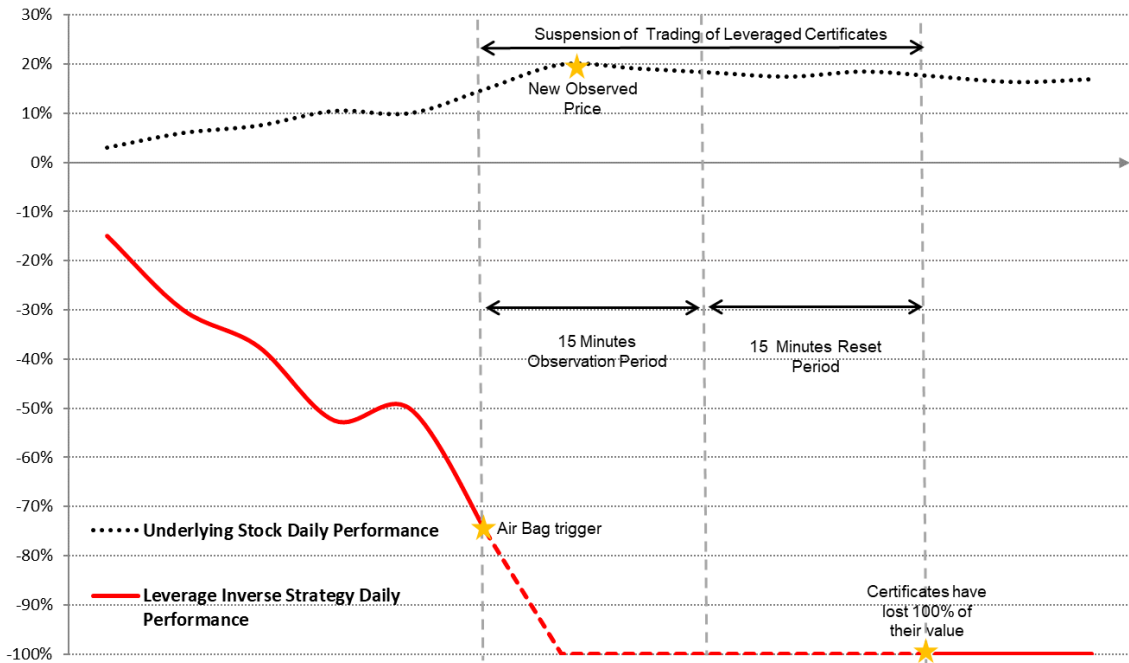


DLC Performance



Scenario 2 – Sharp intraday rise of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock rises by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{S_{t-1}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price rises by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{t-1} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = -5 \times \left(\frac{51}{100 \times 50\%} - 1 \right) = -10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.45	0.405	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$57.5, which is 15% above \$50, the Underlying Stock Reference Price.

2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{t-1} = \$100$$

$$S_t = \$202$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = -5 \times \left(\frac{202}{100 \times 200\%} - 1 \right) = -5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.45	0.4275	-5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$230, which is 15% above \$200, the Underlying Stock Reference Price.

3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = -5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = -25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.45	0.3375	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{t-1} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = -5 \times \left(\frac{85}{100 \times 83.33\%} - 1 \right) = -10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.45	0.405	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$95.83, which is 15% above \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = -5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = -25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.45	0.3375	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at <http://www.sgx.com>. The Issuer has not independently verified any of such information.

Sembcorp Industries Ltd (“**Sembcorp**” or the “**Company**”) is a leading energy and urban solutions provider, driven by its purpose to do good and play its part in building a sustainable future. Headquartered in Singapore, Sembcorp leverages its sector expertise and global track record to deliver innovative solutions that support the energy transition and sustainable development. By focusing on growing its Renewables and Integrated Urban Solutions businesses, it aims to transform its portfolio towards a greener future and be a leading provider of sustainable solutions. Sembcorp has an energy portfolio which includes renewables comprising solar, wind and energy storage globally. The Company also has a proven track record of transforming raw land into sustainable urban development across Asia.

The information set out in the Appendix to this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2022 and has been extracted and reproduced from an announcement by the Company released on 29 March 2023 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at <http://www.sgx.com>.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker (“**DMM**”) for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is S\$10 and below: 10 ticks or S\$0.20 whichever is greater; and
(ii) when the best bid price of the Certificate is above S\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) where the Certificates are suspended from trading for any reason;
- (iv) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (v) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (vi) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (vii) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (viii) if the stock market experiences exceptional price movement and volatility;
- (ix) when it is a public holiday in Singapore and/or the SGX-ST is not open for dealings; and
- (x) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 108 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.
2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2022 or the Guarantor since 31 March 2023, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:
 - (a) the Guarantee;
 - (b) the Master Instrument; and
 - (c) the Master Warrant Agent Agreement.

None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The reports of the Auditors of the Issuer and the Guarantor were not prepared exclusively for incorporation into this document.

The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.
7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.
9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale,

Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

- (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
- (b) the latest financial reports (including the notes thereto) of the Issuer;
- (c) the latest financial reports (including the notes thereto) of the Guarantor;
- (d) the Base Listing Document;
- (e) this document; and
- (f) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made

available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

- (a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of

- investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
 - (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it is not a U.S. Person, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (iii) it is not purchasing any Certificates, directly or indirectly, in the United States or for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term “**United States**” includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term “**U.S. person**” means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”) or any rules thereunder of the CFTC (the “**CFTC Rules**”), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person).

APPENDIX

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 OF SEMBCORP INDUSTRIES LTD AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2022 and has been extracted and reproduced from an announcement by the Company released on 29 March 2023 in relation to the same.

Directors' Statement

Year ended December 31, 2022

Audit Committee

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

Yap Chee Keong (*Chairman*)

Ajaib Haridass

Dr Josephine Kwa Lay Keng (*Appointed on April 21, 2022*)

The Audit Committee held five 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, and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee performed the functions specified in Section 201B of the Companies Act 1967, the Listing Manual of the SGX, 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;
- interim financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX).

The Audit Committee has full access to 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 and has recommended to the board of directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

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

Auditors

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

On behalf of the Board of Directors



Ang Kong Hua
Chairman



Wong Kim Yin
Director

Singapore
February 20, 2023

Independent Auditors' Report

Members of the Company

Sembcorp Industries Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sembcorp Industries Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at December 31, 2022, the consolidated statement of profit or loss, 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 53 to 115.

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 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 financial position of the Group and the Company as at December 31, 2022 and of the financial performance, changes in equity and 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, intangible assets and interests in associates and joint ventures (collectively, the Group's non-financial assets)

(Refer to Notes D1, D3 and G3 to the financial statements: property, plant and equipment of S\$5,305,000,000, intangible assets of S\$697,000,000 and associates and joint ventures of S\$2,287,000,000).

Risk:

As at December 31, 2022, the Group's non-financial assets amounted to S\$8,289,000,000. Management performs impairment assessment of these assets at least annually and as and when indicators of impairment or impairment reversal occur.

CGUs identified for impairment assessment are found in Note D3.

The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and its value-in-use (VIU). As the fair values of these assets are not readily determinable, the Group measures the recoverable amounts using the discounted cash flow technique to derive the assets' VIU.

The determination of the recoverable amounts of these CGUs involves a high degree of judgement and is subject to significant estimation uncertainties, principally, the gross margin forecasts, plant load factors and discount rates used. Gross margin forecasts and plant load factors depend on customer demand that corresponds with tariff rates that can be affected by political and regulatory developments.

Independent Auditors' Report

Report on the audit of the financial statements *(cont'd)*

Impairment assessment of property, plant and equipment, intangible assets and interests in associates and joint ventures (collectively, the Group's non-financial assets) *(cont'd)*

Our response:

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

We reviewed the key assumptions supporting the value-in-use calculations. We compared the plant load factors and gross margin forecasts to what had been achieved historically and prevailing market conditions affecting tariff and electricity demand. Together with our valuation specialist, we compared the discount rates to market observable data of peer companies and applicable risk premiums.

We performed sensitivity analysis of key assumptions driving the cash flow forecasts for the individual CGUs and considered the likelihood of such changes arising.

Our findings:

The Group has a process for identifying and reviewing the CGUs for impairment testing. Key inputs on revenue and margins, cash flow projections period, maintenance capital expenditure, assumed inflationary adjustment on operating costs and discount rates are used in assessing the recoverable amounts of the CGUs. We found these key inputs comparable to market expectations. The disclosures describing the estimation uncertainties and the sensitivity of the assumptions applied are appropriate.

Valuation of trade and service concession receivables

(Refer to Note E1 to the financial statements: Trade receivables of S\$677,000,000 and service concession receivables of S\$897,000,000)

Risk:

As at December 31, 2022, the Group's gross trade and service concession receivables totalled S\$1,574,000,000 against which a loss allowance of S\$136,113,000 was recorded. Such assessment of expected credit losses involving customer-specific and forward-looking information requires management judgement.

Of the loss allowance recorded, S\$110,494,000 originated from service concession receivables recorded by a subsidiary, Sembcorp Myingyan Power Company (SMPC). A lifetime approach was applied in determining this loss allowance following a deterioration in credit risk rating from initial recognition of these trade receivables. SMPC operates in an emerging economy which is currently facing an unstable political environment, a weakening economy impacting foreign exchange reserves and potentially facing increased trade and economic sanctions. The probability default rate of "CC" sovereign rating assigned to bonds issued by external credit rating agencies is applied to determine this expected credit loss allowance.

Our response:

We reviewed the Group's estimation process in determining the amount of loss allowance recognised on these receivables.

We evaluated the creditworthiness of individually significant receivable accounts including the ones with deterioration in credit risk after initial recognition; and checked the probability of default and loss given default factors appraised by external credit agencies.

We assessed the adequacy of disclosures surrounding management's assessment on recoverability of these receivables.

Our findings:

The Group performs credit risk assessment on its trade and service concession receivables.

Management's basis of expected credit loss allowances booked on these receivables is supported by past historical experience together with probabilities of default and loss given default obtained from Standards and Poor and Moody's.

We found the disclosures surrounding credit risk assessment to be adequate.

Accounting for acquisitions of subsidiaries and associates in China

(Refer to Note D3, G1, G3 and G5 to the financial statements: Goodwill of S\$126,000,000, Subsidiaries of S\$2,309,000,000, Associates and Joint Ventures of S\$2,287,000,000)

Risk:

During the financial year ended December 31, 2022, the Group completed the following acquisitions in China through its subsidiaries: 98% equity interest in Shenzhen Huiyang New Energy Group (HYNE), 35% equity interest in SDIC New Energy Investment Co., Ltd. (SDIC) and 45.3% equity interest in Hunan Xingling New Energy Co., Ltd. (Xingling) (collectively, the "Chinese companies").

These acquisitions require purchase price to be allocated to the fair values of the identifiable assets (including intangible assets) acquired and liabilities assumed. There is judgement involved in the purchase price allocation process including valuation of any intangible assets that emerged on business combination. There is also an on-going nationwide audit carried out by regulators in relation to subsidies on energy production received by Chinese renewables companies. The initial purchase price allocation assigned to the individual assets and liabilities of these companies acquired together with contingent consideration payable estimated by management may be subject to adjustments.

Our response:

We read the sales and purchase agreements in relation to these acquisitions and reviewed the key terms.

We referred the fair valuation of the acquired assets and assumed liabilities by reference to the Chinese companies' business model.

We assessed the objectivity, competence and capabilities of the external valuation specialist engaged by management to perform the PPA and determine the fair values of acquired assets and assumed liabilities.

We involved our valuation specialist to compare the outcomes of PPA exercise against market expectations.

We sought external legal opinions on subsidy audit and implications on initial PPA exercise conducted on the Chinese companies acquired.

We also assessed the disclosures surrounding the acquisitions in Note G1, G3 and G5.

Our findings:

We found the estimates used in allocating purchase price to the individual assets acquired, and liabilities assumed (determined on a provisional basis) to be appropriate. The inputs including tariff and electricity demand used in the valuation model for intangible asset are comparable with market expectations.

We found the external valuation specialist engaged by management to be objective, competent and experienced.

We reviewed legal opinion from external legal counsel about the subsidy audit and expected implications on current tariff recorded by the Chinese companies.

We found the disclosures surrounding new acquisitions to be adequate.

Independent Auditors' Report

Report on the audit of the financial statements *(cont'd)*

Valuation of consideration to be received for discontinued operation and disposal group held for sale

(Refer to Note G6 to the financial statements: Assets held for sale of S\$3,432,000,000 and liabilities held for sale of S\$1,494,000,000)

Risk:

During the financial year ended December 31, 2022, the Group entered into a sales and purchase (S&P) agreement to divest subsidiary, Sembcorp Energy India Limited and its subsidiaries ("SEIL"). The assets and liabilities of SEIL have been presented as "held for sale" and measured at lower of carrying amount and fair value less costs to sell (the "Re-measurement" exercise).

The consideration for the sale of SEIL is deferred and the Group shall issue deferred payment note ("DPN") to purchaser upon completion of the transaction. The assessment of present value of DPN therefore becomes necessary in this re-measurement exercise; and the Group assessed that there is no write-down of carrying value of assets held for sale needed as at December 31, 2022 by reference to discounted cash flow model ("DCF") of SEIL as appraised by the Group.

In determining the fair value of DPN, it is assumed that the purchaser settles the DPN from agreed portions (as set out in S&P agreement) of distributions including dividends declared by SEIL. The Group has performed a discounted cashflow using the forecasted distributable reserves available from SEIL, taking into account (i) secured cash flows from various power purchase agreements ("PPA") with an average remaining duration of 15 years and (ii) unsecured cash flows from contract renewals and / or new contracts.

Following the above analysis, management applied a discount rate to present value the DPN to reflect the cash flow risks associated with the forecasted distributable dividends from SEIL, and credit-default risk of the purchaser.

Our response:

We read the sales and purchase agreement to obtain an understanding of the transaction and key terms together with terms of repayment arrangement of DPN.

We involved our valuation specialist to obtain market observable data including credit ratings of bonds issued by Indian public energy sector to benchmark with discount rate used by management.

Our findings:

Management's use of discount rate to present value the DPN reflects the risks associated with the cash flows and credit risk as appraised under prevailing market conditions and circumstances applicable to SEIL and the purchaser, respectively. Any changes in market conditions and circumstances may change the subsequent measurement value of DPN, with effects on future periods' profit or loss.

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 following items prior to the date of this auditors' report:

- Our Leadership
- Corporate Information
- Group FY2022 Highlights
- Chairman and CEO's Statement
- Renewables Review
- Integrated Urban Solutions Review
- Conventional Energy Review
- Directors' Statement

The following items (the Reports) are expected to be made available to us after that date:

- Group Financial Review
- Environmental, Social and Governance Review
- Shareholding Statistics
- Additional Information on Directors Seeking Re-election

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this 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.

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.

Independent Auditors' Report

Report on the audit of the financial statements *(cont'd)*

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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 control that we identify during our audit.

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

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



KPMG LLP

Public Accountants and
Chartered Accountants

Singapore
February 20, 2023

On September 5, 2022, the Group publicly announced the proposed sale of Sembcorp Energy India Limited (SEIL), a wholly-owned subsidiary. The sale was approved by the shareholders of the Company on November 8, 2022 (EGM). SEIL was classified as a disposal group held for sale with its performance presented under discontinued operation and comparative information re-presented accordingly. SEIL's assets and liabilities were presented as assets and liabilities held for sale respectively. On January 19, 2023, the sale of SEIL was completed (see Note H3).

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Balance Sheets

As at December 31, 2022

(\$ million)	Note	Group		Company	
		2022	2021	2022	2021
Property, plant and equipment	D1	5,305	7,094	348	365
Investment properties	D2	133	138	–	–
Investments in subsidiaries	G1	–	–	2,309	2,309
Associates and joint ventures	G3	2,287	1,600	–	–
Other financial assets	H1	183	219	–	–
Trade and other receivables	E1	855	982	1	3
Contract costs		–	1	–	–
Intangible assets	D3	697	390	27	25
Deferred tax assets	B3(b)	52	38	–	–
Non-current assets		9,512	10,462	2,685	2,702
Inventories	E2	137	222	9	7
Trade and other receivables	E1	1,564	1,986	119	115
Contract assets	B2(c)	29	28	–	–
Contract costs		3	1	–	–
Other financial assets	H1	89	352	*	–
Cash and cash equivalents	E4	1,254	1,344	239	427
Current assets		3,076	3,933	367	549
Assets held for sale	G6	3,432	–	*	–
Total assets		16,020	14,395	3,052	3,251
Trade and other payables	E3	1,715	1,708	144	155
Lease liabilities	D1.1	17	14	10	5
Contract liabilities	B2(c)	139	121	2	2
Provisions	H2	42	40	17	19
Other financial liabilities	H1	99	87	–	–
Current tax payable		219	181	30	49
Interest-bearing borrowings	C5	1,096	754	–	–
Current liabilities		3,327	2,905	203	230
Liabilities held for sale	G6	1,494	–	–	–
Net current assets		1,687	1,028	164	319

(\$ million)	Note	Group		Company	
		2022	2021	2022	2021
Deferred tax liabilities	B3(b)	492	392	25	25
Other long-term payables	E3	93	105	1,379	1,465
Lease liabilities	D1.1	270	244	107	110
Provisions	H2	62	64	24	12
Other financial liabilities	H1	23	56	–	–
Interest-bearing borrowings	C5	5,974	6,637	–	–
Contract liabilities	B2(c)	69	74	25	27
Non-current liabilities		6,983	7,572	1,560	1,639
Total liabilities		11,804	10,477	1,763	1,869
Net assets		4,216	3,918	1,289	1,382
Equity attributable to owners of the Company:					
Share capital	C2	566	566	566	566
Reserve for own shares	C3	(31)	(15)	(31)	(15)
Other reserves	C3	(608)	(133)	19	5
Revenue reserve		4,050	3,349	735	826
		3,977	3,767	1,289	1,382
Non-controlling interests	G2	239	151	–	–
Total equity		4,216	3,918	1,289	1,382

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

Consolidated Statement of Profit or Loss

Year ended December 31, 2022

(\$ million)	Note	Group	
		2022	2021 [#]
Continuing operations			
Turnover	B1, B2	7,825	6,408
Cost of sales		(6,598)	(5,589)
Gross profit		1,227	819
General and administrative expenses		(499)	(393)
Other operating income, net		169	114
Non-operating income		9	21
Non-operating expenses		(16)	(218)
Finance income	C6	37	21
Finance costs	C6	(310)	(296)
Share of results of associates and joint ventures, net of tax		248	206
Profit before tax		865	274
Tax expense	B3	(138)	(123)
Profit from continuing operations¹	B4	727	151
Discontinued operation			
Profit from discontinued operation, net of tax	G6	144	149
Profit for the year		871	300
Profit attributable to:			
Owners of the Company		848	279
Non-controlling interests		23	21
Profit for the year		871	300
Earnings per share (cents):			
	B5		
Basic		47.59	15.64
Diluted		46.57	15.45
Earnings per share (cents) – Continuing operations:			
	B5		
Basic		39.51	7.29
Diluted		38.66	7.20

[#] Post November 8, 2022, the results of SEIL, the Coal-fired thermal power business in India under the Conventional segment, was classified as discontinued operation. Comparative information is re-presented accordingly.

¹ After elimination of inter-segment finance income of S\$nil (2021: S\$65 million) with corresponding reduction of inter-segment finance expense in discontinued operation.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2022

(\$ million)	Note	Group	
		2022	2021 [#]
Profit for the year		871	300
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations		(559)	84
Exchange differences on monetary items forming part of net investment in foreign operation		(7)	1
Net change in fair value of cash flow hedges		318	181
Net change in fair value of cash flow hedges reclassified to profit or loss		(341)	(2)
Cost of hedging reserve – changes in fair value		–	(46)
Cost of hedging reserve – reclassified to profit or loss		–	47
Realisation of reserves upon disposal / liquidation of an associate, subsidiaries and assets held for sale		2	*
Share of other comprehensive income of associates and joint ventures		62	35
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	F2	*	(1)
Income tax relating to these items	B3(c)	9	(31)
		(516)	268
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Defined benefit plan actuarial gains and losses		(7)	20
Change in fair value of financial assets at fair value through other comprehensive income		*	(20)
Income tax relating to these items	B3(c)	2	(6)
		(5)	(6)
Other comprehensive income for the year, net of tax	B3(c)	(521)	262
Total comprehensive income for the year		350	562
Total comprehensive income attributable to:			
Owners of the Company		334	536
Non-controlling interests		16	26
Total comprehensive income for the year		350	562
Total comprehensive income attributable to owners of the Company:			
Continuing operations		452	516
Discontinued operation		(118)	20
		334	536

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2022

(\$ million)	Attributable to owners of the Company										Non-controlling interests	Total equity	
	Share capital	Reserve for own shares	Foreign currency translation reserve	Capital reserve	Merger reserve	Share-based payments reserve	Fair value reserve	Hedging reserve	Cost of hedging reserve	Revenue reserve			Total
Group													
Balance at January 1, 2022	566	(15)	(401)	156	29	(5)	40	48	–	3,349	3,767	151	3,918
Total comprehensive income for the year													
Profit for the year	–	–	–	–	–	–	–	–	–	848	848	23	871
Other comprehensive income													
Foreign currency translation differences for foreign operations	–	–	(548)	–	–	–	–	–	–	–	(548)	(11)	(559)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	(7)	–	–	–	–	–	–	–	(7)	–	(7)
Net change in fair value of cash flow hedges	–	–	–	–	–	–	–	266	–	–	266	4	270
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–	–	–	–	(284)	–	–	(284)	–	(284)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	*	–	–	–	*	–	*
Realisation of reserves upon disposal of an associate	–	–	1	1	–	–	–	–	–	–	2	–	2
Transfer of reserves	–	–	(2)	20	–	–	–	–	–	(18)	–	–	–
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	–	–	–	–	–	–	–	*	–	–	*	–	*
Defined benefit plan actuarial gains and losses	–	–	–	–	–	–	–	–	–	(5)	(5)	–	(5)
Share of other comprehensive income of associates and joint ventures	–	–	–	(1)	–	–	–	63	–	–	62	–	62
Total other comprehensive income for the year	–	–	(556)	20	–	–	*	45	–	(23)	(514)	(7)	(521)
Total comprehensive income for the year	–	–	(556)	20	–	–	*	45	–	825	334	16	350
Transactions with owners of the Company, recognised directly in equity													
Share issuance	–	–	–	–	–	–	–	–	–	–	–	21	21
Share-based payments	–	–	–	–	–	27	–	–	–	–	27	–	27
Purchase of treasury shares	–	(27)	–	–	–	–	–	–	–	–	(27)	–	(27)
Treasury shares transferred to employees	–	11	–	–	–	(11)	–	–	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	63	63
Dividend paid / payable to owners (Note C4)	–	–	–	–	–	–	–	–	–	(125)	(125)	–	(125)
Dividend paid / payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(12)	(12)
Unclaimed dividends	–	–	–	–	–	–	–	–	–	1	1	–	1
Total transactions with owners	–	(16)	–	–	–	16	–	–	–	(124)	(124)	72	(52)
At December 31, 2022	566	(31)	(957)	176	29	11	40	93	–	4,050	3,977	239	4,216

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2022

(\$ million)	Attributable to owners of the Company										Non-controlling interests	Total equity	
	Share capital	Reserve for own shares	Foreign currency translation reserve	Capital reserve	Merger reserve	Share-based payments reserve	Fair value reserve	Hedging reserve	Cost of hedging reserve	Revenue reserve			Total
Group													
Balance at January 1, 2021	566	(11)	(475)	160	29	(10)	60	(132)	(1)	3,153	3,339	137	3,476
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	279	279	21	300
Other comprehensive income													
Foreign currency translation differences for foreign operations	-	-	81	-	-	-	-	-	-	-	81	3	84
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	1	-	-	-	-	-	-	-	1	-	1
Net change in fair value of cash flow hedges	-	-	-	-	-	-	-	136	-	-	136	2	138
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	-	-	-	-	10	-	-	10	-	10
Cost of hedging reserve – changes in fair value	-	-	-	-	-	-	-	-	(46)	-	(46)	-	(46)
Cost of hedging reserve – reclassified to profit or loss	-	-	-	-	-	-	-	-	47	-	47	-	47
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(20)	-	-	-	(20)	-	(20)
Realisation of reserves upon disposal / liquidation of subsidiaries and asset held for sale	-	-	*	-	-	-	-	-	-	-	*	-	*
Transfer of reserves	-	-	(8)	(2)	-	*	*	-	-	10	-	-	-
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	-	-	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Defined benefit plan actuarial gains and losses	-	-	-	-	-	-	-	-	-	14	14	*	14
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	35	-	*	35	-	35
Total other comprehensive income for the year	-	-	74	(2)	-	*	(20)	180	1	24	257	5	262
Total comprehensive income for the year	-	-	74	(2)	-	*	(20)	180	1	303	536	26	562
Transactions with owners of the Company, recognised directly in equity													
Share-based payments	-	-	-	-	-	14	-	-	-	-	14	-	14
Purchase of treasury shares	-	(13)	-	-	-	-	-	-	-	-	(13)	-	(13)
Treasury shares transferred to employees	-	9	-	-	-	(9)	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	(2)	-	-	-	-	-	-	(2)	2	-
Dividend paid to owners (Note C4)	-	-	-	-	-	-	-	-	-	(107)	(107)	-	(107)
Dividend paid / payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(14)	(14)
Total transactions with owners	-	(4)	-	(2)	-	5	-	-	-	(107)	(108)	(12)	(120)
At December 31, 2021	566	(15)	(401)	156	29	(5)	40	48	-	3,349	3,767	151	3,918

