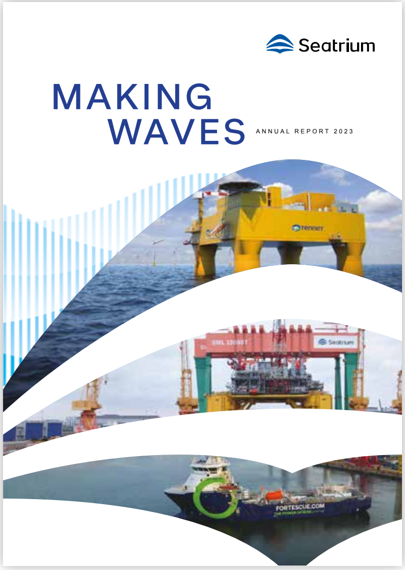
Seatrium

MAKING WAVES

ANNUAL REPORT 2023



Seatrium is the merger between Sembcorp Marine and Keppel Offshore & Marine, two marine & offshore engineering titans now sailing as one. For our inaugural annual report, we chose to feature elements of Seatrium's new logo on the cover to mark the beginning of a dynamic and synergised chapter in our growth journey.

The Seatrium logo comprises a logomark, creatively crafted to represent the shape of Singapore as well as the bow of a ship. Its design features three crescent shapes, which is symbolic of the following:

- The top crescent represents elevation above the sky, and our aim to scale greater heights in the industry. It also alludes to our commitment to clear skies for a sustainable future.
- The middle crescent represents the horizon or sea level to symbolise Seatrium's ongoing journey to explore growth opportunities and reach new growth horizons.
- The base crescent represents the ship's bow and an anchor to express how we will remain anchored to strong foundational values that shape our business.

"Making Waves" embodies our spirit of innovation and aspiration to make a positive impact in the offshore, marine and energy industries. Like the rolling waves of the ocean, Seatrium will forge forward with pioneering technology, sustainable stewardship and an unwavering commitment to excellence, thereby enabling us to drive long-term value for all our stakeholders.

Gimi FLNG (in foreground) and FPSO Léopold Sédar Senghor undergoing final phase of works prior to delivery at our flagship Tuas Boulevard Yard in Singapore

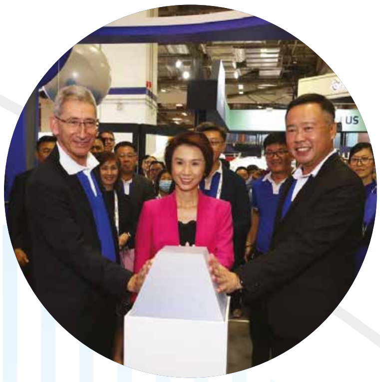
Contents

Glossary

AGM	Annual General Meeting
AI	Artificial Intelligence
CCS	Carbon Capture and Storage
COE	Centre of Excellence
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPC	Engineering, Procurement and Construction
EPCI	Engineering, Procurement, Construction and Installation
FCC	Favoured Customer Contract
FLNG	Floating Liquefied Natural Gas vessel
FPSO	Floating Production Storage and Offloading vessel
FPU	Floating Production Unit
FSRU	Floating Storage Regasification Unit
GW	Gigawatt
HVAC	High Voltage Alternating Current
HVDC	High Voltage Direct Current
IoT	Internet of Things
LNG	Liquefied Natural Gas
MW	Megawatt
m^2	Square Metres
O&M	Offshore & Marine
Ropax ferry	Roll-on/roll-off passenger ferry
SGX-ST	Singapore Exchange Securities Trading Limited
WTIV	Wind Turbine Installation Vessel

UNVEILING OF NEW NAME - SEATRIUM
Marking a new chapter on 26 April 2023 with the unveiling of the new Seatrium brand name across the Group

STRIKE THE GONG @ SGX
Commemorating the launch of Seatrium's new name at the Singapore Exchange on 27 April 2023



BRAND LAUNCH AT SEA ASIA
Launching Seatrium's new branding on 27 April 2023 at the Sea Asia trade show

UNITED AT THE CORE
Celebrating the launch of Seatrium's Core Values

TWO HISTORIES ONE FUTURE

We are building on the proud heritage of both companies to create a new company with twice the scale and twice the opportunity. We have created an organisation with future-ready capabilities and know-how, technological bench strength and a broad suite of products and solutions.