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

Consolidated Statement of Cash Flows

Year ended December 31, 2022

(\$ million)	Group	
	2022	2021
Cash flows from operating activities		
Profit for the year:		
– Continuing operations	727	151
– Discontinued operation	144	149
Adjustments for:		
Dividend income	(2)	(2)
Finance income	(54)	(26)
Finance costs	444	423
Depreciation and amortisation	461	457
Amortisation of deferred income and capital grants	(4)	(4)
Share of results of associates and joint ventures, net of tax	(248)	(206)
Gain on disposal of:		
– property, plant and equipment, intangible assets and other financial assets	(4)	(21)
– assets held for sale	–	(3)
Loss on disposal and liquidation of subsidiaries	*	3
Changes in fair value of financial instruments	4	(29)
Equity settled share-based compensation expenses	27	14
Allowance for:		
– impairment of investment in an associate and a joint venture	–	212
– impairment loss in value of assets and assets written off, net	31	11
– intangible assets	–	*
– impairment on assets held for sale	–	1
Provision for remediation of legacy sites	–	30
Inventories written down and allowance for stock obsolescence (net)	–	2
Tax expense	166	123
Operating profit before working capital changes	1,692	1,285
Changes in:		
Inventories	(51)	(28)
Receivables	277	(470)
Payables	(212)	498
Contract costs	(2)	*
Contract assets	(1)	(13)
Contract liabilities	13	(17)
	1,716	1,255
Tax paid	(64)	(36)
Net cash from operating activities	1,652	1,219

(\$ million)	Note	Group	
		2022	2021
Cash flows from investing activities			
Dividend received		95	95
Interest received		51	30
Proceeds from:			
– disposal of investments in joint ventures and associates		12	–
– divestment of asset held for sale		–	30
– sale of property, plant and equipment		2	17
– sale of intangible assets		–	*
– disposal of other financial assets and business		617	311
Acquisition of subsidiaries, net of cash acquired		(350)	–
Acquisition of additional investments in joint ventures and associates		(630)	*
Acquisition of other financial assets		(567)	(293)
Purchase of property, plant and equipment and investment properties		(608)	(282)
Purchase of intangible assets		(7)	(8)
Net cash used in investing activities		(1,385)	(100)
Cash flows from financing activities			
Proceeds from share issued to non-controlling interests of subsidiaries		21	–
Purchase of treasury shares		(27)	(13)
Repayment of lease liabilities		(23)	(15)
Proceeds from borrowings		3,854	3,403
Repayment of borrowings		(3,544)	(3,752)
Dividends paid to owners of the Company		(125)	(107)
Dividends paid to non-controlling interests of subsidiaries		(12)	(17)
Receipts / (Payment) in restricted cash held as collateral		39	(24)
Interest paid		(386)	(330)
Net cash used in financing activities		(203)	(855)
Net increase in cash and cash equivalents		64	264
Cash and cash equivalents at beginning of the year		1,297	1,009
Effect of exchange rate changes on balances held in foreign currency		(79)	24
Cash and cash equivalents at end of the year (including held for sale)		1,282	1,297
Cash and cash equivalents classified as held for sale	G6	(36)	–
Cash and cash equivalents at end of the year	E4	1,246	1,297

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

Notes to the Financial Statements

A. About These Financial Statements

Sembcorp Industries Ltd (the Company) is a company incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04, Singapore 179360.

The Company is 49.61% owned by Temasek Holdings (Private) Limited. Under SFRS(I) 10 Consolidated Financial Statements, the Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The financial statements of the Group as at and for the year ended December 31, 2022 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 financial statements were authorised for issue by the Board of Directors on February 20, 2023.

A1. Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise specified.

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

The preparation of the financial statements in conformity with SFRS(I) 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. The estimates and associated assumptions, which are based on historical experience and various other factors believed to be reasonable under the circumstances, form the basis of judgement about carrying value of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about key management judgements and estimates that are considered material to the financial statements are incorporated in respective notes to the financial statements.

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million unless otherwise stated. '**' denotes financial value that is less than S\$1 million.

Information is only being included in the financial report to the extent it is considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if:

- dollar amount is significant in value
- dollar amount is significant by nature
- financial results cannot be understood without specific disclosure
- critical to allow user to understand significant changes in group businesses

A2. Summary of Significant Accounting Policies

The accounting policies have been applied consistently by Group entities to all periods presented in these financial statements. Besides the accounting policies described below, other accounting policies are included in the respective notes to the financial statements.

i. Foreign currencies

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group entities using exchange rates at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated to the functional currency using foreign 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 rates at the date of the transaction while those measured at fair value are translated to the functional currency using exchange rates at the date the fair value was determined.

Foreign currency differences are recognised in profit or loss, except when arising from the translation of the following items, in which case the differences are recognised in other comprehensive income:

- Equity instruments designated as fair value through other comprehensive income (FVOCI). (However, upon impairment, the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- A financial liability designated as a hedge of a net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than Singapore dollar are expressed in Singapore dollar using exchange rates prevailing at the balance sheet date. Income and expense items and cash flows are translated at the average exchange rates for each month and exchange differences arising are recognised directly in other comprehensive income.

On disposal of a foreign entity, the cumulative amount previously recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

Net investment in a foreign operation

Exchange 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 exchange differences are reclassified to the foreign currency translation reserve in the consolidated statement of comprehensive income and are released to the consolidated statement of profit or loss upon disposal of the investment as part of the gain or loss on disposal.

Notes to the Financial Statements

A. About These Financial Statements *(cont'd)*

A2. Summary of Significant Accounting Policies *(cont'd)*

ii. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group. All intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition includes fair values of any contingent or deferred consideration arrangement and any pre-existing equity interest in the subsidiary. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. From January 1, 2017, acquisition related costs are recognised in profit or loss as incurred whereas prior to this date, acquisition related costs formed part of the cost of acquisition. The unwinding of any interest element of deferred consideration is recognised in profit or loss.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in profit or loss on the date of acquisition.

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.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest 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. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or financial assets at FVOCI depending on the level of influence retained.

From January 1, 2010, 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 and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. The difference between the change in the carrying amounts of the non-controlling interests (NCI) and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. Prior to January 1, 2010, any excess of the cost of acquisition of NCI over the carrying amount of the interest in the net assets acquired at the date of acquisition was recognised as goodwill.

On a transaction-by-transaction basis, the measurement of NCI is either at fair value or at the NCI's share of the fair value of the identifiable net assets of the acquiree.

Non-controlling interest

NCI comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statements of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the NCI based on their respective interest in a subsidiary, even if this results in the NCI having a deficit balance.

Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of net assets of the subsidiary.

Associates and joint ventures

Associates and joint ventures 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 the associate or joint venture, the carrying amount of the investment (including any other unsecured receivables, that in substance, form part of the Group's net investment) is reduced to zero, and the recognition of further losses is discontinued unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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 yet available for the purpose of statutory filing, the share of results is arrived at from management financial statements.

Impairment for associates and joint ventures

An impairment loss in respect of an associate or joint venture shall be recognised if, and only if, the recoverable amount of the investment is less than the carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

iii. Adoption of new accounting policies

New standards and amendments

The Group has adopted the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on January 1, 2022:

Amendments to:

- *SFRS(I) 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)*
- *SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)*
- *SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use)*
- *SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)*
- *Annual improvements to SFRS(I)s 2018-2020*

The adoption of these amendments to standards does not have a material effect on the financial statements.

Notes to the Financial Statements

B. Our Performance

B1. Segments Information

The principal activities of the Company are those of an investment holding company, corporate headquarter and the production and supply of utilities services, terminalling and storage of petroleum products and chemicals.

The Group's businesses are organised into four reportable segments based on nature of products and services, namely Renewables, Integrated Urban Solutions, Conventional Energy and Other Businesses and Corporate.

The operating segments outlined below have been identified based on reports reviewed by the Group's President & CEO that are used to make strategic decisions, allocate resources, monitor, and assess performance. The performance of operating segments is evaluated based on net profit and is measured in accordance with the Group's accounting policies.

The principal activities of key subsidiaries are as follows:

i. Renewables

The Renewables segment's principal activities are the provision of electricity from solar and wind resources (both self-generated and imported), energy storage, trading of Energy Attribute Certificates as well as provision of system services that support integration of renewables into the grid. This segment also includes the development and provision of installation, operation and maintenance of solar, wind and energy storage assets;

ii. Integrated Urban Solutions

The Integrated Urban Solutions segment supports sustainable development through its suite of urban, water as well as waste and waste-to-resource solutions. The segment's businesses comprise the development of large-scale integrated urban developments and integrated townships such as industrial parks, business, commercial and residential spaces, production and reclamation of water and industrial wastewater treatment as well as solid waste management and waste-to-resource solutions. This segment also includes decarbonisation solutions like carbon capture, utilisation and storage (CCUS) projects;

iii. Conventional Energy

The Conventional Energy segment's principal activities include the sale of energy molecules (including natural gas, steam and electricity from a diversity of fossil fuels such as natural gas and coal). This segment also includes sale of water products from its integrated assets.

On November 8, 2022, the shareholders of the Company approved the sale of SEIL, the India coal-fired thermal power business. SEIL was classified as a disposal group held for sale and as a discontinued operation. Details of the discontinued operation are shown in Note G6; and

iv. Other Businesses and Corporate

The Other Businesses and Corporate segment comprises businesses mainly relating to specialised construction, minting, the Group's captive insurance and financial services, as well as corporate costs.

a. Operating Segments

Information regarding the continuing operations' results of each reportable segment is included below.

	Continuing operations					Total
	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	
(S\$ million)						
2022						
Turnover						
External sales	506	444	6,547	328	–	7,825
Inter-segment sales	1	8	54	6	(69)	–
Total	507	452	6,601	334	(69)	7,825

	Continuing operations					Total
	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	
(S\$ million)						
2022 (cont')						
Results						
Earnings before interest, taxes, depreciation and amortisation ¹ (EBITDA)	352	130	886	(60)	–	1,308
Share of results of associates and joint ventures, net of tax	62	93	93	*	–	248
Adjusted EBITDA	414	223	979	(60)	–	1,556
Depreciation and amortisation	(124)	(53)	(184)	(11)	–	(372)
Other non-cash (expenses) / income:						
– (Impairment and write off) / Write back of investments	(8)	(2)	–	–	–	(10)
– Allowance for impairment in value of assets and assets written off	(1)	(6)	(25)	*	–	(32)
– Others	*	1	–	(5)	–	(4)
Finance income	13	14	19	63	(72)	37
Finance costs	(130)	(13)	(92)	(147)	72	(310)
Profit / (Loss) before tax	164	164	697	(160)	–	865
Tax expense	(26)	(18)	(83)	(11)	–	(138)
Non-controlling interests	(6)	(6)	(11)	–	–	(23)
Profit / (Loss) from continuing operations	132	140	603	(171)	–	704
Profit from discontinued operation, net of tax						144
Profit attributable to owners of the Company						848
Assets						
Segment assets	4,860	1,402	4,855	2,108	(2,986)	10,239
Associates and joint ventures	870	908	504	5	–	2,287
Tax assets	9	19	17	17	–	62
	5,739	2,329	5,376	2,130	(2,986)	12,588
Assets held for sale						3,432
Total assets						16,020
Liabilities						
Segment liabilities	3,979	488	3,211	4,907	(2,986)	9,599
Tax liabilities	220	47	326	118	–	711
	4,199	535	3,537	5,025	(2,986)	10,310
Liabilities held for sale						1,494
Total liabilities						11,804
Capital expenditure²	488	32	142	10	–	672

¹ Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off.

² Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Notes to the Financial Statements

B. Our Performance (cont'd)

B1. Segments Information (cont'd)

a. Operating Segments (cont'd)

(S\$ million)	Continuing operations					Total
	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	
2021						
Turnover						
External sales	354	465	5,292	297	–	6,408
Inter-segment sales	*	8	33	10	(51)	–
Total	354	473	5,325	307	(51)	6,408
Results						
EBITDA ¹	251	143	561	(70)	–	885
Share of results of associates and joint ventures, net of tax	27	97	81	1	–	206
Adjusted EBITDA	278	240	642	(69)	–	1,091
Depreciation and amortisation	(82)	(54)	(181)	(8)	–	(325)
Other non-cash (expenses) / income:						
– Impairment of investment in a joint venture	–	–	(212)	–	–	(212)
– Allowance for impairment in value of assets and assets written off	*	(4)	(6)	(1)	–	(11)
– Others	*	–	1	5	–	6
Finance income	5	15	25	104	(128)	21
Finance costs	(117)	(13)	(108)	(121)	63	(296)
Profit / (Loss) before tax	84	184	161	(90)	(65)	274
Tax expense	(25)	(17)	(59)	(22)	–	(123)
Non-controlling interests	(3)	(6)	(12)	–	–	(21)
Profit / (Loss) from continuing operations	56	161	90	(112)	(65)	130
Profit from discontinued operation before elimination of inter-segment finance cost, net of tax						84
Elimination of inter-segment finance cost						65
Profit from discontinued operation, net of tax						149
Net profit attributable to owners of the Company						279
Assets						
Segment assets	2,778	1,432	8,774	1,498	(1,744)	12,738
Associates and joint ventures	265	877	458	–	–	1,600
Tax assets	7	20	13	17	–	57
Total assets	3,050	2,329	9,245	1,515	(1,744)	14,395
Liabilities						
Segment liabilities	1,747	586	5,217	4,098	(1,744)	9,904
Tax liabilities	98	52	310	113	–	573
Total liabilities	1,845	638	5,527	4,211	(1,744)	10,477
Capital expenditure²	189	50	71	7	–	317

¹ Indicates EBITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off.

² Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

b. Geographical Segments

The Group's geographical segments are presented in six principal geographical areas: Singapore, India, UK, Rest of Asia, China and Middle East. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

(S\$ million)	Turnover		Capital Expenditure	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Singapore	5,828	4,817	404	212
UK	1,165	859	118	58
China ¹	301	210	29	13
India	277	285	52	16
Rest of Asia	211	203	36	7
Middle East	42	32	–	–
Other Countries	1	2	–	–
Total – continuing operations	7,825	6,408	639	306
India – discontinued operation / held for sale	1,570	1,387	33	11
Total	9,395	7,795	672	317

¹ China businesses under Renewables and Integrated Urban Solutions segments comprise associates or joint ventures that are accounted for under the equity method.

(S\$ million)	Non-current Assets		Total Assets	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
China	3,212	1,436	4,016	1,948
Singapore	2,163	1,967	3,343	3,464
India	1,644	4,721	1,989	5,941
Rest of Asia	1,309	1,303	1,632	1,586
UK	828	731	1,233	1,131
Middle East	341	290	358	311
Other Countries	15	14	17	14
	9,512	10,462	12,588	14,395
India – held for sale	–	–	3,432	–
Total	9,512	10,462	16,020	14,395

Majority of the Group's revenue from continuing operations is from Singapore and UK which contributed to 74% (2021: 75%) and 15% (2021: 13%) respectively.

In 2022, 21% (2021: 24%) and 8% (2021: 8%) of the Group's total assets are located in Singapore and UK respectively. During the year, the Group also added significant assets through acquisitions in the Renewables segment in China, contributing to 32% of the Group's total assets on continuing basis.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover

This note explains how the Group's revenue from contracts with customers is measured and recognised. Turnover of the discontinued operation is shown in Note G6.

Accounting policies

Revenue is measured based on consideration specified in a contract with customer. The Group recognises revenue when it transfers control over a good or service to a customer.

For all revenue contracts with customers, the Group accounts for modifications to the scope or price (or both) of a contract, as separate contracts, if the modifications add 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 applies a new transaction price, combining the remaining consideration with the consideration promised on the modification, to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and recognises a cumulative adjustment to revenue at the date of the modification.

Revenue from Contracts with Customers

a. Sale of Electricity, Utilities and Gas and Related Services

The sale of electricity, utilities and gas and related services are determined to be a series of distinct goods satisfied over time. This is because the customers simultaneously receive and consume the benefits provided by the Group. Invoices are generated monthly based on the output delivered to the customers. No significant element of financing is deemed present as the sales are typically made with a credit term of 30 days, consistent with market practice.

Revenue from these sales is recognised based on price (including variable considerations) specified in the contracts. Variable considerations such as off specification delivery are reviewed and estimated monthly. A refund liability is recognised in provisions for off specification delivery and outage, if any.

When the period between the satisfaction of a performance obligation and payment by the customer exceeds one year, the Group adjusts the consideration for time value of money and recognises a financing component.

b. Service Concession Revenue

The Group has entered into service concession contracts with local governments or governing agencies (the grantor) to design, build and operate (including the maintenance of) water treatment plants or power generation plants over an agreed period ranging from 22 to 30 years. At the end of the concession period, these assets are to be transferred to the grantor and any extension will be based on mutual agreements. These contractual arrangements fall within the scope of SFRS(I) INT 12.

The Group recognises and measures revenue for building (construction services) and operating these assets as specified in the contracts in accordance with SFRS(I) 15 for the services performed. Revenue relating to construction services under a service concession arrangement is recognised over time when the performance obligations are satisfied.

Operation or service revenue is recognised in the period in which the services are provided by the Group, consistent with the Group's accounting policy on recognising revenue on sale of electricity, utilities and gas and related services (see Note B2(a) above). When the Group provides more than one service in a service concession arrangement, the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

c. Construction of Infrastructure and Related Engineering Services

The Group builds specialised assets for customers for which the Group does not have an alternative use. Revenue is recognised when control over the specialised asset has been transferred to customers.

Contracts with Enforceable Right to Payment

For contracts where the Group has contractual enforceable rights to payment, revenue is recognised over time with reference to the Group's progress towards completing the construction of the specialised asset. The stage of completion is typically assessed either by surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method), depending on which method commensurates with the pattern of transfer of control to customers. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

The Group recognises a financing component using discount rates at contract inception if the delivery of goods and payment by customers exceed one year. If the period between the delivery and payment is one year or less, the Group applies the practical expedient not to adjust for significant financing component.

For contracts with standard warranty terms on the performance of the asset, a warranty provision is estimated based on historical data, from known and expected warranty work as well as contractual obligations to be performed after completion. The warranty expense incurred could be higher or lower than the provision made.

d. Sales of Development Properties

The Group develops and sells residential projects to customers through fixed price contracts. For such contracts, the Group does not have enforceable rights to payment in accordance with the contractual terms. Revenue is recognised at a point in time when the control over the residential project has been transferred to customers and customers' acceptance has been obtained, which is also when the rights to payment become enforceable.

e. Sales of Other Goods

Revenue is recognised at a point in time when the goods are transferred to customers and the criteria for acceptance have been satisfied.

Rental Income

Rental income receivable under operating lease 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 total rental income, over the term of the lease.

Contingent rentals are recognised as income in the accounting period in which they are earned.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

Revenue from Contracts with Customers *(cont'd)*

Key estimates and judgements

The Group has applied judgement and estimates in recognising revenue from long-term contracts. Any increases or decreases in estimated revenue or costs due to changes in circumstances are reflected in the profit or loss in the period in which the changes become known to management. The key estimates and judgements applied are:

Performance Obligation

Significant judgement is required in determining whether the performance obligations are distinct. The Group's assessment includes considerations of whether customers can benefit from the good or service either on its own or together with other resources that are readily available to the customers and whether the Group's promise to transfer the good or service to the customers is separately identifiable from other promises in the contracts. The Group has assessed that long-term contracts with customers have a single performance obligation in view that the services in the contracts are not distinct.

Variable Considerations

For contracts with variable considerations (i.e. liquidated damages, or where customers can contractually rescind the delivery of utilities and gas which do not meet the specifications), the Group has applied judgement in determining the transaction price, based on evaluation of any potential risks and factors which may affect the completion or delivery of the contracts, in accordance with the contractual obligations.

Percentage of Completion

For revenue recognised over time, the percentage of completion for certain contracts is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs for each contract. In making these estimates, the Group has relied on the expertise of surveying engineers and management's past experiences from completed projects. The estimated total costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Onerous Contracts

The Group conducts critical review of all its long-term construction contracts regularly. Allowance is made to account for onerous contracts. The Group monitors and reviews the progress of all long-term land development and construction contracts, taking into consideration inputs from internal project managers and external customers in estimating the total contract costs to complete as well as evaluating any potential risks and factors which may affect contract prices, costs and timely completion of these contracts. The review also encompasses the cost analysis process whereby both actual costs incurred and future costs to complete are critically examined.

Cost Allocation Method on Long-term Land Development Contracts

Land development costs incurred are capitalised as work-in-progress and allocated to the respective parcels of land based on the relative sales method.

Fulfilment Costs

Significant judgement is required to determine if the contract costs recognised are expected to be recovered. Such judgement includes assessment of any potential risks and factors which may affect customers' ability to take delivery of the construction. The assessment also encompasses the analysis of the industry outlook and customers' financial health.

Information regarding the turnover for continuing operations is included below:

<i>(\$ million)</i>	Note	2022	2021*
Revenue from contracts with customers	a	7,818	6,403
Rental income		7	5
		7,825	6,408

There was no revenue from performance obligations satisfied or partially satisfied in previous periods due to change in estimate of the transaction price in 2022 and 2021.

Revenue from Contracts with Customers

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 / service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

<i>(\$ million)</i>	Reportable segments				Total
	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	
2022					
Primary geographical markets					
Singapore	101	226	5,187	314	5,828
UK	35	–	1,129	1	1,165
China	86	208	*	–	294
India	277	–	–	–	277
Rest of Asia	7	3	189	12	211
Middle East	–	–	42	*	42
Other Countries	–	–	–	1	1
Total	506	437	6,547	328	7,818
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	490	–	6,122	*	6,612
Provision of water products, reclamation of water and industrial wastewater treatment	–	200	146	–	346
Solid waste management	–	212	*	–	212
Service concession revenue	–	14	189	–	203
Construction and engineering related activities	–	–	–	298	298
Others	16	11	90	30	147
Total	506	437	6,547	328	7,818
Timing of revenue recognition					
Over time	469	425	6,547	298	7,739
At a point in time	37	12	–	30	79
Total	506	437	6,547	328	7,818

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

Revenue from Contracts with Customers *(cont'd)*

a. Disaggregation of Revenue from Contracts with Customers *(cont'd)*

<i>(S\$ million)</i>	Reportable segments				Total
	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	
2021[#]					
Primary geographical markets					
Singapore	45	252	4,236	284	4,817
UK	20	–	838	1	859
India	285	–	–	–	285
China	*	205	*	*	205
Rest of Asia	4	3	186	10	203
Middle East	–	–	32	*	32
Other Countries	–	–	–	2	2
Total	354	460	5,292	297	6,403
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	350	–	4,889	*	5,239
Provision of water products, reclamation of water and industrial wastewater treatment	–	187	126	–	313
Solid waste management	–	237	1	–	238
Service concession revenue	–	15	185	–	200
Construction and engineering related activities	–	–	–	271	271
Others	4	21	91	26	142
Total	354	460	5,292	297	6,403
Timing of revenue recognition					
Over time	319	446	5,292	271	6,328
At a point in time	35	14	–	26	75
Total	354	460	5,292	297	6,403

Service concession revenue included interest revenue of S\$63 million (2021: S\$64 million).

b. Transaction Price Allocated to Remaining Performance Obligations

Accounting policies

The Group has elected to apply the practical expedient, in paragraph 121 of SFRS(I) 15, and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at balance sheet date. This is estimated based on the expected progress of the projects or expected energy output. Estimated amounts of considerations which are variable in nature are not included in the table below.

<i>(S\$ million)</i>	Note	Within the next 12 months	Between 1 to 5 years	More than 5 years	Total
2022					
Segment					
Renewables	i	–	–	–	–
Integrated Urban Solutions		52	58	30	140
Conventional Energy		942	579	358	1,879
Other Businesses and Corporate		413	866	55	1,334
Total		1,407	1,503	443	3,353
2021[#]					
Segment					
Renewables	i	–	–	–	–
Integrated Urban Solutions		88	206	218	512
Conventional Energy		1,346	1,252	436	3,034
Other Businesses and Corporate		336	654	–	990
Total		1,770	2,112	654	4,536

- i. The Group does not disclose information about its remaining performance obligations as the Renewables' energy output is variable in nature and the Group has a right to invoice the customers amounts that correspond directly with its actual energy output.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

Revenue from Contracts with Customers *(cont'd)*

c. Assets and Liabilities Related to Contracts with Customers

Contract Assets and Contract Liabilities

The Group and the Company have recognised the following assets and liabilities related to contracts with customers:

<i>(\$ million)</i>	Group		Company	
	2022	2021	2022	2021
Contract assets	29	28	–	–
Contract liabilities				
Current	139	121	2	2
Non-current	69	74	25	27
Total	208	195	27	29

Contract assets

The contract assets relate to the Group's conditional rights to consideration in the sale of the renewable obligation certificates and the construction of infrastructure. Contract assets are recognised when the value of goods transferred, or services rendered for the contract exceeds payments received from customers. The contract assets are transferred to trade receivables when the rights become unconditional.

Significant changes in the contract assets balances during the period are as follows:

<i>(\$ million)</i>	Group		Company	
	2022	2021	2022	2021
Transfer of contract assets recognised at the beginning of the year to trade receivables	(19)	(10)	–	–
Recognition of revenue, net of transfer to trade receivables during the year	23	25	–	–
Currency translation changes	(4)	*	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	*	*	–	–
– Contract modifications	1	(2)	–	–

Contract liabilities

Contract liabilities refer to payments received from customers that exceed the revenue recognised, which include advances received for connection and capacity charges used for delivery of utilities and revenue is recognised either over time or at a point in time. For revenue recognised over time, the balance at year-end will be recognised over the remaining period stipulated in the contracts.

Significant changes in the contract liabilities balances during the year are as follows:

<i>(\$ million)</i>	Group		Company	
	2022	2021	2022	2021
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(108)	(130)	(3)	(3)
Increases due to cash received, excluding amounts recognised as revenue during the year	147	115	–	–
Currency translation changes	(6)	3	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	(7)	(3)	–	–
– Contract modifications	(13)	(4)	–	–

B3. Taxation

This note explains how the Group's tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets held across the Group together with our view on whether we expect to be able to make use of these in future.

a. Tax Expenses

Accounting policies

Tax expense comprises current and deferred tax. Tax expense is 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 recoverable in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- i. the initial recognition of goodwill;
- ii. 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; and
- iii. differences relating to investments in subsidiaries, joint ventures and associates 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.

Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Key estimates and judgements

The Group is subjected 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 current understanding and interpretations of existing tax laws and applies judgement as to whether the tax balances will be utilised and / or reversed in foreseeable future. The eventual taxes paid or received may vary, for which the differences will be charged to profit or loss in the period when determination is made.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

a. Tax Expenses *(cont'd)*

<i>(\$ million)</i>	Note	Group	
		2022	2021*
Current tax expense			
Current year		136	66
Over provided in prior years	i	(43)	(14)
Foreign withholding tax		9	9
		102	61
Deferred tax expense			
Movements in temporary differences		11	33
Under provided in prior years	i	20	15
Effect of changes in tax rates	ii	5	15
		36	63
Land appreciation tax expense			
Current year		–	(1)
Tax expense on continuing operations		138	123

Reconciliation of effective tax rate

<i>(\$ million)</i>	Group	
	2022	2021
Profit from continuing operations	727	151
Tax expense	138	123
Share of results of associates and joint ventures, net of tax	(248)	(206)
Profit before tax and share of results of associates and joint ventures from continuing operations	617	68
Tax using Singapore tax rate of 17%	105	12
Effect of changes in tax rates	5	15
Effect of different tax rates in foreign jurisdictions	11	12
Tax incentives and income not subject to tax	(21)	(32)
Expenses not deductible for tax purposes	53	94
Utilisation of deferred tax benefits not previously recognised	(6)	(1)
(Over) / Under provided in prior years	(23)	1
Deferred tax benefits not recognised	13	7
Foreign withholding tax	9	9
Deferred tax on unremitted dividend income	1	2
Land appreciation tax	–	(1)
Others	(9)	5
Tax expense on continuing operations	138	123

- i. The under-provision of deferred tax expense with corresponding over-provision of current tax, was mainly related to tax optimisation through Group Tax Relief.
- ii. Related to the enactment of United Kingdom (UK) corporation tax rate from 19% to 25%, which will take effect from 2023.

b. Deferred Tax Assets and Liabilities

Accounting policies

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities and assets on a net basis.

A deferred tax asset is 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 utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Key estimates and judgements

Certain Group entities have tax benefits arising from unutilised tax losses, tax credits and deductible temporary differences, which are available for offset against future taxable profits. The utilisation of these tax benefits, for which deferred tax asset was recognised, is premised on these Group entities' ability to generate taxable profits in the foreseeable future.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

b. Deferred Tax Assets and Liabilities *(cont'd)*

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

<i>(\$ million)</i>	Group							At December 31
	At January 1	Recognised in profit or loss – continuing operations (Note (a))	Recognised in profit or loss – discontinued operation (Note G6)	Recognised in equity (Note (c))	Acquisition of subsidiaries (Note G5)	Transfer to held for sale (Note G6)	Translation adjustments	
2022								
Deferred tax liabilities								
Property, plant and equipment	456	65	289	–	–	(281)	(54)	475
Other financial assets	43	(6)	–	3	7	–	(1)	46
Trade and other receivables	32	1	–	–	–	–	–	33
Intangible assets	28	1	–	–	97	(6)	(8)	112
Other items	17	(5)	1	(1)	–	(1)	(1)	10
Total	576	56	290	2	104	(288)	(64)	676
Deferred tax assets								
Property, plant and equipment	(79)	*	–	–	–	–	*	(79)
Inventories	(2)	*	–	–	–	–	–	(2)
Trade receivables	(4)	(1)	(5)	–	–	5	1	(4)
Trade and other payables	(13)	1	–	*	–	–	1	(11)
Tax losses	(69)	(8)	(247)	–	*	228	32	(64)
Provisions	(28)	(15)	(1)	–	–	1	1	(42)
Other financial liabilities	(12)	*	*	(13)	–	*	1	(24)
Retirement benefit obligations	6	*	(4)	*	–	4	*	6
Other items	(21)	3	*	–	–	*	2	(16)
Total	(222)	(20)	(257)	(13)	*	238	38	(236)

<i>(\$ million)</i>	Group				At December 31
	At January 1	Recognised in profit or loss (Note (a))	Recognised in equity (Note (c))	Translation adjustments	
2021					
Deferred tax liabilities					
Property, plant and equipment	400	61	–	(5)	456
Other financial assets	24	*	19	*	43
Trade and other receivables	30	2	–	–	32
Intangible assets	30	(2)	–	*	28
Other items	5	7	5	*	17
Total	489	68	24	(5)	576
Deferred tax assets					
Property, plant and equipment	(86)	7	–	*	(79)
Inventories	(2)	*	–	–	(2)
Trade receivables	(3)	(1)	–	*	(4)
Trade and other payables	(12)	*	–	(1)	(13)
Tax losses	(45)	(26)	–	2	(69)
Provisions	(30)	2	–	*	(28)
Other financial liabilities	(26)	*	13	1	(12)
Retirement benefit obligations	6	*	–	*	6
Other items	(34)	13	–	*	(21)
Total	(232)	(5)	13	2	(222)

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

b. Deferred Tax Assets and Liabilities *(cont'd)*

<i>(S\$ million)</i>	Company				
	At January 1, 2021	Recognised in profit or loss	At December 31, 2021	Recognised in profit or loss	At December 31, 2022
Deferred tax liabilities					
Property, plant and equipment	38	(3)	35	(1)	34
Other items	(3)	(1)	(4)	*	(4)
	35	(4)	31	(1)	30
Deferred tax assets					
Provisions	(7)	1	(6)	1	(5)

The deferred tax liabilities and assets amounts determined after appropriate offsetting included in the balance sheet are as follows:

<i>(S\$ million)</i>	Group		Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Deferred tax liabilities	492	392	25	25
Deferred tax assets	(52)	(38)	–	–
	440	354	25	25

Unrecognised deferred tax liabilities

As at December 31, 2022, a deferred tax liability of S\$3 million (2021: S\$3 million) for potential taxable temporary differences arising from undistributed retained earnings related to investment in subsidiaries and joint ventures was not recognised.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised 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; or
- it is uncertain that future taxable profit will be available against which the Group entities can utilise the benefits.

The deferred tax assets that have not been recognised, which are available to be set off against future taxable income subject to the tax provisions and agreement by the relevant tax authorities of the various jurisdictions, are disclosed below:

<i>(S\$ million)</i>	Group	
	December 31, 2022	December 31, 2021
Deductible temporary differences	51	49
Tax losses	57	95
Capital allowances	54	60
	162	204

Tax losses of the Group amounting to S\$45 million (2021: S\$53 million) will predominantly expire between 2023 and 2027 (2021: 2022 and 2027). The remaining tax losses, capital allowances and deductible temporary differences do not expire under current tax legislation.

The unrecognised tax losses are reported to the extent that the taxable temporary differences arising from deferred tax liabilities have been set off against the unused tax losses (2022: S\$nil; 2021: S\$1,041 million).

c. Other Comprehensive Income

There is no income tax relating to each component of other comprehensive income, except as tabled below:

<i>(S\$ million)</i>	Group					
	Before tax	2022 Tax expense	Net of tax	Before tax	2021 Tax expense	Net of tax
Cash flow hedges: net movement in hedging reserves	(23)	9	(14)	179	(31)	148
Defined benefit plan actuarial gains and losses	(7)	2	(5)	20	(6)	14
	(30)	11	(19)	199	(37)	162

B4. Profit for the Year

Accounting policies

Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

Grant Income

Government grants relating to asset are credited to a deferred asset grant account at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached. These grants are then recognised in profit or loss as other operating income on a straight-line basis over the estimated useful lives of the relevant assets.

Non-monetary government grants and assets received are valued at fair value or nominal amounts.

Grants that compensate the Group for expenses already incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

Notes to the Financial Statements

B. Our Performance (cont'd)

B4. Profit for the Year (cont'd)

Detailed below are the key amounts recognised in arriving at our profit for the year:

(\$ million)	Note	Group	
		2022	2021*
a. Expenses			
Materials		5,496	4,479
Staff costs:			
– salaries, bonuses and other personnel related costs		436	418
– contributions to defined contribution plan		34	36
– equity-settled share-based payments	B6	25	14
– cash-settled share-based payments	B6	*	*
– contributions to defined benefit plan		1	1
Depreciation:			
– property, plant and equipment	D1	340	300
– investment properties	D2	4	3
Sub-contract cost		294	260
Repair and maintenance		102	94
(Write-back of) / Provision for remediation of legacy sites	H2	(3)	30
Amortisation of intangible assets	D3	28	21
Allowance for / (Write-back of) impairment losses (net):			
– receivables and contract assets	F4	108	16
– property, plant and equipment	D1	22	3
– intangible assets, excluding goodwill	D3	–	*
Property, plant and equipment written off		8	8
Inventories written down	E2	*	2
Audit fees paid / payable to:			
– auditors of the Company		2	1
– other member firms of KPMG International		2	2
– other auditors		1	*
Non-audit fees paid / payable to:			
– auditors of the Company		*	*
– other member firms of KPMG International		*	*
– other auditors		*	*
Intangible assets written off	D3	*	*
Bad debts written off		1	*

(\$ million)	Note	Group	
		2022	2021*
b. Other operating income			
Net change in fair value of financial assets at FVTPL (mandatorily measured)		61	43
Grants received (income related)	(i)	6	20
Gain on disposal of property, plant and equipment		1	13
Net exchange gain		14	10
c. Non-operating income / (expenses)			
Gain / (Loss) on disposal / liquidation of:			
– other financial assets		3	8
– assets held for sale	G6	–	3
– associate and joint venture		2	–
– subsidiaries		*	(3)
Net change in fair value of financial assets at FVTPL (designated on initial recognition)		(4)	7
Gross dividend income from financial assets at FVOCI		2	2
Impairment and write off of:			
– joint venture	G3biii	(2)	(212)
– other investments	ii	(8)	(1)

- i. Grant income of S\$6 million (2021: S\$20 million) in 2022 included S\$1 million (2021: S\$10 million) COVID-19 related relief mainly in the form of Foreign Worker Levy (FWL) and Job Growth Incentive (JGI). The FWL and JGI are temporary schemes introduced in the Singapore Budget to help enterprises to retain and expand the hiring of local employees.
- ii. Amount in 2022 mainly related to an investment in Vietnam for project expenses incurred by the company.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B5. Earnings Per Share

	Group	
	2022	2021 ¹
<i>(\$ million)</i>		
a. Profit attributable to owners of the Company:		
Continuing operations:		
Profit attributable to equity holders of the Company	704	130
Discontinued operation:		
Profit from discontinued operation, net of tax attributable to owners of the Company	144	149
Profit for the year attributable to owners of the Company	848	279
b. Weighted average number of ordinary shares (in million)		
Issued ordinary shares at January 1	1,780	1,781
Effect of performance shares and restricted shares released	4	4
Effect of own shares held	(2)	(1)
Weighted average number of ordinary shares	1,782	1,784
Adjustment for dilutive potential ordinary shares		
– performance shares	35	15
– restricted shares	4	7
Weighted average number of ordinary shares adjusted for all dilutive potential shares	1,821	1,806
c. Earnings per ordinary share (cents)		
– basic ¹	47.59	15.64
– diluted ²	46.57	15.45
Earnings per ordinary share (cents) – Continuing operations		
– basic ¹	39.51	7.29
– diluted ²	38.66	7.20

¹ Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

² Diluted earnings per ordinary share is calculated by dividing the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: performance shares and restricted shares.

B6. Share-based Incentive Plans

This section sets out details of the Group's share-based remuneration arrangements, including details of the Company's PSP and RSP, collectively known as Share Plans. The Company's 2020 Share Plans was approved and adopted by the shareholders at an Annual General Meeting of the Company held on May 21, 2020.

Accounting policies

Equity settled share-based incentive plan

The fair value of the compensation cost is charged to the profit or loss with a corresponding increase directly in equity. The fair value is measured at grant date and amortised over the service period to which the performance criteria relates and during which the employees become unconditionally entitled to the shares.

For awards granted with market-based performance conditions, market-based performance conditions are taken into account in estimating the fair value. For awards granted with non-market-based performance conditions, the compensation cost is estimated on a basis that the amount fairly reflects the manner in which the benefits will accrue to the employee over the service period to which the performance period relates.

At the balance sheet date, the Group revises its estimates of the number of performance-based 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, with a corresponding adjustment to equity over the remaining vesting period.

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.

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.

Cash settled share-based incentive plan

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. The liability takes into account the performance achieved for the year and the probability of achieving the performance conditions in the future.

Until the liability is settled, the Group will remeasure 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.

Key estimates and judgements

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.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B6. Share-based Incentive Plans *(cont'd)*

The table below shows share-based expense that was recognised during the year.

<i>(\$ million)</i>	2022	2021*
Equity-settled share-based	25	14
Cash-settled share-based	*	*

a. Equity-settled share-based incentive Performance Share Plan (PSP)

One of the primary objectives of the SCI PSP 2020 is to further motivate key senior management, who has the responsibility and are able to drive the growth of the Company, strive for superior performance and deliver long-term shareholder value.

Awards granted under the SCI PSP 2020 are performance-based. Performance targets set under the SCI PSP 2020 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth.

The ERCC grants an initial number of shares (initial award) which are conditional on targets set for a performance period. A specified number of shares will only be released by the ERCC to the participants at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over the performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

For grants made in 2022, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

3-Year PSP Performance Conditions	Final Number of Shares to be Released
1. Absolute Total Shareholders' Return (ATSR)	0% to 200% of initial grant
2. Relative Total Shareholders' Return (RTSR)	
3. Gross Renewable Energy Capacity	
5-Year PSP-TI Performance Conditions	Final Number of Shares to be Released
1. Gross Installed Renewable Energy Capacity	0% to 140% of initial grant
2. Sustainable Solutions' Profit	
3. Sustainable Land Banking and Land Sales	
4. Greenhouse Gas Emission Intensity Reduction	

Restricted Share Plan (RSP)

The number of restricted share awards granted was based on the achievement of stretched financial and non-financial targets for the preceding financial year, with emphasis on organisational transformation to meet future challenges and adherence to environment, health and safety standards.

For the grant awarded in 2022, a third of the SCI RSP awards granted will vest immediately with the remaining two-thirds of the awards vesting over the following two years in equal tranches.

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 SCI RSP 2020. Non-executive directors were not awarded any shares except as part of their directors' fees (except for Wong Kim Yin, who is the Group President & CEO, and who does not receive any directors' fees). The awards granted comprised 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 the value of their annual base retainer; any excess may be sold as desired, subject to SGX-ST listing rules. A non-executive director may only dispose all of his shares one year after leaving the board.

The actual number of shares awarded to each non-executive director will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange (SGX) 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) (or, if the resolution to approve the final dividend is not approved, 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 payment of the share component will receive all of his director's fees for the year (calculated on a pro-rated basis, where applicable) in cash.

Movement in the number of shares under the Company's PSP and RSP are as follows:

	2022		2021	
	PSP	RSP	PSP	RSP
At January 1	14,297,428	6,307,724	7,682,784	10,512,748
Shares awarded	12,103,400	2,931,594	11,579,491	2,973,712
Shares released	(1,076,800)	(4,904,932)	–	(5,924,403)
Shares lapsed	(505,994)	(262,339)	(1,360,565)	(1,254,333)
Performance shares lapsed arising from targets not met	(2,106,243)	–	(3,604,282)	–
At December 31	22,711,791	4,072,047	14,297,428	6,307,724

Subsequent to December 31, 2022 and up to the date of this report, a total of 8,224,400 shares was awarded to employees of the Group including a director of the Company under the SCI PSP 2020. Please refer to the Directors' Report for more details.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B6. Share-based Incentive Plans *(cont'd)*

a. Equity-settled share-based incentive *(cont'd)*

SCI PSP

PSP awards granted have both market-based and non-market-based performance conditions. The Committee reviews achievement of the performance targets annually. In 2022, 2,106,243 (2021: 3,604,282) performance shares lapsed for under-achievement of the performance targets for the performance period 2019 to 2021 (2021: 2018 to 2020).

Of the performance shares released, 19,900 (2021: nil) performance shares were cash-settled. The remaining performance shares were released via the issuance of treasury shares.

The total number of performance shares in awards granted conditionally but not released as at December 31, 2022, was 22,711,791 (2021: 14,297,428). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 34,557,122 (2021: 22,348,888) performance shares.

SCI RSP

Of the restricted shares released, 262,954 (2021: 420,456) restricted shares were cash-settled. The remaining restricted shares were released via the issuance of treasury shares.

The total number of restricted shares outstanding, including award(s) achieved but not released, as at December 31, 2022, was 4,072,047 (2021: 6,307,724). The RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 4,072,047 (2021: 6,307,724) restricted shares.

Awards for the performance and corporate objectives achieved in 2022 will be granted in 2023 (2021: achieved in 2021 will be granted in 2022).

The fair values of the performance and restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.

	PSP Date of Grant				
	May 31, 2022	May 31, 2022	May 31, 2021	May 31, 2021	August 6, 2021
Fair value at measurement date	S\$2.52 ¹	S\$3.60 ¹	S\$2.84 ¹	S\$2.60 ¹	S\$1.67
Assumptions under the Monte Carlo model					
Share price	S\$2.85	S\$2.85	S\$2.23	S\$2.23	S\$2.00
Expected volatility	1.7% – 36.1%	36.7%	36.5%	36.5%	NA
Risk-free interest rate	1.8% – 2.6%	2.2%	0.4%	0.6%	0.4% – 1.3%
Expected dividend	3.2%	3.2%	3.9%	4.2%	3.7%

¹ Fair value computed based on different performance periods.

	RSP Date of Grant			
	March 31, 2022	April 1, 2022	March 30, 2021	May 31, 2021
Fair value at measurement date	S\$2.58	S\$2.58	S\$1.78	S\$2.15
Assumptions under the Monte Carlo model				
Share price	S\$2.67	S\$2.67	S\$1.86	S\$2.23
Expected volatility	36.4%	36.4%	35.5%	36.5%
Risk-free interest rate	1.9%	1.9%	0.6%	0.5%
Expected dividend	3.4%	3.4%	4.9%	4.2%

C. Our Funding

In 2022, the Group has continued to secure additional sustainability-linked credit facilities and has issued S\$300 million sustainability-linked notes to support its strategic transformation from brown to green. Please refer to Note C5 for further details.

Equity value as at December 31, 2022 is enhanced by the strong performance for the year offset by the negative change in foreign currency translation reserve due to the depreciation of India Rupee and Renminbi against Singapore Dollar.

C1. Capital Structure

Capital management

The Group maintains a disciplined approach to capital management. The Group seeks to optimise the overall portfolio, maintain investor, creditor and market confidence, fund future developments and growth, while at the same time maintaining an appropriate dividend policy.

The Group's policy is to borrow centrally using a mixture of long-term and short-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain Group entities.

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:

(\$ million)	Note	Group	
		2022	2021
Debt	C5, i	7,070	7,391
Total equity		4,216	3,918
Total debt and equity		11,286	11,309
Debt-to-capitalisation ratio		0.63	0.65

i. As at December 31, 2022, SEIL's borrowing of S\$1,172 million was presented under liabilities held for sale (see Note G6). Including SEIL's borrowing, the Group's total borrowing is S\$8,242 million.

There were no changes in the Group's approach to capital management during the year except as disclosed above.

Some of the Group entities are required to maintain a certain ratio of net borrowings to net assets and level of leverage under their respective loan arrangements with banks. These externally imposed capital requirements have been complied with as at the respective balance sheet dates.

C2. Share Capital and Treasury Shares

Accounting policies

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.

Repurchase, disposal and re-issue of share capital (treasury shares)

When the ordinary shares are reacquired by the Company, the consideration paid is recognised as deduction from equity, presented as reserve for own shares (Note C3). Reacquired shares are classified as treasury shares.

When the treasury shares are subsequently sold or re-issued, the cost of the treasury shares is reversed from reserve for own shares account and the realised gain or loss on the transaction is presented as a change in equity of the Company. No gain or loss is recognised in profit or loss.

Notes to the Financial Statements

C. Our Funding (cont'd)

C2. Share Capital and Treasury Shares (cont'd)

	Number of shares	
	Issued Share Capital	Treasury Shares
At January 1, 2021	1,787,547,732	6,238,773
Treasury shares purchased	–	6,780,700
Treasury shares transferred pursuant to restricted share plan	–	(5,503,947)
At December 31, 2021	1,787,547,732	7,515,526
Treasury shares purchased	–	8,947,300
Treasury shares transferred pursuant to performance share plan	–	(1,056,900)
Treasury shares transferred pursuant to restricted share plan	–	(4,641,978)
At December 31, 2022	1,787,547,732	10,763,948

The holders of ordinary 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 rank equally with regards to the Company's residual assets.

Issued and paid up capital

As at December 31, 2022, the Company's issued and paid-up capital excluding treasury shares comprised 1,776,783,784 (2021: 1,780,032,206) ordinary shares.

Treasury shares

During the year, the Company acquired 8,947,300 (2021: 6,780,700) ordinary shares in the Company by way of on-market purchases. A total of 5,698,878 (2021: 5,503,947) treasury shares were re-issued pursuant to the Performance Share Plan (PSP) and Restricted Share Plan (RSP).

As at December 31, 2022, the Company held 10,763,948 (2021: 7,515,526) of its own uncanceled shares as treasury shares that may be re-issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

C3. Other Reserves

	Note	Group		Company	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<i>(\$ million)</i>					
Distributable					
Reserve for own shares		(31)	(15)	(31)	(15)
Non-distributable					
Foreign currency translation reserve	a, g	(957)	(401)	–	–
Capital reserve	b, g	176	156	–	–
Merger reserve	c	29	29	–	–
Share-based payments reserve	d	11	(5)	19	5
Fair value reserve	e	40	40	–	–
Hedging reserve	f	93	48	–	–
		(639)	(148)	(12)	(10)

Type of other reserve	Nature
a. Foreign currency translation reserve	Comprises: <ol style="list-style-type: none"> foreign exchange differences arising from translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign entities, and translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities.
b. Capital reserve	Comprises: <ol style="list-style-type: none"> acquisitions and disposals with non-controlling interests that do not result in a change of control, capitalisation of accumulated profits for the issue of bonus shares, capital reserve (net of goodwill) on consolidation and equity accounting, asset revaluation reserve, capital redemption reserve, convertible loan stock reserve, transfer from revenue reserve in accordance with the regulations of the foreign jurisdiction in which the Group's subsidiaries, associates and joint ventures operate, and treasury shares of a subsidiary, and recognition of call options issued to non-controlling interests of subsidiaries.
c. Merger reserve	The difference between the values of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.
d. Share-based payments reserve	Represents the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance-based restricted shares.
e. Fair value reserve	Includes the cumulative net change in the fair value of equity investments designated at FVOCI until the investments are derecognised. This does not include impairment losses recognised in profit or loss prior to January 1, 2018.
f. Hedging reserve	The effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
g.	As at December 31, 2022, the foreign currency translation loss and capital reserve of the disposal group were S\$418 million and S\$290 million, respectively. These reserves will be realised to profit or loss at the completion of the sale of SEIL shares.

Notes to the Financial Statements

C. Our Funding (cont'd)

C4. Dividends

Accounting policies

Dividends

Dividends on ordinary shares are recognised when they are approved for payments. Dividends on ordinary shares and redeemable preference shares classified as equity are accounted for as movements in revenue reserve.

A liability to distribute non-cash assets as dividend to its owners is measured at the fair value of the assets to be distributed. The differences between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.

Dividend Paid / Payable

(\$ million)	Group and Company	
	2022	2021
Interim one-tier tax-exempt dividend of 4 cents per share in respect of year 2022 (2021: 2 cents per share in respect of year 2021)	71	36
Final one-tier tax-exempt dividend of 3 cents per share in respect of year 2021 (2021: 4 cents per share in respect of year 2020)	54	71
	125	107

Subject to the approval by the shareholders at the next Annual General Meeting, the directors have proposed a final ordinary one-tier tax-exempt dividend of 4 cents per share (2021: 3 cents per share) and a special dividend of 4 cents per share (2021: nil). This amounts to an estimated net dividend of S\$142 million (2021: S\$54 million) in respect of the year ended December 31, 2022, based on the number of issued shares as at December 31, 2022.

The total proposed dividend of 8 cents per share (2021: 3 cents per share) has not been included as a liability in the financial statements.

C5. Interest-bearing Borrowings

(\$ million)	Note	Group	
		December 31, 2022	December 31, 2021
Current liabilities			
Non-convertible debentures		139	11
Secured term loans	a	122	601
Unsecured term loans	b	835	142
Total		1,096	754
Non-current liabilities			
Non-convertible debentures		–	154
Secured term loans	a	1,717	2,574
Unsecured term loans	b	4,257	3,909
Total		5,974	6,637
Total interest-bearing borrowings (measured at amortised cost)		7,070	7,391

Included in interest-bearing borrowings were S\$546 million (2021: S\$372 million) of loans taken with a related corporation.

Effective Interest Rates and Maturity of Liabilities

	Group Effective interest rate %	
	2022	2021
Floating rate loans	1.05–10.58	0.96–10.81
Fixed rate loans	0.77–11.48	0.77–11.48
Bonds and notes	2.45–4.25	2.45–4.25
Debentures	9.15	9.15–9.65
	Group	
(\$ million)	2022	2021
Less than 1 year, or on demand	1,096	754
Between 1 to 5 years	3,593	4,165
More than 5 years	2,381	2,472
Total interest-bearing borrowings (measured at amortised cost)	7,070	7,391

a. Secured Term Loans

The secured term loans are collateralised by the following assets:

(\$ million)	Note	Group Net Book Value	
		December 31, 2022	December 31, 2021
Property, plant and equipment	D1i	1,971	4,487
Mutual funds	H1i	35	83
Trade and other receivables	E1	839	1,325
Intangible assets	D3	*	*
Inventories	E2	25	127
Cash and cash equivalents	E4	156	259
Equity shares of a subsidiary		33	241

Notes to the Financial Statements

C. Our Funding (cont'd)

C5. Interest-bearing Borrowings (cont'd)

b. Unsecured Term Loans

Included in the unsecured term loans of the Group are medium-term notes which the Company has jointly established with Sembcorp Financial Services Pte Ltd (SFS), a wholly-owned subsidiary of the Company via the S\$2.5 billion and S\$3.0 billion Multicurrency Debt Issuance Programmes (the Programme). Under the Programme, the Company, together with SFS and certain other Group entities (the Issuing Subsidiaries), may from time-to-time issue Notes and Securities under the Programme subject to availability of funds from the market. The obligations of the Issuing Subsidiaries under the Programme are fully guaranteed by the Company.

As at December 31, 2022 and December 31, 2021, the Group has the following outstanding medium-term notes issued under the Programme:

(\$ million)	Nominal interest rate	Year of issue	Year of maturity	Principal amount	
				December 31, 2022	December 31, 2021
S\$ medium-term notes	4.25%	2010	2025	100	100
S\$ medium-term notes	3.64%	2013	2024	200	200
S\$ medium-term notes	3.59%	2014	2026	150	150
S\$ medium-term notes	2.45%	2021	2031	400	400
S\$ medium-term notes	2.66%	2021	2032	675	675
S\$ medium-term notes	3.74%	2022	2029	300	–
				1,825	1,525

In 2022, the Group issued a S\$300 million sustainability-linked bond and secured an additional S\$1.8 billion of sustainability-linked revolving credit and term loan facilities through SFS. In 2021, the Group issued S\$400 million Green Bonds and S\$675 million sustainability-linked notes.

As at December 31, 2022, the Group has deployed approximately S\$2,979 million (2021: S\$908 million) of funding from green and sustainable financing.

As at December 31, 2022, an amount of S\$489 million (2021: S\$419 million) medium-term notes were held by a related corporation.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

(\$ million)	2022				2021			
	Accrued interest payable (Note E3)	Interest-bearing borrowings (Note C5)	Lease liabilities (Note D1.1)	Total	Accrued interest payable (Note E3)	Interest-bearing borrowings (Note C5)	Lease liabilities (Note D1.1)	Total
Balance at January 1	15	7,391	258	7,664	11	7,728	226	7,965
Cash flows								
Cash payments	–	(3,544)	(23)	(3,567)	–	(3,752)	(15)	(3,767)
Cash proceeds	–	3,854	–	3,854	–	3,403	–	3,403
Interest paid	(242)	–	(10)	(252)	(323)	–	(7)	(330)
Non-cash items								
Acquisition of subsidiaries	1	881	11	893	–	–	–	–
Transfer to liabilities held for sale	–	(1,265)	*	(1,265)	–	–	–	–
Interest expenses, including amortisation of capitalised transaction costs	255	33	10	298	327	18	9	354
New leases	–	–	45	45	–	–	43	43
Write-off of lease liabilities	–	–	*	*	–	–	*	*
Remeasurement of lease liabilities / Adjustment to upfront fees	–	–	5	5	–	–	2	2
Foreign exchange movement	*	(280)	(9)	(289)	*	(6)	*	(6)
	256	(631)	62	(313)	327	12	54	393
Balance at December 31	29	7,070	287	7,386	15	7,391	258	7,664

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C6. Net Interest Expense

Accounting policies

Finance income is recognised in profit or loss as it accrues, using the effective interest rate method. It includes interest income from non-current receivables.

Finance costs include interest expense on borrowings and lease liabilities, unwinding of discounts on provision, amortisation of capitalised transaction costs, transaction costs written off and termination of interest rate swaps. Finance costs are expensed in profit or loss 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.

In calculating the 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 impaired financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

<i>(\$ million)</i>	Note	Group	
		2022	2021*
Finance income			
Finance income from financial assets measured at amortised cost			
– associates and joint ventures		6	6
– bank and others		31	15
		37	21
Finance costs			
Interest paid and payable to, measured at amortised cost			
– banks and others		280	268
Amortisation of capitalised transaction costs		13	9
Unwind of accretion on restoration costs	H2	2	1
Significant financing component from contracts with customers		3	4
Interest rate swaps:			
– changes in fair value through profit or loss		*	*
– ineffective portion of changes in fair value		2	5
Interest expense on amortisation of lease liabilities	D1.1	10	9
		310	296

C7. Contingent Liabilities

Key estimates and judgements

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, an 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.

Group

The Group has provided guarantees to banks to secure banking facilities provided to joint ventures and commodities traders. These financial guarantee contracts are accounted for as insurance contracts. The principal risk that the Group and the Company are exposed to in connection with guarantee contracts it has issued is credit risk. 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 this risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties.

There are no terms and conditions attached to the guaranteed contracts that would have a material effect on the amount, timing and uncertainty of the Group's and the Company's future cash flows.

Estimates of the Group's and Company's obligations arising from financial guaranteed 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 the balance sheet date, there is no provision made in respect of the obligations.

As at the balance sheet date, the Group had the following contingent liabilities:

<i>(\$ million)</i>	Group	
	December 31, 2022	December 31, 2021
Guarantees given to banks to secure banking facilities provided to:		
– Joint ventures	25	27
– Commodities traders	168	54
– Others	*	*
Performance guarantees to external parties	264	260

The periods in which the financial guarantees expire are as follows:

<i>(\$ million)</i>	Group	
	December 31, 2022	December 31, 2021
Less than 1 year	193	78
Between 1 to 5 years	*	3
	193	81

The Group's subsidiaries are involved in certain tax disputes, where the amount of potential exposure has been estimated to be approximately S\$52 million (2021: S\$39 million), which predominately is from the disposal group.

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C7. Contingent Liabilities *(cont'd)*

Company

- a. The Company has provided guarantees to banks to secure banking facilities provided to a wholly-owned subsidiary, SFS. These financial guarantee contracts are accounted for as insurance contracts.

The intra-group financial guarantees granted by the Company amounted to S\$8,831 million (2021: S\$7,849 million), with S\$4,139 million (2021: S\$3,513 million) drawn down as at the balance sheet date. The periods in which the financial guarantees expire are as follows:

<i>(S\$ million)</i>	Company	
	December 31, 2022	December 31, 2021
Less than 1 year	800	–
Between 1 to 5 years	1,963	1,847
More than 5 years	1,376	1,666
	4,139	3,513

- b. The Company has provided corporate guarantees of S\$159 million (2021: S\$110 million) to a subsidiary, Sembcorp Cogen Pte Ltd (SembCogen) for the following:
- i. Two long-term agreements entered in 2010 for the purchase of a total 42 BBtud (Billion British thermal units per day) of liquefied natural gas (LNG) from Shell Gas Marketing Pte Ltd (Shell) (formerly known as BG Singapore Gas Marketing Pte Ltd). With a start date on May 7, 2013 and September 1, 2015 respectively, the agreements have a term of 10 years and SembCogen has an option to extend the term by 2 successive periods of 5 years each subject to fulfilment of conditions set in the agreements. The obligations of SembCogen under the LNG purchase agreements are currently secured by corporate guarantees issued by the Company in favour of Shell.

C8. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets such as network infrastructure and IT systems. These amounts are not recorded in the consolidated balance sheet since the Group has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that the Group is committed to pay.

Commitments not provided for in the financial statements are as follows:

<i>(S\$ million)</i>	Note	Group	
		2022	2021
– Commitments in respect of acquisition of investments	a	–	1,020
– Commitments in respect of contracts placed for property, plant and equipment	b	334	152
– Commitments in respect of a civil settlement in China	c	45	45
– Uncalled commitments to subscribe for additional shares in joint ventures and other investments		40	52
– Commitments in respect of purchase of investment properties		30	–
		449	1,269

- a. The commitments in respect of the acquisitions of SDIC New Energy Investment Co., Ltd and Shenzhen Huiyang New Energy (HYNE) were completed during the year (see Note G3 and G5, respectively).
- b. The amount in 2022 included the construction of a 150MW battery at Wilton International, Teesside, UK.
- c. As part of the settlement relating to the discharge of off-specification wastewater by its 98.42% owned wastewater treatment company, Sembcorp Nanjing Suifu Company Limited, the Group is committed to investments of S\$45 million over four years (by December 2023) to develop projects and initiatives to support environmental protection in China. As at December 31, 2022, the Group has commenced on these investments and completed certain projects including upgrading of wastewater treatment plants in China, where the actual investment spend of completed projects is subject to audit and confirmation by the Nanjing Procuratorate and court.

Notes to the Financial Statements

D. Our Assets

In line with the Group's strategic plan on energy transition and sustainable development, the Group has continued to invest in renewable power equipment to enhance its energy sustainability portfolio.

D1. Property, Plant and Equipment

Accounting policies

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment losses. The cost initially recognised includes acquisition costs, costs directly attributable to bringing the assets to the location and working condition for their intended use and capitalised borrowing costs. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of PPE and estimated costs to be incurred for restoring the asset upon expiry of the lease agreement.

i. Subsequent Expenditure

Subsequent expenditure is recognised in the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of PPE are expensed to profit or loss when incurred. For items subject to regular overhauls, the overhaul costs incurred are capitalised and the carrying amounts of replaced components are written off to profit or loss.

ii. Depreciation

Depreciation is based on the cost of an asset less its residual value (i.e. the estimated net amount to be obtained from disposal). Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each major component of an item of PPE as follows:

Leasehold land	Lease period of 5 to 84 years
Buildings	3 to 50 years
Improvements to premises	3 to 30 years
Quays and dry docks	9 to 28 years
Infrastructure	25 to 30 years
Plant and machinery	3 to 30 years
Tools and workshop equipment	3 to 10 years
Furniture, fittings and office equipment	1 to 10 years
Motor vehicles	2 to 10 years

No depreciation is provided on freehold land and capital work-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

iii. Impairment

At the end of each reporting period, assessment is performed to identify whether there is any indication that an asset may be impaired. Impairment occurs when the carrying value of assets or its smallest identifiable, independent asset group that generates cash flows (cash-generating unit (CGU)) is greater than their recoverable amount. The recoverable amount is the higher of the assets' fair value less cost to sell and their value-in-use (VIU) (i.e. present value of the net cash flows they are expected to generate). The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

iv. Reversals of impairment

Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's 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. A reversal of impairment loss for an asset is recognised in profit or loss.

v. Disposals

Gains or losses arising from the retirement or disposal of PPE 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.

Key estimates and judgements

Judgments are used in estimating the recoverable amount of an asset, i.e. in determining an asset's fair value and in assessing its VIU (the future cash flows expected to be generated by the asset and the pre-tax discount rate in bringing them to present value). In making these estimates, the Group considers the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the PPE and changes to the expected usage of the asset.

The Group also applies judgement in determining an asset's depreciation methods, estimated useful lives and residual values. These are reviewed annually, taking into consideration factors such as changes in the expected level of usage and technological developments, and adjusted prospectively where appropriate.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

<i>(\$ million)</i>	Note	Leasehold and freehold land and buildings	Improvements to premises	Quays and dry docks	Infrastructure	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Group											
Cost / Valuation											
Balance at January 1, 2022		401	85	12	55	9,584	70	88	159	359	10,813
Translation adjustments		(20)	(7)	–	(1)	(479)	(2)	(1)	(14)	(13)	(537)
Additions		5	1	–	–	106	6	2	544	55	719
Reclassification		1	5	–	*	446	*	3	(456)	1	–
Acquisition of subsidiaries	iii	33	–	–	–	885	*	*	–	14	932
Transfer from investment properties	D2	3	–	–	–	–	*	–	–	–	3
Transfer from / (to) other financial assets		–	–	–	–	*	–	–	*	–	*
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	7	7
Transfer to assets held for sale	G6	(87)	–	–	(54)	(3,290)	(6)	(2)	(3)	(12)	(3,454)
Disposals / Write-offs		(1)	(1)	–	–	(65)	(7)	(8)	*	(6)	(88)
Balance at December 31, 2022		335	83	12	–	7,187	61	82	230	405	8,395
Accumulated Depreciation and Impairment Losses											
Balance at January 1, 2022		111	24	9	28	3,354	51	41	6	95	3,719
Translation adjustments		(5)	(1)	–	(1)	(141)	(1)	*	(1)	(2)	(152)
Depreciation for the year											
– Continuing operations	B4a	9	4	1	*	288	6	9	–	23	340
– Discontinued operation	G6	1	–	–	3	82	*	*	–	1	87
Reclassification		1	–	–	–	(1)	*	*	–	–	–
Transfer from investment properties	D2	*	–	–	–	–	–	–	–	–	*
Transfer to assets held for sale	G6	(9)	–	–	(30)	(805)	(4)	(1)	–	(1)	(850)
Disposals / Write-offs		(1)	*	–	–	(57)	(7)	(7)	*	(4)	(76)
Impairment losses	v, vi, B4a	*	*	–	–	22	*	–	–	–	22
Balance at December 31, 2022		107	27	10	–	2,742	45	42	5	112	3,090
Carrying Amounts											
At January 1, 2022		290	61	3	27	6,230	19	47	153	264	7,094
At December 31, 2022		228	56	2	–	4,445	16	40	225	293	5,305

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

<i>(\$ million)</i>	Note	Leasehold and freehold land and buildings	Improvements to premises	Quays and dry docks	Infrastructure	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Group											
Cost / Valuation											
Balance at January 1, 2021		388	75	12	56	9,420	63	65	158	312	10,549
Translation adjustments		4	4	–	(1)	(26)	*	*	*	2	(17)
Additions		2	2	*	–	139	7	23	136	49	358
Reclassification		5	6	–	*	113	1	7	(132)	*	–
Acquisition of subsidiaries	iii	–	–	–	–	1	–	–	–	–	1
Transfer from investment properties	D2	4	–	–	–	–	*	–	–	–	4
Transfer to intangible assets		–	–	–	–	–	–	–	(1)	–	(1)
Transfer to other financial assets		–	–	–	–	–	*	–	–	–	*
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	3	3
Disposals / Write-offs		(2)	(2)	*	–	(63)	(1)	(7)	(2)	(7)	(84)
Balance at December 31, 2021		401	85	12	55	9,584	70	88	159	359	10,813
Accumulated Depreciation and Impairment Losses											
Balance at January 1, 2021		100	21	9	24	3,022	46	35	6	82	3,345
Translation adjustments		1	1	–	*	4	*	*	*	*	6
Depreciation for the year											
– Continuing operations	B4a	8	3	*	–	255	5	10	–	19	300
– Discontinued operation	G6	1	–	–	4	126	1	*	–	*	132
Reclassification		(1)	*	–	–	1	*	–	–	–	–
Transfer from investment properties	D2	3	–	–	–	–	–	–	–	–	3
Disposals / Write-offs		(1)	(1)	*	–	(55)	(1)	(6)	–	(6)	(70)
Impairment losses	B4a	*	*	–	–	1	*	2	–	*	3
Balance at December 31, 2021		111	24	9	28	3,354	51	41	6	95	3,719
Carrying Amounts											
At January 1, 2021		288	54	3	32	6,398	17	30	152	230	7,204
At December 31, 2021		290	61	3	27	6,230	19	47	153	264	7,094

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

Group

- i. PPE with the following net book values have been pledged to secure loan facilities granted to subsidiaries. The PPE of the disposal group and the corresponding amount pledged are presented under assets held for sale (Note G6).

<i>(\$ million)</i>	Note	Group	
		December 31, 2022	December 31, 2021
Freehold land and buildings		70	160
Leasehold land and buildings including right-of-use assets		33	44
Plant and machinery		1,862	4,241
Capital work-in-progress		4	8
Other assets		2	34
	C5a	1,971	4,487

- ii. During the year, interest and direct staff costs amounting to S\$4 million (2021: S\$2 million) and S\$4 million (2021: S\$2 million), respectively were capitalised as capital work-in-progress. The capitalised interest costs are calculated using a rate from 3.84% to 4.99% (2021: 4.04% to 4.99%).
- iii. PPE arising from the acquisition of subsidiaries were stated at fair value at the acquisition date (Note G5).
- iv. In 2022, the provision for restoration costs capitalised in PPE amounted to S\$34 million (2021: S\$16 million) (Note H2).

- v. In 2022, due to more stringent emission standards that will come into force in Singapore in 2023, an assessment was performed on a woodchip boiler facility's efficiency and effectiveness in meeting the new emission standards. An impairment of S\$18 million was recognised in cost of sales to reduce the carrying value of the facility to its recoverable amount as higher operating costs are expected to be incurred for the facility to meet the new emission standards. The recoverable amount was estimated based on its value-in-use, determined using a pre-tax discount rate of 5.5%.
- vi. In 2022, following management's review of the economic performance of the water plant in Qinzhou, China, an impairment of S\$4 million was made and recognised in cost of sales. The assessment takes into consideration current and future water tariffs and used 20 years cash flow projections, with the expected capital expenditure in accordance with the plant maintenance programme, representing the estimated remaining useful life of the plant and a pre-tax discount rate of 6.5% to determine the recoverable amount of the plant.

Change in estimates

In 2021, the Group revised its estimates for the useful lives of certain assets within plant and machinery from 25 to 30 years to align with the term of the Engineering, Procurement and Construction (EPC) contracts, taking into consideration that the assets have been operating within design limits and are in good condition due to regular maintenance, as observed by an external consultant during a technical study conducted. The effect of these changes on depreciation expense in current and future periods on assets currently held, which is contributed by the disposal group is as follows:

<i>(\$ million)</i>	2021	2022	2023	2024	2025	Later
Group						
(Decrease) / Increase in depreciation expense and increase / (decrease) in profit before tax	(6)	(25)	(25)	(25)	(25)	106

Notes to the Financial Statements

D. Our Assets (cont'd)

D1. Property, Plant and Equipment (cont'd)

(\$ million)	Leasehold and freehold land and buildings	Improvements to premises	Quays and dry docks	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Company									
Cost									
Balance at January 1, 2022	20	7	8	735	22	3	15	145	955
Additions	*	*	–	23	*	*	5	12	40
Remeasurement adjustments for right-of-use assets	–	–	–	–	–	–	–	3	3
Reclassification	–	*	–	16	1	–	(17)	–	–
Transfer to assets held for sale	*	–	–	–	–	–	–	–	*
Disposals / Write-offs	(1)	*	–	(42)	(1)	(1)	–	*	(45)
Balance at December 31, 2022	19	7	8	732	22	2	3	160	953
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2022	14	7	4	493	19	2	–	51	590
Depreciation for the year	1	*	2	43	1	*	–	12	59
Transfer to assets held for sale	*	–	–	–	–	–	–	–	*
Disposals / Write-offs	(1)	*	–	(42)	(1)	(1)	–	*	(45)
Impairment losses	*	–	–	1	–	–	–	–	1
Balance at December 31, 2022	14	7	6	495	19	1	–	63	605
Carrying Amounts									
At January 1, 2022	6	–	4	242	3	1	15	94	365
At December 31, 2022	5	–	2	237	3	1	3	97	348
Company									
Cost									
Balance at January 1, 2021	20	7	8	730	20	3	7	142	937
Additions	*	*	*	23	2	*	9	3	37
Remeasurement adjustments for right-of-use assets	–	–	–	–	–	–	–	*	*
Reclassification	–	–	–	1	–	–	(1)	–	–
Disposals / Write-offs	*	*	*	(19)	*	*	–	*	(19)
Balance at December 31, 2021	20	7	8	735	22	3	15	145	955
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2021	13	7	4	466	17	1	–	46	554
Depreciation for the year	1	*	*	44	2	*	–	5	52
Disposals / Write-offs	*	*	*	(17)	*	*	–	*	(17)
Impairment losses	*	*	–	*	*	1	–	*	1
Balance at December 31, 2021	14	7	4	493	19	2	–	51	590
Carrying Amounts									
At January 1, 2021	7	–	4	264	3	2	7	96	383
At December 31, 2021	6	–	4	242	3	1	15	94	365

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1.1 Right-of-Use Assets and Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, please refer to Note D2 Investment Properties and Note B2 under Rental Income.

Accounting policies

The Group determines whether an arrangement is or contains a lease at inception. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. These right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The policy on impairment and reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially used at the commencement date
- the extension option if the Group is reasonably certain to exercise that option
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- amounts expected to be payable by the Group under residual value guarantees, and
- payments of penalties for terminating the lease, if the leases term reflects the Group exercising that option

These lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee's incremental borrowing rate. The resulting finance cost is charged to profit or loss over the lease period.

Lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments, with a corresponding adjustment to the right-of-use asset or in profit or loss if the carrying amount of the asset has been reduced to zero.

Payment associated with short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Adoption of the amendment to SFRS(I) 16 COVID-19-related rent concession:

Rent concessions linked to COVID-19 pandemic are not assessed and accounted for as lease modifications but are taken to profit or loss.

Key estimates and judgements

The Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. If the Group should exercise the extension option, the potential future lease payments would result in an increase in lease liability.

a. Amounts recognised in the balance sheets

<i>(\$ million)</i>	Group	
	December 31, 2022	December 31, 2021
Right-of-use assets		
Leasehold land and buildings	272	247
Plant and machinery	5	6
Motor vehicles	16	11
Furniture, fittings and office equipment	*	*
Total	293	264
Lease liabilities		
Current	17	14
Non-current	270	244
Total	287	258
<i>Maturity analysis</i>		
Within 1 year	17	14
After 1 year but within 5 years	85	56
After 5 years	185	188
Total	287	258

In 2022, additions to the right-of-use assets were S\$55 million (2021: S\$49 million).

<i>(\$ million)</i>	Company	
	December 31, 2022	December 31, 2021
Right-of-use assets		
Leasehold land and buildings	72	67
Plant and machinery	25	27
Total	97	94
Lease liabilities		
Current	10	5
Non-current	107	110
Total	117	115
<i>Maturity analysis</i>		
Within 1 year	10	5
After 1 year but within 5 years	18	18
After 5 years	89	92
Total	117	115

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1.1 Right-of-Use Assets and Leases *(cont'd)*

b. Amounts recognised in profit or loss

<i>(\$ million)</i>	Note	Group	
		2022	2021*
Depreciation charge of right-of-use assets:			
– Leasehold land and buildings		17	16
– Plant and machinery		1	1
– Motor vehicles		5	2
– Furniture, fittings and office equipment		*	*
		23	19
Interest expense on lease liabilities (included in finance cost)	C6	10	9
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)		*	*
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in cost of goods sold and administrative expenses)		7	6
Expense relating to variable lease payments not included in lease liabilities (included in cost of goods sold and administrative expenses)		–	*

The total cash outflow for leases in 2022 was S\$33 million (2021: S\$22 million).

D2. Investment Properties

The Group holds certain properties for rental yields and capital appreciation.

Accounting policies

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 20 to 60 years or the lease period of 15 to 16 years. The assets' depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. No depreciation is provided on freehold land.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

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.

The policy on impairment and reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

<i>(\$ million)</i>	Note	Group		Total
		Investment properties	Investment properties work-in-progress	
Cost				
Balance at January 1, 2022		159	5	164
Translation adjustments		(12)	(1)	(13)
Additions		3	11	14
Reclassification		5	(5)	–
Transfer to property, plant and equipment	D1	(3)	*	(3)
Disposals / Write-offs		(4)	–	(4)
Balance at December 31, 2022		148	10	158
Accumulated Depreciation				
Balance at January 1, 2022		26	–	26
Translation adjustments		(1)	–	(1)
Depreciation for the year	B4a	4	–	4
Transfer to property, plant and equipment	D1	*	–	*
Disposals / Write-offs		(4)	–	(4)
Balance at December 31, 2022		25	–	25
Carrying Amounts				
At January 1, 2022		133	5	138
At December 31, 2022		123	10	133

Notes to the Financial Statements

D. Our Assets (cont'd)

D2. Investment Properties (cont'd)

(\$ million)	Note	Group		Total
		Investment properties	Investment properties work-in-progress	
Cost				
Balance at January 1, 2021		158	3	161
Translation adjustments		6	*	6
Additions		*	2	2
Reclassification		*	*	-
Transfer to property, plant and equipment	D1	(4)	-	(4)
Transfer to inventories		(1)	-	(1)
Disposals / Write-offs		*	-	*
Balance at December 31, 2021		159	5	164
Accumulated Depreciation				
Balance at January 1, 2021		26	-	26
Translation adjustments		*	-	*
Depreciation for the year	B4a	3	-	3
Transfer to property, plant and equipment	D1	(3)	-	(3)
Disposals / Write-offs		*	-	*
Balance at December 31, 2021		26	-	26
Carrying Amounts				
At January 1, 2021		132	3	135
At December 31, 2021		133	5	138

Amounts recognised in profit or loss for investment properties

(\$ million)	Group	
	2022	2021*
Rental income	11	10
Operating expenses arising from rental of investment properties	8	7

The fair value of the investment properties as at the balance sheet date is S\$187 million (2021: S\$186 million). The fair values are mostly determined by independent professional valuers using a combination of investment income method and direct or market comparison techniques, including adjustments to reflect the specific use of the investment properties. Such valuation is derived from observable market data from an active and transparent market. In the absence of current prices in an active market, the fair values are determined by considering the aggregate of the estimated cash flow expected to be received from renting out the properties or Directors' valuation. A yield that reflects the specific risks inherent in the cash flows is then applied to the net annual cash flows to obtain the fair values.

The Group leases out its investment properties. The lease agreement provides for additional lease payments annually based on changes to a price index. Non-cancellable operating lease rentals receivable are as follows:

(\$ million)	Group	
	2022	2021
Lease receivable:		
Within 1 year	8	10
1 to 2 years	5	9
2 to 3 years	3	6
3 to 4 years	2	3
4 to 5 years	2	2
More than 5 years	5	7
	25	37

D3. Intangible Assets

The balance sheet contains significant intangible assets, mainly in relation to goodwill, intellectual property rights and long-term contracts.

Accounting policies

a. Goodwill

Goodwill is measured at cost less accumulated impairment losses. The goodwill cost 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, a negative goodwill is recognised immediately in profit or loss.

Goodwill is not amortised but is tested for impairment on an annual basis. An impairment loss on goodwill is recognised as an expense in profit or loss and is not reversed in a subsequent period.

Goodwill that has previously been taken to reserves is not taken to profit or loss when (i) the business is disposed of or discontinued or (ii) the goodwill is impaired. Similarly, negative goodwill that has previously been taken to reserves is not taken to profit or loss when the business is disposed of or discontinued.

b. Service Concession Arrangements

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. This intangible asset is measured at fair value upon initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period when the Group has a right to charge the public for the usage of the infrastructure to the end of the concession period.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 25 to 30 years.

Notes to the Financial Statements

D. Our Assets (cont'd)

D3. Intangible Assets (cont'd)

Accounting policies (cont'd)

c. Long-term Contracts

Long-term revenue and supplier contracts are fair valued using cash flow projections over the contractual period of 1 to 30 years. Amortisation is recognised in profit or loss on a straight-line basis over the contractual period.

d. Power Generation Permits

Power generation permits are fair valued using cash flow projections over the tenure of the permits, ranging from 23 to 25 years. Amortisation is recognised in profit or loss on a straight-line basis over the tenure of the permits.

e. Carbon Allowances

Carbon allowances received are accounted for using the 'net liability' method. Any quantities of allowances above those forecast to be required for the company's own use are accounted for as an intangible asset together with a related deferred income balance in the balance sheet at their estimated recoverable value. A liability would only crystallise when emissions are greater than the allowances granted.

f. Other Intangible Assets

Other intangible assets comprise software, development rights and golf club membership.

Other intangible assets with a finite life are measured at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally generated goodwill is recognised in profit or loss as an expense as incurred. Other intangible assets are amortised on a straight-line basis from the date the asset is available for use and over its estimated useful lives ranging from 3 to 30 years.

Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditures are expensed as incurred.

Impairment (except for Goodwill, separately disclosed in (a))

Intangible assets that have indefinite useful lives or that are not yet available for use are tested for impairment annually. For intangible assets with finite useful lives, the policy on impairment is consistent with property, plant and equipment as disclosed in Note D1.

Reversal of Impairment (except for Goodwill, separately disclosed in (a))

The policy on reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

Key estimates and judgements

The determination of the recoverable amounts of goodwill and other intangible assets involves a high degree of judgement and is subject to significant estimation uncertainties, principally, the discount rates, gross margin forecasts and plant load factors. The gross margin forecasts and plant load factors take into account expected customer demand and forecasted tariff rates. These are inherently subject to estimation uncertainties as well as political and regulatory developments.

(\$ million)	Note	Group					Total	
		Goodwill	Service concession arrangements	Long-term contracts	Power generation permits	Carbon allowances		Others
Cost								
Balance at January 1, 2022		278	58	235	–	76	61	708
Translation adjustments		(21)	(7)	(20)	(22)	(9)	(1)	(80)
Additions	i	–	*	–	–	135	7	142
Acquisition of subsidiary	G5	33	–	–	415	–	*	448
Disposal	i	–	*	–	–	(124)	*	(124)
Transfer from other category of asset		–	*	–	–	–	*	*
Transfer to assets held for sale	G6	(55)	–	(33)	–	–	(2)	(90)
Write-off	B4a	–	*	–	–	–	*	*
Balance at December 31, 2022		235	51	182	393	78	65	1,004
Accumulated Amortisation								
Balance at January 1, 2022		119	28	132	–	–	39	318
Translation adjustments		(10)	(4)	(13)	(1)	–	(1)	(29)
Amortisation charge for the year								
– Continuing operations	B4a	–	3	7	10	–	8	28
– Discontinued operation		–	–	1	–	–	1	2
Disposal		–	*	–	–	–	*	*
Transfer to assets held for sale	G6	–	–	(10)	–	–	(2)	(12)
Write-off	B4a	–	*	–	–	–	*	*
Balance at December 31, 2022		109	27	117	9	–	45	307
Carrying Amounts								
At January 1, 2022		159	30	103	–	76	22	390
At December 31, 2022		126	24	65	384	78	20	697

Notes to the Financial Statements

D. Our Assets (cont'd)

D3. Intangible Assets (cont'd)

(\$ million)	Note	Group					Total
		Goodwill	Service concession arrangements	Long-term contracts	Carbon allowances	Others	
Cost							
Balance at January 1, 2021		277	54	236	21	53	641
Translation adjustments		1	4	*	(1)	1	5
Additions	i	–	1	–	78	6	85
Acquisition of subsidiary		*	–	–	–	–	*
Disposal	i	–	*	–	(22)	–	(22)
Transfer from other category of asset		–	–	–	–	1	1
Write-off	B4a	–	(1)	(1)	–	–	(2)
Balance at December 31, 2021		278	58	235	76	61	708
Accumulated Amortisation and Impairment Losses							
Balance at January 1, 2021		118	21	122	–	32	293
Translation adjustments		1	4	*	–	*	5
Amortisation charge for the year							
– Continuing operations	B4a	–	3	10	–	8	21
– Discontinued operation		–	–	1	–	*	1
Disposal		–	*	–	–	–	*
Impairment losses	B4a, B4c	–	–	–	–	*	*
Write-off	B4a	–	*	(1)	–	(1)	(2)
Balance at December 31, 2021		119	28	132	–	39	318
Carrying Amounts							
At January 1, 2021		159	33	114	21	21	348
At December 31, 2021		159	30	103	76	22	390

- The additions during the year mainly related to the increase in carbon allowances and the disposal was for the settling of the Group's carbon obligation.
- Intangible assets of less than S\$1 million (2021: less than S\$1 million) have been pledged to secure loan facilities.
- The amortisation of intangible assets is analysed as follows:

(\$ million)	Group	
	2022	2021*
Cost of sales	22	15
Administrative expenses	8	7
Total	30	22

a. Goodwill Impairment Testing

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Subject to an operating segment ceiling test, CGUs 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.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

(\$ million)	Group	
	December 31, 2022	December 31, 2021
Cash-generating Unit (CGU)		
SUT Division	19	19
Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd ¹	43	43
SEIL (Project I) (formerly known as Sembcorp Energy India Ltd) [#]	–	23
SEIL (Project II) (formerly known as Sembcorp Gayatri Power Limited) [#]	–	38
Sembcorp Green Infra Limited and its subsidiaries	31	36
Shenzhen Huiyang New Energy (HYNE)	33	–
Multiple units with insignificant goodwill	*	*
	126	159

¹ As Sembcorp Gas Pte Ltd became wholly-owned in November 2019, there is a change in CGU for Sembcorp Gas Pte Ltd to include Sembcorp Fuels (Singapore) Pte Ltd, whose principal activity is also arranging for purchase and sale of natural gas. These two entities are considered a single CGU as both have same customer bases for natural gas, pricing is set by the same management team and cash inflows are not generated largely independently.

[#] SEIL was classified as a disposal group held for sale and as a discontinued operation (See Note G6).

The increase in goodwill during the year arose from the acquisition of HYNE (See Note G5). The identified assets acquired and liabilities assumed for the CGU are measured at their fair values and there has been no changes to the goodwill determined on a provisional basis as at December 31, 2022.

The recoverable amounts for SUT Division, Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd and Sembcorp Green Infra Limited and its subsidiaries were determined using value-in-use calculations. Cash flow projections used in the value-in-use calculations were prepared based on management's past experience in operating the business and forward market outlook over the long-term nature of the utilities and power business. Pre-tax discount rates between 5.7% and 11.7% (2021: 3.9% and 10.4%) had been used.

At the balance sheet date, based on the key assumptions below, the recoverable amounts of the respective CGUs exceeded their carrying amounts.

Notes to the Financial Statements

D. Our Assets (cont'd)

D3. Intangible Assets (cont'd)

a. Goodwill (cont'd)

Impairment Testing (cont'd)

Key assumptions on recoverable amounts of respective CGUs

	SUT Division	Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd	Sembcorp Green Infra Limited and its subsidiaries
Cash flow projections period	Remaining useful life of plants assumed 18 years (2021: 19 years)	Remaining contractual period of existing contracts	Remaining useful life of plants assumed 28 years (2021: 29 years)
Revenue and margins	Based on contracts secured along with likely renewals and forecasted demand for industrial utilities and services; as well as forecasted margins	Based on estimated sales and purchases of gas quantities derived from the contractual period of existing contracts	Based on long-term contracts secured at contracted tariffs. New contracts and contract renewals are assumed based on estimated demand and supply as well as margin
Expected capital expenditure	In accordance with plant maintenance programme	In accordance with plant maintenance programme and pipeline servicing	In accordance with plant maintenance programme
Terminal value	Nil (2021: Nil)	Nil (2021: Nil)	Nil (2021: Nil)
Inflation rate assumptions used to project overheads and other general expenses	1.5%–2% (2021: 0.9%–1.5%)	1.5%–2% (2021: 0.9%–1.5%)	3.5% (2021: 3.5%)
Others	NA	Forward USD / SGD exchange rate and High Sulphur Fuel Oil (HSFO) prices with reference to forward quotes were assumed in the forecast performance	NA

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts to exceed the recoverable amounts.

b. Service Concession Arrangements

The subsidiaries in Fuzhou and Yanjiao in China have service concession agreements with the local municipalities to supply drinking water to the local communities.

Under these arrangements, the charges for use of these assets are adjusted regularly according to agreed cost reference and escalation formula in the concession agreement as approved by respective local authorities.

c. Long-term Contracts

India

The subsidiaries in the renewables sector in India have long-term contracts with India's State Electricity Boards in Gujarat, Karnataka, Maharashtra, Rajasthan and Tamil Nadu, with tenures ranging from 10 to 30 years. These subsidiaries also sell electricity to commercial customers with tenures ranging from 10 to 25 years.

United Kingdom (UK)

The subsidiaries in the UK acquired in 2018, have contracted with the National Grid of the UK to generate electricity through a portfolio of diesel and gas generators in multiple sites across the UK and supplier contracts with tenures ranging from 1 to 15 years. The majority of these contracts provide fixed-rate cash flows relating to plant availability (Capacity Market contracts).

d. Power Generation Permits

The subsidiaries in China, acquired during the year, own power generation permits to operate solar and wind power plants in various locations of China, with tenures ranging from 23 to 25 years.

e. Carbon Allowances

These are allowances, received from the UK government and purchased from the carbon market, to settle the emission obligation from its gas-fired thermal power plants.

f. Other Intangible Assets

Other intangible assets comprise software, development rights and golf club membership.

Notes to the Financial Statements

D. Our Assets (cont'd)

D3. Intangible Assets (cont'd)

(\$ million)	Company		Total
	Goodwill	Others	
Cost			
Balance at January 1, 2022	19	27	46
Additions	–	4	4
Disposals / Write-offs	–	*	*
Balance at December 31, 2022	19	31	50
Accumulated Amortisation			
Balance at January 1, 2022	–	21	21
Amortisation charge for the year	–	2	2
Disposals / Write-offs	–	*	*
Balance at December 31, 2022	–	23	23
Carrying Amounts			
At January 1, 2022	19	6	25
At December 31, 2022	19	8	27
Cost			
Balance at January 1, 2021	19	26	45
Additions	–	2	2
Disposals / Write-offs	–	(1)	(1)
Balance at December 31, 2021	19	27	46
Accumulated Amortisation			
Balance at January 1, 2021	–	19	19
Amortisation charge for the year	–	2	2
Disposals / Write-offs	–	*	*
Balance at December 31, 2021	–	21	21
Carrying Amounts			
At January 1, 2021	19	7	26
At December 31, 2021	19	6	25

The Company's goodwill relates to goodwill on the acquisition of the SUT Division in 2008.

E. Our Working Capital

E1. Trade and Other Receivables

Trade and other receivables mainly consist of amounts owed to the Group by customers and amounts paid to the Group's suppliers in advance.

Accounting policies

Trade and other receivables are initially recognised at the amount of consideration receivable that is unconditional, unless they contain significant financing components, whereby they will be recognised at fair value.

Subsequently, trade and other receivables are measured at amortised cost only if (i) the asset is held within a business model whose objective is to collect the contractual cash flows and (ii) the contractual terms give rise to cash flows that are solely payments of principal and interest. The carrying value of trade and other receivables is reduced by appropriate allowances for estimated irrecoverable amounts. The estimated irrecoverable amounts and calculation of loss allowances are based on policies set out in Note F4. Interest income, foreign exchange gains or losses, impairment losses and gains or losses on derecognition relating to these receivables are recognised in profit or loss.

In the service concession arrangements, the Group recognises a financial asset arising from its construction services when it has an unconditional contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(\$ million)	Note	December 31, 2022			December 31, 2021		
		Non-current	Current	Total	Non-current	Current	Total
Group							
Trade receivables		12	665	677	*	1,000	1,000
Service concession receivables	i	852	45	897	912	44	956
Amounts due from related parties	G4	4	86	90	1	44	45
Staff loans		–	*	*	–	*	*
Deposits	ii	28	85	113	6	106	112
Sundry receivables	iii	–	141	141	–	120	120
Unbilled receivables	iv	–	374	374	–	542	542
Recoverables		1	24	25	*	22	22
Interest receivables		–	6	6	–	3	3
Grant receivables		–	4	4	–	4	4
		897	1,430	2,327	919	1,885	2,804
Loss allowance	F4	(112)	(51)	(163)	(12)	(65)	(77)
Financial assets at amortised cost	F4, v	785	1,379	2,164	907	1,820	2,727
Prepayments	vi	47	47	94	38	52	90
Employee defined benefit asset		17	*	17	22	2	24
Advances to suppliers		–	134	134	–	104	104
Tax recoverable		6	4	10	15	4	19
Share application money paid	vii	–	–	–	–	4	4
		855	1,564	2,419	982	1,986	2,968

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E1. Trade and Other Receivables *(cont'd)*

- i. The Group has service concession agreements with the local governments and governing agencies through its subsidiaries. The agreements in Singapore are for supply of treated water and agreements in Myanmar and Bangladesh are for supply of electricity.

The guaranteed sum receivables from the grantors for the construction of the underlying assets are discounted at interest rates ranging from 3.6% to 8.5% (2021: 3.6% to 8.5%).

- ii. Deposits include cash collateral placed on deposits in margin accounts.
- iii. Sundry receivables represent mainly GST receivables, loan receivables and miscellaneous receivables.
- iv. Unbilled receivables represent revenue accrued for sale of utilities commodities and services.
- v. Trade and other receivables of S\$839 million (2021: S\$1,325 million) have been pledged to secure loan facilities. Included in the pledged amount is S\$372 million (2021: S\$397 million) which relates to underlying assets of the service concession arrangements.
- vi. Prepayments are charged to profit or loss on a straight-line basis over the service period. They relate primarily to:
- Connection fees prepaid under the Generation Connection and Use of System Agreement for the use of the transmission lines to a related corporation amounted to S\$38 million (2021: S\$20 million);
 - Service fees prepaid under the Gasoil Supply and Storage Agreement for the usage of tank; and
 - Capacity charges prepaid for the use of gas delivery pipelines, prepaid insurance premium, transport tariff recoverable and maintenance of plants.
- vii. In 2021, the Group paid S\$4 million towards share application money pending allotment to a joint venture.

(\$ million)	Note	December 31, 2022			December 31, 2021		
		Non-current	Current	Total	Non-current	Current	Total
Company							
Trade receivables		–	24	24	–	20	20
Amounts due from related parties	G4	–	40	40	–	35	35
Deposits		–	2	2	–	2	2
Unbilled receivables	i	–	46	46	–	49	49
Recoverable		–	1	1	–	–	–
Grant receivables		–	4	4	–	4	4
		–	117	117	–	110	110
Loss allowance	F4	–	(2)	(2)	–	(1)	(1)
Financial assets at amortised cost	F4	–	115	115	–	109	109
Prepayments	ii	1	4	5	3	5	8
Advance to suppliers		–	*	*	–	1	1
		1	119	120	3	115	118

- i. Included in the Company's unbilled receivables are amounts of S\$26 million (2021: S\$25 million) due from related companies.
- ii. Connection and capacity charges prepaid for the use of pipelines and pipe racks.

E2. Inventories

Accounting policies

a. Inventories

Finished goods, consumable materials and spares are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

b. Development Properties

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes land and construction costs, related expenditure and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Key estimates and judgements

The Group applies critical accounting judgements in classifying development properties. In assessing the classification of development properties, management considers its intention with regards to the use of the properties (i.e. held with the intention of development and sale in the ordinary course of business or for rental and capital appreciation). Where there is a change in intended use, a change in classification may be required.

(\$ million)	Group		Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Raw materials and consumables	135	221	5	2
Finished goods	25	27	7	7
	160	248	12	9
Allowance for inventory obsolescence	(26)	(27)	(3)	(2)
	134	221	9	7
Properties under development	3	1	–	–
	137	222	9	7

S\$25 million (2021: S\$127 million) of the Group's inventories were pledged to secure loan facilities.

Amounts recognised in profit or loss

(\$ million)	Group	
	2022	2021*
– Inventories recognised as an expense in cost of sales	102	68
– Inventories written down	*	2

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E3. Trade and Other Payables

Trade and other payables mainly consist of amounts the Group owes to its suppliers. They also include taxes and social security amounts payable relating to the Group's workforce.

Accounting policies

Trade and other payables (excluding advance payments from customers, deferred grants, deferred income and retirement benefit obligations) are classified as financial liabilities measured at amortised cost using the effective interest method. Trade payables are not interest-bearing and are stated at their nominal value.

(\$ million)	Note	Group		Company	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Current liabilities					
Trade payables		163	268	4	7
Advance payments from customers		33	23	*	*
Amounts due to related parties	G4	57	4	6	2
Accrued capital and operating expenditure	i	804	923	132	141
Deposits		43	33	*	*
Accrued interest payable		29	15	–	–
Other creditors	ii	360	441	2	5
Deferred grants		–	–	*	–
Deferred consideration	G5	75	1	–	–
Contingent consideration	G5	151	–	–	–
		1,715	1,708	144	155
Non-current liabilities					
Deferred grants	iii	3	3	–	*
Amounts due to related parties	G4	–	–	1,358	1,445
Other long-term payables	iv	43	51	19	20
Deferred income		38	42	2	–
Contingent consideration		3	–	–	–
Retirement benefit obligation		6	9	–	–
		93	105	1,379	1,465

- i. Included in the Company's accrued operating expenses are amounts of S\$36 million (2021: S\$43 million) due to related companies.
- ii. Included in the Group's other creditors is an amount owing in the margin account as a result of withdrawal against net unrealised gain, driven by the high oil commodity forward price.
- iii. Non-current deferred grants related to government grants for capital assets.
- iv. Other long-term payables included retention monies of subsidiaries, long-term employee benefits and accrued operating and maintenance services which will be billed only after the initial payment-free period, which is more than one year.

E4. Cash and Cash Equivalents

Accounting policies

Cash and cash equivalents which comprise cash balances and bank deposits are classified as financial assets measured at amortised cost. For the purpose of the consolidated 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.

The majority of the Group's cash is held in bank deposits or money market funds which have a maturity of three months or less to enable short-term liquidity requirements to be met.

(\$ million)	Group		Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Fixed deposits with banks	398	549	–	–
Cash and bank balances	856	795	239	427
Cash and cash equivalents in the balance sheets	1,254	1,344	239	427
Restricted bank balances	(8)	(47)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	1,246	1,297	239	427
Cash and cash equivalents inclusive of placement with:				
– A subsidiary	–	–	237	426
– A related corporation	137	74	2	1

Fixed deposits with banks of the Group earn interest at rates ranging from 0.25% to 6.40% (2021: 0.12% to 8.00%) per annum.

Included in the Group's cash and cash equivalents is an amount of S\$156 million (2021: S\$259 million) over which banks have a first charge in the event that the respective subsidiaries do not meet the debt servicing requirements.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management

In undertaking the transformation from brown to green, the Group has carefully optimised its assets portfolio, monitored its risk exposures, and ensured that the Group is not over-leveraged.

F1. Market Risk

This note details the Group's exposure to treasury and financial risks including credit, liquidity, interest and foreign exchange risks, and the objectives and policies in place to monitor and manage these risks.

The Group has implemented the Integrated Assurance Framework (IAF) which is based on a multi-level line of defence (LOD) model. Through the IAF structure, the respective LODs work together to ensure that key financial, operational, compliance and IT risks are reviewed and tested using a robust assurance process. Under the IAF, a pragmatic and collaborative approach to risk and controls assessment has been established, with common and consistent criteria applied to assess the risks and adequacy and effectiveness of internal controls.

Under the IAF, the Group's key markets, being the first LOD, are required to work with the second LOD comprising business lines, subject matter experts and corporate functions, to perform a thorough review and assessment of their risks and internal controls.

Clear escalation procedures and key risk indicators have been established and aligned with the Group's risk appetite.

The proactive management of key risks and controls strengthens not only the Group's reporting and monitoring capabilities, but also cultivates a risk culture of accountability and ownership.

Key themes of the IAF include cyber security, plant availability and reliability, health and safety, regulatory and compliance, people and talent management, fraud risk management and governance.

Financial Risk Management Objectives and Policies

The Group's day-to-day operations, new investment opportunities and funding activities introduce financial risks, which are actively managed by management with Board oversight. These risks are grouped into the following categories:

- **Market:** The risk that fluctuations in commodity prices, foreign exchange and interest rates adversely impact the Group's results.
- **Liquidity:** The risk that the Group will not be able to meet the financial obligations as they fall due.
- **Credit:** The risk that a counterparty will not fulfil its financial obligations under a contract or other arrangement.

The Board has adopted the Group Treasury policies and financial authority limits to manage these risks. The Group Treasury policies set out the parameters for financing structure, liquidity, counterparty risk management, foreign exchange risk management and use of derivative transactions. Derivative transactions are permitted only if it involves underlying assets or liabilities.

a. Market Risk

Market risk is the possibility that changes in interest rates, foreign exchange rates, equity securities and commodities will adversely affect the value of the Group's assets, liabilities or expected future cash flows. The objective of market risk management is to manage and reduce the above exposures within acceptable parameters.

i. Interest Rate Risk

The Group's interest rate exposure is primarily in relation to its fixed-rate borrowings (fair value risk), variable-rate borrowings and cash and cash equivalents (cash flow risk).

The Group's policy is to target at least 50% of its debt portfolio with fixed interest rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at variable rates while using interest rate swaps and cross currency swaps to hedge the variability in cash flows attributable to floating interest rates.

Based on the variable rate net debt position (both issued and hedged) at balance sheet date, assuming other factors (principally foreign exchange rates and commodity prices) remained constant and that no further interest rate management action was taken, an increase in interest rate of 1% would have decreased the Group's profit before tax (PBT) by S\$18 million (2021: decreased by S\$29 million) and increased equity by S\$5 million (2021: increased by S\$6 million). At Company level, PBT would have decreased by S\$10 million (2021: decreased by S\$9 million) without any impact to equity (2021: no impact). A 1% decrease in interest rates would have the opposite effect for both Group and Company.

ii. Foreign Currency Risk

The Group is exposed to currency risk on foreign currency denominated borrowings, investments and commercial transactions.

The Group limits its exposure to changes in foreign exchange rates through forward foreign exchange contracts and cross currency interest rate swaps. In certain circumstances, borrowings are left in a foreign currency, or swapped from one foreign currency to another, to hedge expected future business cash flows in that currency. Significant foreign currency denominated transactions undertaken in the normal course of operations are managed on a case-by-case basis.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management (cont'd)

F1. Market Risk (cont'd)

a. Market Risk (cont'd)

ii. Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk (excluding the Group's net investment hedges and loan receivables that form part of the net investment in its subsidiaries and associates in the UK and China) based on its risk management policy is summarised as follows:

(\$ million)	Group						
	SGD	USD	EURO	GBP	RMB	INR	Others
2022							
Financial assets							
Cash and cash equivalents	47	66	1	*	1	-	16
Trade and other receivables	16	470	1	1	23	-	37
Other financial assets	-	53	-	-	-	-	1
	63	589	2	1	24	-	54
Financial liabilities							
Trade and other payables	45	409	3	228	9	-	24
Interest-bearing borrowings	-	30	100	-	-	-	83
Lease liabilities	4	-	-	-	-	-	*
	49	439	103	228	9	-	107
Net financial assets / (liabilities)	14	150	(101)	(227)	15	-	(53)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	-	(184)	(6)	-	(9)	-	-
Less: Cross currency swap / Foreign exchange forward contracts	49	273	106	220	9	-	83
Net currency exposure	63	239	(1)	(7)	15	-	30
2021							
Financial assets							
Cash and cash equivalents	27	224	3	*	*	-	17
Trade and other receivables	23	404	*	1	158	*	22
Other financial assets	-	53	-	-	-	-	-
	50	681	3	1	158	*	39
Financial liabilities							
Trade and other payables	41	299	3	130	29	*	11
Interest-bearing borrowings	-	964	-	-	-	-	95
Lease liabilities	4	-	-	-	-	-	*
	45	1,263	3	130	29	*	106
Net financial assets / (liabilities)	5	(582)	-	(129)	129	*	(67)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	-	(159)	(4)	-	(76)	-	-
Less: Cross currency swap / Foreign exchange forward contracts	24	1,043	4	129	(35)	-	95
Net currency exposure	29	302	-	*	18	*	28

The Company's gross exposure to foreign currency is as follows:

(\$ million)	Company USD
2022	
Financial assets	
Cash and cash equivalents	11
Trade and other receivables	18
	29
Financial liabilities	
Trade and other payables	18
Net financial assets	11
Net currency exposure	11
2021	
Financial assets	
Cash and cash equivalents	3
Trade and other receivables	15
	18
Financial liabilities	
Trade and other payables	24
Net financial liabilities	(6)
Net currency exposure	(6)

Sensitivity Analysis

A 10% strengthening of the following currencies against the functional currencies of the Group and Company at balance sheet date would have increased / (decreased) equity and PBT by the amounts shown below. The analysis assumed that all other variables, in particular interest rates, remain constant, ignoring any impact of firm commitments in foreign currencies and with no further foreign exchange risk management action taken.

(\$ million)	Group				Company	
	Equity 2022	Equity 2021	Profit before tax 2022	Profit before tax 2021	Profit before tax 2022	Profit before tax 2021
SGD	4	2	1	*	-	-
USD	20	15	19	27	1	(1)
EURO	*	-	*	*	-	-
GBP	-	-	(1)	*	-	-
RMB	-	-	2	9	-	-
INR	-	-	-	*	-	-
Others	-	-	3	3	-	-

A 10% weakening of the above currencies against the functional currencies of the Group and Company at the balance sheet date would have had an equal but opposite effect to the amounts shown above.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F1. Market Risk *(cont'd)*

a. Market Risk *(cont'd)*

iii. Price Risk

Mutual Funds and Equity Securities Price Risk

The Group is exposed to price risk from mutual funds and equity securities designated as FVTPL or FVOCI respectively.

If prices for mutual funds and equity securities increased by 10% with all other variables held constant, equity and PBT would have increased by S\$5 million and S\$7 million, respectively (2021: increased by S\$5 million and S\$11 million, respectively). Conversely, if prices decreased by 10%, equity and PBT would have had an equal but opposite effect.

Commodity Risk

The Group hedges against fluctuations in commodity prices that affect revenue and cost. Exposures are managed via swaps and contracts for differences (CFDs).

CFDs are entered into with counterparties at a strike price, with or without fixing the quantity upfront, to hedge against adverse price movements from sale of electricity. Exposure to price fluctuations from purchases of fuel is managed via fuel oil swaps where fuel price is indexed to a benchmark index, for example Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent.

The Group designates fuel oil swaps and electricity futures in their entirety in cash flow hedges to hedge its commodity 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 index of Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent, tenors, repricing dates and maturities. 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.

The Group did not identify any significant sources of ineffectiveness in these hedges.

Sensitivity Analysis

If prices for commodities increased by 10% with all other variables held constant, the increase in equity as a result of fair value changes on cash flow hedges would be:

<i>(S\$ million)</i>	Group	
	2022	2021
Equity	11	19

A 10% decrease in the prices for commodities would have had an equal but opposite effect to the equity. The analysis assumed that all other variables remain constant.

F2. Hedges

The Group uses derivative instruments (derivatives) (as disclosed in Note H1) to hedge financial risks as described above. Derivatives are contracts whose value is derived from an underlying price index (or other variable) that require little or no initial net investment and are settled at a future date.

The Group designates certain derivatives as either:

- i. Hedges of fair value of recognised assets, liabilities or firm commitments (fair value hedge)
- ii. Hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction (cash flow hedge)
- iii. Hedges of a net investment in a foreign operation (net investment hedge)

Accounting policies

Derivatives are carried on balance sheet at fair value. Movements in price of the underlying variables, which causes the value of contract to fluctuate, are reflected in the fair value of derivative. The method of recognising changes in fair value depends on whether the derivative is designated in an accounting hedge relationship. Derivatives not designated as accounting hedges are referred to as economic hedges subject to fair value through profit or loss.

Fair value gains and losses attributable to economic hedges are recognised in profit or loss while recognition of fair value gains and losses of those attributable to accounting hedges depends on the nature of item being hedged.

The effective portion of changes in fair value of derivatives designated as fair value hedge are recognised in profit or loss at the same time when all changes in fair value of the underlying item relating to the hedged risks are recognised in profit or loss. The effective portion of changes in fair value of derivatives designated as cash flow hedges are recognised in hedging reserve (in equity).

Certain determinants of fair value included in derivatives or mismatches between the timing of the instrument and the underlying item in any hedge relationship can cause hedge ineffectiveness. Any ineffectiveness is recognised immediately in profit or loss as change in fair value of derivatives.

When the underlying hedged item is sold or repaid, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in hedging reserve for a cash flow hedge is recognised immediately in profit or loss.

When the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in hedging reserve for a cash flow hedge is recognised in profit or loss when the hedged item is recognised in profit or loss, which may occur over time.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Key estimates and judgements

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. The Group considers the critical terms in assessing if each designated derivative is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are due to:

- effects of the counterparties' and the Group's own credit risk on fair value of the swaps, which is not reflected in the change in fair value of the hedged cash flows attributable to change in interest rates; and
- changes in timing of hedged transactions.

The Group designates only the change in fair value of the spot element of forward exchange contract for funding purposes as the hedging instrument in a cash flow hedging relationship. The change in fair value of the forward element of the forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in hedging reserve within equity.

Interest Rate Benchmark Reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative nearly risk-free rates (Alternate Reference Rule).

The Audit Committee monitors the Group's transition to Alternate Reference Rule. The management evaluates and negotiates the transition into Alternate Reference Rule. The committee reports to the Board of Directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from interest rate benchmark reform.

The Group has loans and derivatives (as hedges to the loans) as well as credit facilities in LIBOR and SOR which extend beyond the anticipated cessation date of the rates on June 30, 2023. The Group has completed transitioning the GBP loans and hedges from LIBOR to SONIA and is close to completing transitioning the loans and hedges from SOR to SORA. The Group has started to engage counterparties to transition USD LIBOR to SOFR to complete the whole IBOR transition exercise for the Group. As at December 31, 2022, the Group does not expect to be significantly impacted as a result of the transition to alternate reference rates. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedge relationships directly affected by interest rate transition.

The Group considers that a contract is not yet transitioned to an Alternative Reference Rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate transition, 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 as at December 31, 2022 for the Group. There is no unreformed contract for the Company. The amounts of financial liabilities shown are at their carrying amounts and derivatives at their nominal amounts.

<i>(\$ million)</i>	Total amount of unreformed contracts USD LIBOR
Group	
December 31, 2022	
Financial liabilities	
Secured term loans	115
Unsecured term loans	198
Derivatives	
Interest rate swaps and cross currency swaps	282

The Group's exposure to the interest rate benchmark reform as at December 31, 2022 corresponds with the interest rate swaps and cross currency swaps used to hedge LIBOR (2021: SOR and LIBOR) cash flows on the Group's bank loans maturing from 2026 to 2036 (2021: 2023 to 2036). The Group's exposure to LIBOR (2021: SOR and LIBOR) designated in a hedging relationship that is directly affected by the interest rate benchmark reform approximates a nominal amount of S\$282 million (2021: S\$1,110 million) as at December 31, 2022.

Cash Flow Hedges

Key estimates and judgements

For cash flow hedge relationships directly impacted by interest rate benchmark reform (i.e. hedges of LIBOR and SOR), the Group assumes that the cash flows of hedged item and hedging instrument will not be altered.

LIBOR and SOR continue to be used as reference rates in financial markets and are used in valuation of instruments with maturities that exceed the expected end date for LIBOR and SOR. Therefore, the Group believes the current market structure supports continuation of hedge accounting.

The Group designates certain forward foreign exchange contracts, interest rate swaps, cross currency interest rate swaps and fuel oil swaps in various cash flow hedges.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management (cont'd)

F2. Hedges (cont'd)

Cash Flow Hedges (cont'd)

At December 31, 2022, the Group held the following instruments to hedge exposures to fluctuations in foreign currencies, interest rates and commodity prices:

(\$ million)	Rate (\$)	Interest rate (%)	Maturity		
			Within 1 year	Between 1 and 5 years	More than 5 years
2022					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
- SGD / USD	0.70–0.75	–	49	–	–
- USD / SGD	1.33–1.42	–	258	56	–
- EUR / SGD	1.43	–	6	–	–
Interest rate risk					
Interest rate swap (IRS)					
- Float-to-fixed	–	1.05–2.51	105	1,176	–
- Fixed-to-float	–	2.92	–	–	168
Foreign currency and interest rate risk					
Cross currency swaps					
- EUR / SGD	1.80	–	–	99	–
- Float-to-fixed (USD / VND)	23,085–23,185	9.08–10.24	4	13	–
Commodity risk					
Fuel oil swaps					
- Fuel oil swap (\$ per MT)	253.00–641.00	–	265	29	–
- Fuel oil swap (\$ per BBL)	51.28–93.92	–	88	–	–
- Fuel oil swap (\$ per MMBTU)	9.30–67.50	–	209	–	–
Electricity futures market contracts	289.85–326.00	–	4	–	–

(\$ million)	Rate (\$)	Interest rate (%)	Maturity		
			Within 1 year	Between 1 and 5 years	More than 5 years
2021					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
- SGD / USD	0.73–0.76	–	30	–	–
- USD / SGD	1.32–1.47	–	209	21	–
- EUR / SGD	1.59	–	3	–	–
- USD / INR	75.04–78.26	–	609	–	–
- CNH / SGD	0.21	–	2	–	–
Cash					
- USD / SGD	1.35–1.36	–	56	–	–
- CNH / SGD	0.21	–	29	–	–
Interest rate risk					
Interest rate swap (IRS)					
- Float-to-fixed	–	0.87–2.51	117	899	–
- Fixed-to-float	–	2.92	–	–	177
Foreign currency and interest rate risk					
Cross currency swaps					
- USD / INR	66.75	–	249	–	–
Commodity risk					
Fuel oil swaps					
- Fuel oil swap (\$ per MT)	205.00–475.75	–	613	41	–
- Fuel oil swap (\$ per BBL)	33.03–83.13	–	183	2	–
- Fuel oil swap (\$ per MMBTU)	4.90–9.55	–	102	22	–
Electricity futures market contracts	97.59–115.85	–	11	–	–

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management (cont'd)

F2. Hedges (cont'd)

Cash Flow Hedges (cont'd)

The amounts at the balance sheet date relating to items designated as hedged items are as follows:

(\$ million)	Cash flow hedge reserve for continuing hedges	
	2022	2021
Foreign currency risk		
Highly probable purchases	(5)	3
Highly probable equity injection	(1)	1
Payments	1	1
Interest rate risk		
Variable rate borrowings	42	(28)
Other financial liabilities	16	(3)
Foreign currency and interest rate risk		
Fixed-rate borrowings	7	–
Variable rate borrowings	–	(2)
Commodity risk		
Highly probable purchases	(16)	51
Fuel oil price	24	84

The amounts related to items designated as hedging instruments and hedge ineffectiveness are as follows:

	Foreign currency risk	Interest rate risk	Foreign currency risk and interest rate risk	Commodity risk		Total
	Forward foreign exchange contracts / Cash	Interest rate swaps	Cross currency swaps	Fuel oil swaps	Electricity futures market contracts	
2022						
Nominal amount – S\$ million	369	1,449	116	591	4	2,529
Quantity	–	–	–	486,404 MT, 739,123 BBL, and 4,830,000 MMBTU	–	486,404 MT, 739,123 BBL, and 4,830,000 MMBTU
Carrying amount – S\$ million						
Other financial assets	1	73	4	24	1	103
Other financial liabilities	5	–	*	78	–	83
Fair value increase / (decrease) – S\$ million						
Hedging instruments	(2)	106	2	201	11	318
Hedged items	2	(106)	(2)	(201)	(11)	(318)
Hedge ineffectiveness	*	–	–	–	–	*
Reconciliation of hedging reserve – S\$ million						
Changes in fair value	(2)	106	2	201	11	318
Amounts reclassified to profit or loss:						
– Turnover	–	–	–	8	19	27
– Cost of goods sold	(3)	–	–	(251)	–	(254)
– Other operating income	–	–	–	(114)	–	(114)
Amount reclassified to cost of investment in a subsidiary	*	–	–	–	–	*
Tax on above items						9
Change in hedging reserve						(14)
Share of other comprehensive income of associates and joint ventures						63
Movement during the year						49

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management (cont'd)

F2. Hedges (cont'd)

Cash Flow Hedges (cont'd)

The amounts related to items designated as hedging instruments and hedge ineffectiveness are as follows:

	Foreign currency risk		Interest rate risk		Foreign currency risk and interest rate risk		Commodity risk		Total
	Forward foreign exchange contracts / Cash	Interest rate swaps	Cross currency swaps	Fuel oil swaps	Electricity futures market contracts				
2021									
Nominal amount – S\$ million	959	1,193	249	963	11				3,375
				1,805,648 MT,					1,805,648 MT,
				4,015,159 BBL and					4,015,159 BBL and
				19,260,000 MMBTU					19,260,000 MMBTU
Quantity	–	–	–						
Carrying amount – S\$ million									
Other financial assets	1	3	26	212	–				242
Other financial liabilities	2	36	–	50	29				117
Cash	85	–	–	–	–				85
Fair value increase / (decrease) – S\$ million									
Hedging instruments	(84)	54	5	212	(52)				135
Hedged items	84	(54)	(5)	(215)	52				(138)
Hedge ineffectiveness	*	–	–	(3)	–				(3)
Reconciliation of hedging reserve – S\$ million									
Changes in fair value	(84)	54	5	212	(52)				135
Amounts reclassified to profit or loss:									
– Cost of goods sold	48	–	–	(75)	25				(2)
– Finance cost	47	–	–	–	–				47
Amount reclassified to cost of investment in a subsidiary	(1)	–	–	–	–				(1)
									179
Tax on above items									(31)
Change in hedging reserve									148
Share of other comprehensive income of associates and joint ventures									35
Movement during the year									183

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:

	Cash flow hedge reserve	
	2022	2021
(\$ million)		
Balance at January 1	48	(133)
Movement during the year		
Changes in fair value:		
– Foreign currency risk	(2)	(84)
– Interest rate risk	106	54
– Foreign currency and interest rate risk	2	5
– Commodity risk	212	160
Amount reclassified to profit or loss:		
– Foreign currency risk	(3)	95
– Commodity risk	(338)	(50)
Amount reclassified to cost of investment in a subsidiary	*	(1)
Tax on movements on reserves during the year	9	(31)
Share of other comprehensive income of associates and joint ventures	63	35
	49	183
Share of non-controlling interests	(4)	(2)
Balance at December 31	93	48

Net Investment Hedges

The Group's investments in its UK and China (2021: UK) subsidiaries are hedged by GBP / SGD and CNH / SGD (2021: GBP / SGD) forward foreign exchange contracts (hedging instrument) respectively, which mitigate the currency risks arising from the subsidiaries' net assets. The carrying amounts of the hedging instruments of S\$23 million (2021: S\$6 million) and S\$12 million (2021: S\$9 million) are included in other financial assets and other financial liabilities respectively.

The notional amount of the contracts is S\$323 million (2021: S\$166 million). During the financial year, net hedging loss of S\$51 million (2021: hedging loss of S\$1 million) was recognised in other comprehensive income. As at December 31, 2022, the balance of foreign currency translation reserve for continuing hedges is a loss of S\$20 million (2021: gain of S\$32 million).

F3. Liquidity Risk

The Group manages its liquidity risk with a view to maintaining a healthy level of cash and cash equivalents that corresponds with its operating environment and expected cash flows. Liquidity requirements are maintained within the credit facilities established and are adequate to meet the Group's obligations.

Maturity Profile of the Group's and Company's Financial Liabilities

The cash flows associated with the cash flow hedges of the Group are expected to occur within 1 year and between 1 and 5 years. Correspondingly, the cash flows related to the hedging instruments (foreign exchange contracts, fuel oil swaps, interest rate swaps, cross currency swaps and electricity futures) that are designated as cash flow hedges are expected to impact profit or loss within 1 year to 5 years and upon disposal, should it arise, of its investment in subsidiaries.

Approximately S\$1,100 million (2021: S\$750 million) of interest-bearing borrowings are due within 12 months. The Group has at least S\$2,400 million (2021: S\$1,900 million) in committed credit facilities with final maturity dates beyond 2022 that can be drawn down.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management (cont'd)

F3. Liquidity Risk (cont'd)

Maturity Profile of the Group's and Company's Financial Liabilities (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial assets and liabilities (including derivative financial assets and liabilities) based on contractual undiscounted cash inflows / (outflows), including estimated interest payments and excluding the impact of netting agreements:

(\$ million)	Carrying amount	Contractual cash flow	Less than 1 year	Cash flows Between 1 and 5 years	Over 5 years
Group					
2022					
Derivatives					
Derivative financial liabilities	122				
– inflow		555	426	129	–
– outflow		(683)	(528)	(155)	–
Derivative financial assets	(132)				
– inflow		293	132	161	–
– outflow		(169)	(58)	(111)	–
Non-derivative financial liabilities					
Trade and other payables ¹	1,671	(1,672)	(1,654)	(17)	(1)
Lease liabilities	287	(427)	(29)	(91)	(307)
Interest-bearing borrowings	7,070	(8,642)	(1,325)	(4,439)	(2,878)
	9,018	(10,745)	(3,036)	(4,523)	(3,186)
2021					
Derivatives					
Derivative financial liabilities	143				
– inflow		254	152	102	–
– outflow		(386)	(260)	(126)	–
Derivative financial assets	(291)				
– inflow		415	380	35	–
– outflow		(146)	(131)	(15)	–
Non-derivative financial liabilities					
Trade and other payables ¹	1,644	(1,645)	(1,624)	(16)	(5)
Lease liabilities	258	(386)	(26)	(78)	(282)
Interest-bearing borrowings	7,391	(9,244)	(1,009)	(5,099)	(3,136)
	9,145	(11,138)	(2,518)	(5,197)	(3,423)

¹ Excludes advance payments, deferred income, Goods and Services Tax and employee benefits

(\$ million)	Carrying amount	Contractual cash flow	Less than 1 year	Cash flows Between 1 and 5 years	Over 5 years
Company					
2022					
Non-derivative financial liabilities					
Trade and other payables ¹	1,520	(1,599)	(210)	(1,389)	–
Lease liabilities	117	(179)	(14)	(32)	(133)
	1,637	(1,778)	(224)	(1,421)	(133)
2021					
Non-derivative financial liabilities					
Trade and other payables ¹	1,618	(1,673)	(177)	(1,496)	–
Lease liabilities	115	(182)	(9)	(33)	(140)
	1,733	(1,855)	(186)	(1,529)	(140)

¹ Excludes advance payments, deferred grants, Goods and Services Tax and employee benefits

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss and fair value of the related hedging instruments:

(\$ million)	Carrying amount	Contractual cash flow	Less than 1 year	Cash flows Between 1 and 5 years	Over 5 years
Group					
2022					
Derivative financial liabilities	83				
– inflow		212	166	46	–
– outflow		(295)	(244)	(51)	–
Derivative financial assets	(103)				
– inflow		271	106	165	–
– outflow		(169)	(58)	(111)	–
	(20)	19	(30)	49	–
2021					
Derivative financial liabilities	117				
– inflow		136	130	6	–
– outflow		(253)	(236)	(17)	–
Derivative financial assets	(242)				
– inflow		329	294	35	–
– outflow		(87)	(72)	(15)	–
	(125)	125	116	9	–

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F4. Credit Risk

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. For some customers, the Group may also obtain security in the form of deposits, guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty defaults.

For the Company's amounts due from subsidiaries, the Company considers the financial assets to have a low credit risk by taking into consideration the Group's financial ability to settle the amounts, after estimating the risk of default.

Accounting policies

The Group applies the simplified approach to provide ECL on trade and unbilled receivables as well as contract assets without significant financing component. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. To measure expected lifetime ECLs, these balances have been grouped based on common credit risk characteristics and ageing profiles.

The loss allowance for service concession receivables is measured at 12-month ECL. When credit risk has increased significantly since initial recognition, loss allowance is measured at lifetime ECL.

A receivable balance is written off to the extent that there is no realistic prospect of recovery.

For customers with credit ratings (or equivalent), the ECL rate is calculated based on probabilities of default and loss given default obtained from Standards and Poor's and Moody's. The Group monitors changes in credit risk by tracking published external credit ratings.

Customers with no credit ratings (or equivalent) are grouped based on shared credit risk characteristics and days past due, with ECL rates calculated using historical loss rates for each category of customers, adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of customers to settle the receivables.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the customer and default or significant delay in payments.

When the Group determines whether the credit risk has increased significantly, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, taking into account forward-looking information. Customer collectability is assessed on an ongoing basis and any resulting impairment losses are recognised in profit or loss.

The maximum exposure to credit risk is the carrying amount of each financial asset (including derivatives) in the balance sheet, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets, except for balances with customers where guarantees or security deposits are obtained.

ECL assessment for customers with credit ratings (or equivalent)

The Group allocates exposure to credit risk by segmenting customers based on geographic region and industry classification.

<i>(\$ million)</i>	Equivalent to external credit rating	Credit impaired	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2022					
<i>Receivables measured at lifetime ECL</i>					
Trade and other receivables and contract assets					
- Industrial	BBB – B	No	582	(7)	575
- Government	AAA – BB	No	294	*	294
- Retail	A+ – B-	No	17	(2)	15
- Others	A+ – A-	No	5	*	5
Service concession receivables (Note ii)	CC	No	352	(110)	242
			1,250	(119)	1,131
<i>Receivables measured at 12-month ECL</i>					
Service concession receivables	AAA – BB-	No	545	(4)	541
Total			1,795	(123)	1,672
2021					
<i>Receivables measured at lifetime ECL</i>					
Trade and other receivables and contract assets					
- Industrial	BBB+ – B-	No	610	(9)	601
- Government	AAA – BB	No	49	*	49
- Retail	B-	No	19	(2)	17
- Others	B+ – B-	No	2	*	2
			680	(11)	669
<i>Receivables measured at 12-month ECL</i>					
Service concession receivables	AAA – B	No	956	(11)	945
Total			1,636	(22)	1,614
Company					
2022					
<i>Receivables measured at lifetime ECL</i>					
Trade and other receivables and contract assets					
- Industrial	BB+ – B-	No	45	(1)	44
- Government	AAA	No	4	-	4
Total			49	(1)	48
2021					
<i>Receivables measured at lifetime ECL</i>					
Trade and other receivables and contract assets					
- Industrial	BB+ – B-	No	46	(1)	45
- Government	AAA	No	4	-	4
Total			50	(1)	49

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management (cont'd)

F4. Credit Risk (cont'd)

ECL assessment for customers with credit ratings (or equivalent) (cont'd)

- i. As at December 31, 2022, 84% (2021: 84%) of service concession receivables relate to two major customers of the Group.
- ii. The provision was made following management's regular assessment of credit risk under SFRS(I) 9. Although there is no default on payment, the Group has determined that the credit risk on the service concession receivables for Sembcorp Myingyan Power Company (SMPC) has increased significantly, taking into consideration forward-looking information on the risk of foreign currency shortages, a weakening economy and Myanmar being categorised as a high-risk jurisdiction by the Financial Action Task Force, with increased risk of economic and financial sanctions. Accordingly, lifetime ECL is applied on the service concession receivables of SMPC.
- iii. Other than (ii) above, there were no trade and other receivables and contract assets with significant increase in credit risk since initial recognition. There were also no credit impaired receivables at balance sheet date.

ECL assessment for customers without credit ratings (or equivalent)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers with no credit rating or no representative credit rating or equivalent:

(\$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2022					
Not past due	No	2.3%	88	(2)	86
Past due 0 to 3 months	No	2.7%	37	(1)	36
Past due 3 to 6 months	No	3.3%	30	(1)	29
Past due 6 to 12 months	No	16.7%	6	(1)	5
More than 1 year	Yes	82.6%	23	(19)	4
Total			184	(24)	160
2021					
Not past due	No	0.6%	176	(1)	175
Past due 0 to 3 months	No	0.5%	210	(1)	209
Past due 3 to 6 months	No	0.7%	144	(1)	143
Past due 6 to 12 months	No	1.6%	183	(3)	180
More than 1 year	No	25.0%	132	(33)	99
Total			845	(39)	806

(\$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Company					
2022					
Not past due	No	2.2%	92	(2)	90
Past due 0 to 3 months	No	–	20	–	20
Past due 3 to 6 months	No	–	*	–	*
Past due 6 to 12 months	No	–	2	–	2
More than 1 year	No	–	3	–	3
Total			117	(2)	115
2021					
Not past due	No	1.2%	82	(1)	81
Past due 0 to 3 months	No	–	19	–	19
Past due 3 to 6 months	No	–	3	–	3
Past due 6 to 12 months	No	–	3	–	3
More than 1 year	No	–	3	–	3
Total			110	(1)	109

For the remaining financial assets at amortised cost amounting to S\$377 million (2021: S\$351 million) which include deposits in margin accounts, long-term fixed deposits with financial institutions, convertible loan, dividends receivables and GST receivables, the Group considered the risk that a credit loss may occur, and recognised a loss allowance of S\$16 million (2021: S\$16 million).

Movements in loss allowances

(\$ million)	Note	2022			2021		
		12-month ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Total
Group							
Balance at January 1		11	66	77	11	46	57
Currency translation difference		*	(7)	(7)	*	1	1
Impairment loss recognised		*	113	113	–	26	26
Allowance written back		–	(16)	(16)	*	(7)	(7)
Transfer to assets held for sale		–	(3)	(3)	–	–	–
Loss allowance utilised		–	(1)	(1)	–	–	–
Transfer to lifetime ECL		(7)	7	–	–	–	–
Balance at December 31	E1	4	159	163	11	66	77
Company							
Balance at January 1		–	1	1	–	*	*
Impairment loss recognised		–	1	1	–	1	1
Balance at December 31	E1	–	2	2	–	1	1

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management (cont'd)

F5. Financial Instruments

Accounting policies

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 – Using quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – 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 – Using inputs not based on observable market data (unobservable input).

Securities

The fair value of financial assets 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

Derivatives are used by the Group for hedging. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures.

1. The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current forward market price.
2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.
3. The fair value of fuel oil swaps and electricity futures is accounted for based on difference between the contractual strike price with the counterparty and the current forward market price.
4. CFDs are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The fair value of the CFDs would need to be adjusted to reflect the illiquidity. However, there have been minimal trades made in the electricity future market. There is also no fixed quantity stated in the agreement. As such, the fair value of the CFDs cannot be measured reliably. Upon settlement, the gains and losses for CFDs are taken to profit or loss.

Non-derivative non-current financial assets and liabilities

Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining non-derivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the balance sheet date.

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.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, which 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.

For financial instruments not actively traded in the market, fair value is determined by an independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

a. Fair Value Hierarchy

Financial assets and financial liabilities carried at fair value

(\$ million)	Fair value measurement			Total
	Level 1	Level 2	Level 3	
Group				
At December 31, 2022				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	37	–	32	69
Derivative financial assets	–	132	–	132
	37	132	85	254
Financial liabilities at FVTPL	–	(3)	(151)	(154)
Derivative financial liabilities	–	(122)	–	(122)
	–	(125)	(151)	(276)
	37	7	(66)	(22)
At December 31, 2021				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	85	–	28	113
Derivative financial assets	–	291	–	291
	85	291	81	457
Derivative financial liabilities	–	(143)	–	(143)
	85	148	81	314

There have been no transfers between the different levels of the fair value hierarchy at December 31, 2022 and December 31, 2021.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances of Level 3 financial instruments measured at FVOCI and FVTPL:

(\$ million)	Financial assets at FVOCI	
	2022	2021
Group		
Balance at January 1	53	71
Net change in fair value recognised in OCI	*	(18)
Balance at December 31	53	53
Financial assets at FVTPL		
(\$ million)		
Group		
Balance at January 1	28	26
Addition	10	5
Disposal ¹	(2)	(10)
Net change in fair value recognised in profit or loss	(4)	7
Balance at December 31	32	28

¹ FY2021 disposal included the Group's divestment of its interests in SJW

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management (cont'd)

F5. Financial Instruments (cont'd)

a. Fair Value Hierarchy (cont'd)

Level 3 fair values (cont'd)

(\$ million)	Financial liabilities at FVTPL	
	2022	2021
Group		
Balance at January 1	–	–
Addition	(141)	–
Translation adjustment	9	–
Net change in fair value recognised in profit or loss	(19)	–
Balance at December 31	(151)	–

Level 3 financial asset at FVOCI includes unquoted equity shares. The fair value of the unquoted equity shares are determined by reference to the investment's adjusted net asset values as stated in the unaudited financial statements. The estimated fair value would increase / decrease if the net asset values for unquoted equity shares were higher / lower.

Financial liabilities at FVTPL in Level 3 relate to the contingent consideration on acquisition of HYNE (Note G5).

Assets and liabilities not carried at fair value

The following table shows assets and liabilities not carried at fair value but for which fair values are disclosed, except financial assets and financial liabilities measured at amortised cost since the carrying amounts approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

(\$ million)	Fair value measurement			Total
	Level 1	Level 2	Level 3	
Group				
At December 31, 2022				
Investment properties	–	–	187	187
Associate	88	–	–	88
Service concession receivables	–	1,644	–	1,644
Long-term interest-bearing borrowings	–	(5,776)	–	(5,776)
At December 31, 2021				
Investment properties	–	–	186	186
Associate	99	–	–	99
Service concession receivables	–	1,501	–	1,501
Long-term interest-bearing borrowings	–	(6,654)	–	(6,654)
Company				
At December 31, 2022				
Amounts due to related parties	–	(1,356)	–	(1,356)
At December 31, 2021				
Amounts due to related parties	–	(1,451)	–	(1,451)

b. Fair Value versus Carrying Amount

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts, except for the following:

(\$ million)	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Group				
At December 31, 2022				
Service concession receivables	897	–	897	1,644
Interest-bearing borrowings:				
Non-current borrowings	–	(5,974)	(5,974)	(5,776)
At December 31, 2021				
Service concession receivables	956	–	956	1,501
Interest-bearing borrowings:				
Non-current borrowings	–	(6,637)	(6,637)	(6,654)
Company				
At December 31, 2022				
Amounts due to related parties	–	(1,358)	(1,358)	(1,356)
At December 31, 2021				
Amounts due to related parties	–	(1,445)	(1,445)	(1,451)

Notes to the Financial Statements

G. Our Group Structure

This section provides key information on the Group's interests in joint arrangements, controlled entities and transactions with non-controlling interests. It also provides information on business acquisitions and disposals made during the year as well as information relating to Group's related parties, including related party transactions.

During the year, the Group made three significant acquisitions, requiring the purchase price to be allocated to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed.

Judgement is required in determining the classification of the acquisitions as asset acquisitions or business combinations. There is judgement and inherent uncertainty involved in the valuation of the assets and liabilities as well as settlement of any existing litigations between the parties.

The Group has used provisional amounts of purchase price allocation for the accounting of these acquisitions and has a one-year measurement period from the acquisition date to complete the accounting for the acquisitions. Fair value adjustments may arise on the completion of respective final purchase price allocations due to the estimation uncertainty involved.

G1. Subsidiaries

Accounting policies

Subsidiaries are entities 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

Investment in Subsidiaries

(\$ million)	Company	
	December 31, 2022	December 31, 2021
At cost and carrying value:		
Unquoted equity shares	2,016	2,016
Preference shares	288	288
Share-based payments reserve	5	5
	2,309	2,309

Subsidiaries

Details of key subsidiaries of the Group are as follows:

Name of key subsidiary	Country of incorporation	Effective equity held by the Group	
		2022 %	2021 %
Sembcorp Utilities Pte Ltd (SCU) ¹	Singapore	100	100
Sembcorp Cogen Pte Ltd ¹	Singapore	100	100
Sembcorp Gas Pte Ltd ¹	Singapore	100	100
Sembcorp Environment Pte. Ltd. ¹	Singapore	100	100
SembWaste Pte Ltd ¹	Singapore	100	100
Sembcorp Development Ltd ¹	Singapore	100	100
Singapore Precision Industries Pte Ltd ¹	Singapore	100	100
Singapore Technologies Industrial Corp Ltd ¹	Singapore	100	100
Vietnam Singapore Industrial Park Pte Ltd ¹	Singapore	96.59	96.59
Sembcorp Utilities (UK) Limited ²	United Kingdom	100	100
Sembcorp Energy UK Limited ²	United Kingdom	100	100
Nanjing Riverside Quay Co., Ltd ²	China	100	100
Sembcorp Myingyan Power Company Limited ²	Myanmar	100	100
Sembcorp North-West Power Company Ltd. ²	Bangladesh	71	71
Sembcorp Energy India Ltd (SEIL) ^{3,4}	India	100	100
Sembcorp Green Infra Limited (SGI) ³	India	100	100
Sembcorp Huiyang New Energy (Shenzhen) Co., Ltd ²	China	98	–

¹ Audited by KPMG LLP, Singapore

² Audited by member firms of KPMG International

³ Audited by PricewaterhouseCoopers, India

⁴ With the shareholders' approval of its divestment on November 8, 2022, SEIL has been classified as held for sale

G2. Non-controlling Interests

There are no subsidiaries with material NCI for the financial year ended December 31, 2022 and December 31, 2021.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures

Accounting policies

Associates are those entities in which the Group has significant influence, but no 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.

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.

(\$ million)	Note	Group	
		December 31, 2022	December 31, 2021
Associates and joint ventures	i	2,526	1,846
Loan to associate	ii	58	70
		2,584	1,916
Less: Allowance for impairment		(297)	(316)
	a, b	2,287	1,600

- During the year, the Group acquired two associates in the renewable power business, namely SDIC New Energy Investment Co. Ltd (SDIC) and Hunan Xingling New Energy Co., Ltd.
- The loan to an associate is unsecured, bears interest at 8.5% per annum and has no fixed terms of repayment. The settlement of the amount is neither planned nor likely to occur in the foreseeable future and hence the loan is recognised within investment in associate. Allowance for impairment on this loan is insignificant.
- In 2022, the Group received dividends of S\$93 million (2021: S\$77 million) from its investments in associates and joint ventures.
- The carrying value includes goodwill on acquisition as follows:

(\$ million)	Group	
	2022	2021
Balance at January 1	*	*
Addition	4	–
Impairment	(2)	–
Balance at December 31	2	*

a. Associates

Details of the Group's key associates are as follows:

Name of key associate	Nature of relationship with the Group	Country of incorporation	Effective equity held by the Group	
			2022 %	2021 %
Renewables				
SDIC New Energy Investment Co., Ltd ¹	Project investment; investment management; technology development, transfer, training and promotion; technical, economic and trade consultation and services; and renewable power generation	China	35.11	–
Hunan Xingling New Energy Co., Ltd. ²	Renewable power generation, power transmission and distribution businesses	China	45.30	–
Integrated Urban Solutions				
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd ³	First-grade land development including building infrastructure and public amenities	China	21.50	21.50
Conventional Energy				
Sembcorp Salalah Power and Water Company SAOG ⁴	Generation of electric energy	Oman	40.00	40.00

¹ Audited by ShineWing Certified Public Accountants

² Audited by Baker Tilly Certified Public Accountants Co., Ltd, China

³ Audited by Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd, China

⁴ Audited by member firms of KPMG International

Notes to the Financial Statements

G. Our Group Structure (cont'd)

G3. Associates and Joint Ventures (cont'd)

a. Associates (cont'd)

There is one (2021: nil) individual associate that is considered to be material to the Group as at December 31, 2022. Summarised financial information of the associates is presented as follows:

	SDIC New Energy Investment Co., Ltd 2022
<i>(S\$ million)</i>	
Revenue	353
Profit for the year	123
Other comprehensive income	–
Total comprehensive income	123
Attributable to non-controlling interests	4
Attributable to investee's shareholders	119

	SDIC New Energy Investment Co., Ltd December 31, 2022
<i>(S\$ million)</i>	
Non-current assets	1,971
Current assets	755
Non-current liabilities	(1,281)
Current liabilities	(504)
Net assets	941
Attributable to non-controlling interests	24
Attributable to investee's shareholders	917

	SDIC New Energy Investment Co., Ltd	Individually immaterial associates	Total
<i>(S\$ million)</i>			
Group's interest in net assets of investees at January 1, 2022	–	516	516
Group's share of:			
Profit from continuing operations	38	39	77
Other comprehensive income	–	35	35
Total comprehensive income	38	74	112
Dividends received during the year	–	(11)	(11)
Translation during the year	(33)	(49)	(82)
Addition during the year, net of disposal	384	201	585
Carrying amount of interest in investees at December 31, 2022	389	731	1,120

The fair value of the equity interest of a listed associate amounted to S\$88 million (2021: S\$99 million) based on the last transacted market price on the last transaction day of the year.

On January 28, 2022, the Group acquired 35% interest in SDIC New Energy Investment Co., Ltd (SDIC) for total consideration of S\$320 million. On June 17, 2022, the Group injected an additional S\$64 million into SDIC.

On December 16, 2022, the Group acquired 45.3% interest in Hunan Xingling New Energy Co., Ltd for total consideration of S\$205 million.

b. Joint Ventures

Details of the Group's key joint ventures are as follows:

Name of key joint venture	Nature of relationship with the Group	Country of incorporation	Effective equity held by the Group	
			2022 %	2021 %
Renewables				
Guohua AES (Huanghua) Wind Power Co., Ltd ¹	Development, construction and operation of wind farms as well as provision of wind power technical consultation and services, training and research, development and engineering support services	China	49.00	49.00
Integrated Urban Solutions				
Vietnam Singapore Industrial Park J.V. Co., Ltd. ²	Development of industrial parks, residential areas and commercial areas for sale and lease	Vietnam	49.26	49.26
Conventional Energy				
Shanghai Cao Jing Co-generation Co. Ltd ³	Production of electricity and steam, supply of steam to customers, supply of electricity to the power grid and production and sale of other relevant products	China	30.00	30.00
Emirates Sembcorp Water & Power Company P.J.S.C ⁴	Development, possession, operation and maintenance of production, power generation and water desalination projects	United Arab Emirates	40.00	40.00

¹ Audited by Baker Tilly Certified Public Accountants Co., Ltd, China

² Audited by member firms of KPMG International

³ Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company

⁴ Audited by Ernst & Young, Abu Dhabi

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures *(cont'd)*

b. Joint Ventures *(cont'd)*

The Group has two (2021: two) joint ventures that are material and a number of joint ventures that are individually immaterial to the Group. All are equity accounted. Summarised financial information of the joint ventures is presented as follows:

<i>(S\$ million)</i>	Vietnam Singapore Industrial Park JV Co., Ltd.		Guohua AES (Huanghua) Wind Power Co., Ltd.	
	2022	2021	2022	2021
Revenue	523	469	117	131
Profit for the year ¹	131	106	40	51
Other comprehensive income	(37)	26	–	–
Total comprehensive income	94	132	40	51
Attributable to non-controlling interests	10	14	–	–
Attributable to investee's shareholders	84	118	40	51

¹ Includes depreciation and amortisation of S\$56 million (2021: S\$51 million), finance income of S\$15 million (2021: S\$4 million), finance cost of S\$25 million (2021: S\$18 million) and income tax expense of S\$42 million (2021: S\$24 million).

<i>(S\$ million)</i>	Vietnam Singapore Industrial Park JV Co., Ltd.		Guohua AES (Huanghua) Wind Power Co., Ltd.	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Non-current assets	239	231	587	690
Current assets ¹	1,184	1,055	241	250
Non-current liabilities ²	(261)	(267)	(267)	(278)
Current liabilities ³	(351)	(306)	(119)	(170)
Net assets	811	713	442	492
Attributable to non-controlling interests	117	102	–	–
Attributable to investee's shareholders	694	611	442	492

¹ Includes cash and cash equivalents of S\$485 million (2021: S\$314 million)

² Includes non-current financial liabilities (excluding trade and other payables and provisions) of S\$440 million (2021: S\$458 million)

³ Includes current financial liabilities (excluding trade and other payables and provisions) of S\$211 million (2021: S\$242 million)

<i>(S\$ million)</i>	Vietnam Singapore Industrial Park JV Co., Ltd.	Guohua AES (Huanghua) Wind Power Co., Ltd.	Individually immaterial joint ventures	Total
Group's interest in net assets of investees at January 1, 2022	311	237	536	1,084
Group's share of:				
Profit from continuing operations	62	20	89	171
Other comprehensive income	–	–	29	29
Total comprehensive income	62	20	118	200
Dividends received during the year	–	(22)	(60)	(82)
Translation during the year	(19)	(22)	(33)	(74)
Addition during the year, net of disposal and impairment	–	–	39	39
Carrying amount of interest in investees at December 31, 2022	354	213	600	1,167
Group's interest in net assets of investees at January 1, 2021	251	201	707	1,159
Group's share of:				
Profit from continuing operations	48	24	77	149
Other comprehensive income	–	–	14	14
Total comprehensive income	48	24	91	163
Dividends received during the year	–	–	(65)	(65)
Translation during the year	12	12	16	40
Impairment during the year	–	–	(212)	(212)
Addition during the year, net of disposal	–	–	*	*
Transfer to assets held for sale	–	–	(1)	(1)
Carrying amount of interest in investees at December 31, 2021	311	237	536	1,084

- The Group's share of the capital commitments of the joint ventures at the balance sheet date amounted to S\$83 million (2021: S\$73 million).
- The Group's interest in joint ventures with a total carrying amount of S\$124 million (2021: S\$96 million) as at balance sheet date has been pledged to banks to secure credit facilities granted to the joint venture entities.
- The impairment in 2022 pertained to an investment in UK. The amount mainly related to project expenses incurred by the company.

In 2021, the Group fully impaired the carrying value of S\$212 million interest in Chongqing Songzao Sembcorp Electric Power Co., Ltd (CSZ). The business was severely impacted by significantly higher coal costs, with the loss of its mine-mouth advantage and escalating market coal prices due to supply-demand imbalance consequent to a government directive for coal mines and the partner's decision to close all its Chongqing-based coal mines.

Post impairment, the Group no longer equity accounts the results of CSZ as the Group's cumulative share of losses exceeds its interests in CSZ. As at December 31, 2022, the Group's share of the unrecognised losses of CSZ was S\$22 million (2021: S\$25 million).

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Related Party Information

a. Amounts Due from Related Parties

<i>(\$ million)</i>	Note	Associates		Joint ventures		Related companies		Total	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Group									
Trade		7	5	1	5	60	19	68	29
Non-trade		4	3	14	12	3	*	21	15
Loans		*	*	1	1	–	–	1	1
	E1	11	8	16	18	63	19	90	45
Loss allowance		(1)	(1)	(10)	(12)	(1)	–	(12)	(13)
		10	7	6	6	62	19	78	32
Amount due within 1 year		(10)	(7)	(3)	(6)	(62)	(19)	(75)	(32)
Amount due more than 1 year		–	–	3	*	–	–	3	*

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

In 2022 and 2021, loss allowance mainly pertained to a dividend receivable from a joint venture which was impaired (see G3(b)(iii)).

<i>(\$ million)</i>	Note	Subsidiaries	
		December 31, 2022	December 31, 2021
Company			
Current:			
– Trade			40
– Non-trade			*
	E1	40	35

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

b. Amounts Due to Related Parties

<i>(\$ million)</i>	Note	Holding company		Associates		Joint ventures		Related companies		Total	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Group											
Current:											
– Trade		*	*	*	*	*	*	6	*	6	*
– Non-trade		–	–	*	*	45	*	6	4	51	4
	E3	*	*	*	*	45	*	12	4	57	4

The non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Related Party Information *(cont'd)*

b. Amounts Due to Related Parties *(cont'd)*

<i>(S\$ million)</i>	Note	Subsidiaries	
		December 31, 2022	December 31, 2021
Company			
Current:			
- Trade		*	*
- Non-trade		6	2
	E3	6	2
Non-current:			
- Loans	E3	1,358	1,445
		1,364	1,447

The non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

The loans from a related party of S\$1,358 million (2021: S\$1,445 million) bear interest rates ranging from 1.36% to 5.81% (2021: 1.36% to 3.72%) per annum and are unsecured.

c. Related Party Transactions

In addition to the above, the Group had the following significant outstanding balances and transactions with related parties during the year:

<i>(S\$ million)</i>	Outstanding balances		Transactions	
	December 31, 2022	December 31, 2021	2022	2021
Related Corporations				
Sales	60	19	357	177
Purchases including rental	6	*	392	428
Finance income	3	-	5	1
Finance expense	6	4	20	8
Associates and Joint Ventures				
Sales	8	10	42	32
Finance income	1	-	5	-
Payment on behalf	-	-	4	4
Loans due from	1	1	-	-

d. Compensation of Key Management Personnel

The Group considers the Directors of the Company (including the Group President & CEO of the Company) and other personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group to be key management personnel in accordance with SFRS(I) 1-24 Related Party Disclosures.

As of December 31, 2022, the key management personnel are Wong Kim Yin, Eugene Cheng, Robert Chong, Koh Chiap Khiong, Vipul Tuli, Andrew Koss, Alex Tan and Kelvin Teo.

The compensation of the eight (2021: eight) key management personnel is included in the table below:

<i>(S\$ million)</i>	Group	
	2022	2021
Directors		
Directors' fees paid / payable	2	2
Key Management Personnel		
Salary, bonus and other benefits	22	8
Share-based compensation expenses	23	4

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added (EVA), as well as 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 will increase or decrease by the yearly EVA performance achieved and the payouts made from the bonus bank.

Notes to the Financial Statements

G. Our Group Structure (cont'd)

G5. Acquisition of Subsidiaries

Acquisition of Significant Subsidiaries

On June 1, 2022, the Group acquired a 98% equity stake in Shenzhen Huiyang New Energy Group (HYNE), which consists of a portfolio of operational wind and solar photovoltaic assets. The acquisition will enable the Group to scale its renewables capacity towards meeting its targets by 2025, as part of the brown to green transformation.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(\$ million)	Note	2022
Purchase consideration		
Cash paid		445
Deferred consideration	i	78
Contingent consideration	ii	157
Consideration transferred for the business		680
Effect on cash flows of the Group		
Cash paid		445
Less: Cash and cash equivalents in subsidiaries acquired		(95)
Cash outflow on acquisition		350
		At fair value
Identifiable assets acquired and liabilities assumed¹		
Property, plant and equipment	D1	918
Right-of-use Assets	D1	14
Intangible assets	D3	415
Deferred tax assets		*
Trade and other receivables	iv	434
Cash and cash equivalents		95
Total assets		1,876
Trade and other payables		168
Borrowings		881
Lease liabilities		11
Current tax payable		3
Deferred tax liabilities		104
Total liabilities		1,167
Total net identifiable assets		709
Less: Non-controlling interest measured on proportionate basis		(62)
Add: Goodwill acquired	D3	33
Consideration transferred for the businesses		680

¹ The above fair values of identifiable assets acquired, and liabilities assumed have been determined on provisional basis as of December 31, 2022.

- i. The deferred consideration is payable at the earlier of obtaining the necessary subsidy financing for certain assets or two years from the acquisition date and was presented within trade and other payables in the balance sheet as at December 31, 2022.
- ii. The contingent consideration arrangement was for payment of a defined quantum upon obtaining the necessary operating permits, securing subsidy financing and admission into the National Subsidy Catalog for certain projects within an agreed period.

In determining the fair value of the contingent consideration, the Group has applied judgement in evaluating the probability and timing of fulfilment, taking into consideration past experiences and changes to market, economic or legal environment in China.

The contingent consideration was presented within trade and other payables in the balance sheet as at December 31, 2022.

- iii. Measurement of fair values
The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique	Key assumptions
Property, plant and equipment	Depreciated replacement cost method	Accounting useful life approximates the economic useful life of the property, plant and equipment
Intangible assets	Multi-period excess earnings method	Cash flows attributed to the power generation permits from June 1, 2022, to the end of the useful life of the respective generation plants of each project Remaining permits tenure of 23 to 25 years Discount rate of 8.2%

The assets acquired and liabilities assumed are determined on provisional basis, and are subject to the outcome of a nationwide audit on the subsidy mentioned in (iv).

- iv. Included in trade and other receivables are receivables which pertained mainly to the renewable energy subsidy tariff due from the Chinese authorities.
- v. The goodwill recognised is not expected to be deductible for tax purposes.
- vi. Acquisition-related costs amounting to S\$2 million have been excluded from the consideration transferred and have been recognised within general & administrative expenses in profit or loss.
- vii. HYNE contributed turnover of S\$86 million and profit of S\$18 million to the Group's results for the period from June 1, 2022 to December 31, 2022.

If the acquisition had occurred on January 1, 2022, management estimated that the consolidated turnover and profit for the full year ended December 31, 2022, would have increased from S\$7,825 million to S\$7,904 million and from S\$871 million to S\$900 million, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition and related amortisation charges for the year would have been the same if the acquisition had occurred on January 1, 2022.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G6. Discontinued Operation and Disposal Group Held For Sale

Accounting policies

Assets or disposal groups are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs to sell if they are expected to be recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale.

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 to sell are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

On September 5, 2022, the Group publicly announced the decision of its Board of Directors to sell Sembcorp Energy India Limited (SEIL), a wholly-owned subsidiary. On November 8, 2022, the shareholders of the Company approved the sale. The sale of SEIL was completed on January 19, 2023. The final consideration is settled by way of a Deferred Payment Note (DPN) which bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield, less a greenhouse gas emissions intensity reduction incentive rate. The DPN will be classified as a financial asset and measured at fair value with changes in fair value recognised in profit or loss.

In determining the fair value of the DPN, it is assumed that the purchaser settles the DPN from agreed portions (as set out in the sales and purchase agreement) of distribution including dividends declared by SEIL. Management performed a forecast of distributable dividends available from discounted cash flows of SEIL, taking into consideration cash flows from various power purchase agreements secured with an average remaining duration of 15 years and cash flows from contract renewals and spot markets. A discount rate is applied to the DPN to reflect the cash flow risks associated with the forecasted distributed dividends from SEIL and credit default risk of the purchaser. The DPN will be re-measured at future reporting periods. Subsequent fair value changes, arising from change in the assumptions initially applied, will be taken to profit or loss.

As at December 31, 2022, SEIL was classified as a disposal group held for sale and as a discontinued operation.

i. Result of the discontinued operation

<i>(S\$ million)</i>	Group	
	2022	2021
Turnover	1,570	1,387
EBITDA	379	403
Depreciation and amortisation	(89)	(133)
Other non-cash (expenses) / income	(1)	1
Finance income	17	5
Finance cost	(134)	(128)
Profit before tax	172	148
Tax (expense) / credit	(28)	1
Profit from discontinued operation, net of tax	144	149
Basic earnings per share – cents	8.08	8.35
Diluted earnings per share – cents ¹	7.91	8.25

¹ Earnings per share is computed using a weighted average number of shares and an adjusted weighted number of shares disclosed in Note B5(b).

ii. Cash flows of the discontinued operation

<i>(S\$ million)</i>	Group	
	2022	2021
Net cash from operating activities	256	362
Net cash from investing activities	42	915
Net cash used in financing activities	(299)	(1,292)
Net decrease in cash and cash equivalents	(1)	(15)

iii. Assets and liabilities of disposal group classified as held for sales

The consideration, initially measured from the fair value of DPN, exceeds the carrying amount of the related net assets and accordingly no impairment loss has been recognised on classification of this disposal group as held for sale.

The assets and liabilities of the disposal group were classified as held for sale when the sale of SEIL was approved by the Company's shareholders on November 8, 2022. As at December 31, 2022, the assets and liabilities held for sale comprised the following major classes and were translated at year-end exchange rate. The difference in amount between these two periods included currency translation.

<i>(S\$ million)</i>	Carrying amount at December 31, 2022
Assets held for sale	
Property, plant and equipment	2,406
Other financial assets	58
Trade and other receivables	719
Intangible assets	76
Inventories	137
Cash and cash equivalents	36
	3,432
Liabilities held for sale	
Trade and other payables	270
Lease liabilities	*
Provisions	2
Deferred tax liabilities	50
Borrowings ¹	1,172
	1,494
Excess of assets over liabilities held for sale	1,938

¹ The borrowings include secured loan of S\$99 million. As at December 31, 2022, net assets and equity shares, property, plant and equipment, and other assets with aggregate book value of S\$3,306 million collateralised to the previous secured lenders are in the process of being fully discharged.

As at December 31, 2022, the Group has given S\$1,263 million of corporate guarantees for the total aggregate principal amount of SEIL's facilities. These corporate guarantees will continue to be in force post-completion of the disposal.

iv. Cumulative (loss) / gain of disposal group recognised in OCI

Cumulative (loss) / gain recognised in other comprehensive income relating to the disposal group classified as held for sale were as follows:

<i>(S\$ million)</i>	2022
Foreign currency translation reserve	(418)
Capital reserve and other reserves	290
	(128)

Notes to the Financial Statements

H. Other Disclosures

H1. Other Financial Assets and Liabilities

Accounting policies

Classification and Measurement

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.

The Group initially recognises financial liabilities 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.

Equity Investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's 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. 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 the OCI and are never reclassified to profit or loss.

Financial assets and liabilities at FVTPL

All other financial assets not classified as measured 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 FVOCI, as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial liability is classified as FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial assets and 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.

Derecognition

The Group derecognises a financial asset when a) the contractual rights to the cash flows from the financial asset expire, or b) when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or if the Group neither transfers nor retains substantially all of the risks and rewards of ownership, it does not retain control of the financial asset.

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. In these cases, the transferred assets are not derecognised.

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.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

(\$ million)	Note	Assets		Liabilities	
		Current	Non-current	Current	Non-current
2022					
At FVOCI:					
- Equity shares		-	53	-	-
At FVTPL:					
- Cross currency swaps		1	3	-	16
- Interest rate swaps		-	*	-	2
- Forward foreign exchange contracts		*	-	-	-
- Foreign exchange swap contracts		-	-	8	-
- Mutual funds	i	37	32	-	-
- Other derivatives		2	-	1	*
		40	35	9	18
Hedge of net investment in foreign operations:					
- Forward foreign exchange contracts		23	-	11	1
Cash flow hedges:					
- Forward foreign exchange contracts		1	-	4	1
- Fuel oil swaps		24	*	75	3
- Interest rate swaps		-	73	-	-
- Cross currency swaps		-	4	-	*
- Electricity futures		1	-	-	-
		26	77	79	4
At amortised cost:					
- Long-term fixed deposits		-	17	-	-
- Equity shares		-	1	-	-
		-	18	-	-
Total		89	183	99	23

i. Included in mutual funds are amounts of S\$35 million (2021: S\$83 million) pledged to secure loan facilities.

Notes to the Financial Statements

H. Other Disclosures (cont'd)

H1. Other Financial Assets and Liabilities (cont'd)

(\$ million)	Note	Assets		Liabilities	
		Current	Non-current	Current	Non-current
2021					
At FVOCI:					
- Equity shares		-	53	-	-
At FVTPL:					
- Cross currency swaps		-	5	-	9
- Interest rate swaps		-	3	-	*
- Forward foreign exchange contracts		1	-	1	-
- Foreign exchange swap contracts		*	-	-	-
- Mutual funds	i	85	28	-	-
- Other derivatives		26	*	7	*
		112	36	8	9
Hedge of net investment in foreign operations:					
- Forward foreign exchange contracts		1	5	-	9
Cash flow hedges:					
- Forward foreign exchange contracts		1	*	2	*
- Fuel oil swaps		204	8	48	2
- Interest rate swaps		-	3	-	36
- Cross currency swaps		26	-	-	-
- Electricity futures market contracts		-	-	29	-
		231	11	79	38
Fair value hedges:					
- Forward foreign exchange contracts		8	-	-	-
At amortised cost:					
- Long-term fixed deposits		-	114	-	-
Total		352	219	87	56

i. Included in mutual funds are amounts of S\$35 million (2021: S\$83 million) pledged to secure loan facilities.

H2. Provisions

Accounting policies

A provision is an amount set aside based on reliable estimate to settle a probable legal or constructive obligation from a past event.

Key estimates and judgements

Estimates of the Group's obligations arising from contracts or regulations 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 management's knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Certain of the Group's subsidiaries are involved in claims, litigations, land disputes and other regulatory matters in certain countries at year-end. Due to the nature of these disputes and matters, and in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be reliably determined. Therefore, no provision has been recorded for these.

Provision for restoration cost

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the balance sheet by adjusting both the asset and provision. Such changes give rise to a change in future depreciation and interest charges.

Notes to the Financial Statements

H. Other Disclosures (cont'd)

H2. Provisions (cont'd)

Movements in provisions are as follows:

(\$ million)	Note	Claims (i)	Restoration costs (ii)	Remediation of legacy sites (iii)	Others (iv)	Total
Group						
2022						
Balance at January 1		8	43	32	21	104
Translation adjustments		*	(1)	(3)	(1)	(5)
Provisions made during the year		*	34	3	4	41
Provisions reversed during the year		(5)	(6)	(6)	(4)	(21)
Provisions utilised during the year		(1)	(3)	(6)	(5)	(15)
Transferred to liabilities held for sale	G6	–	–	–	(2)	(2)
Unwind of accretion on restoration costs	C6	–	2	–	–	2
Balance at December 31		2	69	20	13	104
Provisions due:						
– within 1 year		2	23	13	4	42
– after 1 year but within 5 years		–	2	7	9	18
– after 5 years		–	44	–	–	44
		2	69	20	13	104
2021						
Balance at January 1		12	29	4	19	64
Translation adjustments		*	*	(1)	*	(1)
Provisions made during the year		*	16	30	9	55
Provisions reversed during the year		(3)	(2)	–	*	(5)
Provisions utilised during the year		(1)	(1)	(1)	(7)	(10)
Unwind of accretion on restoration costs	C6	–	1	–	–	1
Balance at December 31		8	43	32	21	104
Provisions due:						
– within 1 year		8	14	10	8	40
– after 1 year but within 5 years		–	–	22	13	35
– after 5 years		*	29	–	–	29
		8	43	32	21	104

(\$ million)	Claims (i)	Restoration costs (ii)	Others (iv)	Total
Company				
2022				
Balance at January 1	4	26	1	31
Provisions made during the year	–	22	–	22
Provisions reversed during the year	(4)	(6)	(1)	(11)
Provisions utilised during the year	–	(1)	–	(1)
Balance at December 31	*	41	–	41
Provisions due:				
– within 1 year	*	17	–	17
– after 5 years	–	24	–	24
	*	41	–	41
2021				
Balance at January 1	9	13	–	22
Provisions made during the year	*	15	1	16
Provisions reversed during the year	(3)	(2)	–	(5)
Provisions utilised during the year	(2)	*	–	(2)
Balance at December 31	4	26	1	31
Provisions due:				
– within 1 year	4	14	1	19
– after 5 years	–	12	–	12
	4	26	1	31

- i. Provision for claims relates to the obligations arising from contractual and commercial arrangements in the Group's and the Company's operations, based on the best estimate of the possible outflow considering both contractual and commercial factors.
- ii. Restoration costs relate to cost of dismantling and removing assets and restoring the premises to the original condition as stipulated in the agreements. The liability is expected to be incurred upon fulfilment of restoration obligation or termination of the lease.
- iii. This relates to remediation obligations of certain legacy sites in UK, which are expected to be utilised within one to three years. This provision has been determined with reference to external quotes from suppliers as well as management's best estimate of the costs to complete the remediation works.
- iv. Others for the Group include provision for maintenance obligation based on contractual obligations to maintain the infrastructure and equipment to specified levels of serviceability under the service concession agreements. These provisions are measured at the best estimate of the expenditure required and timing of outflows, to settle the present obligation at the end of each reporting period.

Others for the Company relates to incremental costs necessary to fulfil the obligation under the contract on early termination to cease the incineration plant business.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H3. Subsequent Events

On January 11, 2023, the Group announced the completion of an acquisition of a 100% interest in a subsidiary company, Vector Green Energy Private Limited. The equity consideration was INR27.6 billion (approximately S\$449.9 million). The acquisition is expected to be earning accretive for the financial year ending December 31, 2023.

On January 19, 2023, the Group announced the completion of the sale of the entire shareholding in its subsidiary, Sembcorp Energy India Limited for INR125.5 billion (approximately S\$2.0 billion). The gain before realisation of reserves is S\$47 million. In addition, a currency translation loss recognised in the foreign currency translation reserve and a gain in the capital reserve will be taken to profit or loss in 2023. As at December 31, 2022, the accumulated currency translation loss was S\$418 million and the capital reserve was S\$290 million.

H4. New or Revised Accounting Standards and Interpretations Not Yet Effective

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after January 1, 2023:

Applicable to 2023 financial statements

Amendments to:

- SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)
- SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- SFRS(I) 17 Insurance Contracts

Mandatory effective date deferred

- Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group does not expect significant impact on the financial statements upon the adoption of these new SFRS(I)s.

I. Supplementary Information

I1. Interested Person Transactions

(Under SGX-ST Listing Manual requirements)

For the purposes of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is required for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets (NTA) or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than 5% of the Group's latest NTA. For FY2022, the 5% Group's consolidated NTA as at December 31, 2021 was S\$168 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2022, the Company obtained approval for such shareholders' mandate.

Transactions under shareholders' mandate

(\$ million)	Nature of relationship	2022	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
Sale of Goods and Services			
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	5.4	
PSA International Pte Ltd and its Associates		459.3	
Olam International Ltd and its Associates		41.6	
SATS Ltd and its Associates		0.1	
Sembcorp Marine Ltd and its Associates		45.0	
CapitaLand Investment Limited and its Associates		4.7	
Singapore Technologies Telemedia Pte Ltd and its Associates		368.5	
Singapore Airlines Limited and its Associates		1.5	
Singapore Power Limited and its Associates		2.3	
Temasek Holdings (Private) Limited and its Associates		0.3	
		928.7	
Purchase of Goods and Services			
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	2.0	
Singapore Power Limited and its Associates		6.6	
Singapore Telecommunications Ltd and its Associates		0.3	
Singapore Technologies Engineering Ltd and its Associates		3.8	
Surbana-Jurong Private Limited and its Associates		3.8	
Starhub Ltd and its Associates		0.2	
Pavilion Energy Pte. Ltd. and its Associates		9.4	
		26.1	
		954.8	

Notes to the Financial Statements

I. Supplementary Information (cont'd)

I2. List of Properties

Urban

Description	Type	Land tenure	Gross floor area (sq m)	Group's effective interest	Status
China					
<i>Industrial & Business Properties</i>					
1. International Water Hub, Nanjing	Office & exhibition centre	Leasehold 50 years from 2015	36,489 ¹	100%	Completed development
2. Jiangdao Intelligent Cube, Nanjing	Office & business park	Leasehold 50 years from 2012	74,073	21.5%	Completed development
3. Jiangdao Technology Innovation Centre, Nanjing	Office & exhibition centre	Leasehold 50 years from 2012	49,340	21.5%	Completed development
4. Wuxi-Singapore Industrial Park	Ready-built factories	Leasehold 50 years from 1995	506,225	45.4%	Completed development
5. Wuxi-Singapore Industrial Park	Built-to-specs factories	Leasehold 50 years from 2011	118,202	45.4%	Completed development
6. Wuxi-Singapore Industrial Park	Dormitory	Leasehold 50 years from 1996	12,799	45.4%	Completed development
7. Wuxi-Singapore Industrial Park	Office & amenities	Leasehold 50 years from 1996	10,491	45.4%	Completed development
8. Wuxi-Singapore Industrial Park	Office	Leasehold 50 years from 1999	4,423	45.4%	Completed development
9. Wuxi-Life Science Park	Ready-built factories	Leasehold 50 years from 2022	78,000	45.4%	Under development
<i>Commercial & Residential Properties</i>					
1. Jiangdao Xin Tiandi, Nanjing	Retail	Leasehold 40 years from 2012	66,274	21.5%	Under development
2. Jiangdao Hua Ting, Nanjing	Residential	Leasehold 70 years from 2012	7,690	21.5%	Completed development
3. Modena by Fraser, Wuxi New District	Service apartment	Leasehold 40 years from 2008	11,056	45.4%	Completed development
4. Chengdu Innovation & Technology Centre	Office & retail	Leasehold 40 years from 2022	65,930	50.0%	Under development
Indonesia					
<i>Industrial & Business Properties</i>					
1. Kendal Industrial Park, Central Java	Ready-built factories	Leasehold 30 years from 2015	1,836	49.0%	Completed development
Vietnam					
<i>Industrial & Business Properties</i>					
1. Sembcorp Logistics Park Quang Ngai	Warehouses	Leasehold 60 years from 2022	36,762	52.5%	Under development
2. Sembcorp Logistics Park Nghe An	Warehouses	Leasehold 43 years from 2022	40,496	52.5%	Under development

¹ Gross floor area excludes carpark and basement area

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
Vietnam (cont'd)					
<i>Industrial & Business Properties (cont'd)</i>					
3. VSIP Binh Duong I	Ready-built factories	Leasehold 50 years from 1996	57,813	49.3%	Completed development
4. VSIP Binh Duong II	Ready-built factories	Leasehold 50 years from 2005	25,016	49.3%	Completed development
5. VSIP Binh Duong II-A	Ready-built factories	Leasehold 50 years from 2008	84,574	49.3%	Completed development
6. VSIP Nghe An	Ready-built factories	Leasehold 50 years from 2015	8,810	49.3%	Completed development
7. VSIP Hai Phong	Ready-built factories	Leasehold 50 years from 2008	30,051	46.5%	Completed development
8. VSIP Bac Ninh	Ready-built factories	Leasehold 50 years from 2007	37,826	46.5%	Completed development
9. VSIP Bac Ninh Flatted Factory	Flatted factory	Leasehold 50 years from 2007	16,136	46.5%	Completed development
10. Sembcorp Logistics Park Hai Phong Phase I	Warehouses	Leasehold 44 years from 2014	15,000	52.5%	Completed development
11. Sembcorp Logistics Park Hai Phong Phase II	Warehouses	Leasehold 43 years from 2016	14,279	52.5%	Completed development
12. Sembcorp Logistics Park Hai Phong Phase III	Warehouses	Leasehold 40 years from 2018	13,200	52.5%	Completed development
13. Sembcorp Logistics Park Hai Duong	Warehouses	Leasehold 38 years from 2020	13,176	52.5%	Completed development
<i>Commercial & Residential Properties</i>					
1. VSIP Binh Duong II-A	Retail	Leasehold 50 years from 2008	1,118	49.3%	Completed development
2. VSIP Plaza, Quang Ngai	Retail	Leasehold 50 years from 2012	3,062	49.3%	Completed development
3. VSIP Hai Phong	Retail	Leasehold 50 years from 2008	233	46.5%	Completed development
4. Hai Phong Gateway	Retail	Leasehold 50 years from 2008	598	46.5%	Completed development
5. VSIP Bac Ninh	Shophouses	Leasehold 50 years from 2007	680	46.5%	Completed development
6. Sun Casa, Binh Duong	Residential & shophouses	Leasehold 50 years from 2008	1,677	49.3%	Completed development
7. Sun Casa Central I, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	9,254	49.3%	Completed development
8. Sun Casa Central II, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	60,854	49.3%	Under development
9. The Habitat Binh Duong Phase II	Residential & retail	Leasehold 45 years from 2018	493	51.6%	Completed development
10. The Habitat Binh Duong Phase III	Residential & retail	Leasehold 44 years from 2019	60,583	51.6%	Under development

Corporate and Others

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest
Singapore				
30 Hill Street	Office	Freehold land and building	11,410	100%

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