Together with the new Board and Management, we are excited to steward the Group at a time of significant growth to accelerate our strategic transition into offshore renewables, new energies and cleaner offshore and marine solutions.

Corporate Profile

Seatrium Limited provides innovative engineering solutions to the global offshore, marine and energy industries. Headquartered in Singapore, the Group has over 60 years of track record in the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types.

The Group's key business segments include Oil & Gas Newbuilds and Conversions, Offshore Renewables, Repairs & Upgrades, and New Energies, with a growing focus on sustainable solutions to advance the global energy transition and maritime decarbonisation.

As a premier global player offering offshore renewables, new energies and cleaner offshore & marine solutions, Seatrium is committed to delivering high standards of safety, quality and performance to its customers which include major energy companies, vessel owners and operators, shipping companies, and cruise and ferry operators.

Seatrium operates shipyards, engineering & technology centres and facilities in Singapore, Brazil, China, India, Indonesia, Japan, Malaysia, the Philippines, Norway, the United Arab Emirates, the United Kingdom and the United States.

Seatrium's flagship Tuas Boulevard Yard in Singapore

Our Core Values

SAFETY — A guiding principle behind everything we do
We promote a healthy and safe work environment for our employees, customers, partners and the community

PEOPLE-FOCUSED — Where people are the priority because we care
We embrace diversity, foster mutual respect and make our people agenda a strategic business priority

INTEGRITY — Committed to doing the right things
We are trustworthy, accountable, principled and legally compliant in the conduct of our business

EXCELLENCE — Relentless pursuit of excellence
We drive performance excellence, quality, innovation and industry leadership relentlessly

CUSTOMER-CENTRICITY — Committed to our customers' success
We value our partnership with our customers and build lasting relationships to achieve shared purposes

SUSTAINABILITY — Committed to being a responsible corporate citizen
We prioritise Environmental, Social and Governance issues with a holistic view on sustainability to benefit all stakeholders

2023 HIGHLIGHTS

Revenue
S$7.3
Billion

EBITDA
S$236
Million

Net Loss
-S$2.0
Billion

Net Order Book[1]
S$16.2
Billion

Underlying[2] EBITDA
S$628
Million

Underlying[2] Net Loss
-S$28
Million

Paving the way for a sustainable future: The DolWin epsilon HVDC Offshore Converter Platform has successfully sailed off after completion of construction in Singapore to Norway for the final phase of works before installation & commissioning at the DolWin5 offshore grid connection in the German North Sea.

[1] *As at the FY2023 full-year results announcement on 26 February 2024*
[2] *Excludes exceptional items comprising write-downs, provisions for onerous contracts, legal and corporate claims, and merger expenses*

Successful Deliveries and Sailaways in 2023 and 1Q2024

Gimi
World's second converted FLNG for Golar LNG

Whale
FPU newbuild for Shell Offshore Inc

Alexandroupolis
Greece's first FSRU conversion for GasLog LNG

DolWin epsilon
900MW HVDC Offshore Converter Platform for TenneT

Janet Marie
Second of two LNG-powered containerships for Pasha Hawaii Shipping

Energos Celsius
FSRU conversion for New Fortress Energy

FPSO Léopold Sédar Senghor
FPSO completion project for MODEC

AlSila & AlSaadiyat
Final two units of three jack-up rigs for ADNOC Drilling

BW Opportunity
FPSO modification and upgrading works for BW Offshore

Leikanger
Third of three zero-emission fully battery-operated Ropax ferries for Norled

Vox Alexia
Third of three dual-fuelled Trailing Suction Hopper Dredgers for Van Oord

Almirante Tamandaré
FPSO topside modules fabrication project for SBM Offshore

Brassavola
Singapore's first membrane LNG bunker vessel for Mitsui O.S.K. Lines

OUR INTEGRATED GLOBAL PLATFORM

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

Seatrium's global network includes yards, engineering & technology centres and facilities that operate as pooled resources, supporting projects of any scale and complexity for deployment worldwide.

Total Yard Area
>7.6
Million m²

>4,000
Engineers

~200
Technologists

SCALING NEW HEIGHTS TOGETHER

INTEGRATED SYNERGIES, PROVEN SOLUTIONS

Seatrium embodies the spirit of synergy, tapping into our collective experience and expertise to soar to greater heights as one united entity. Our strong fundamentals will support our growth going forward, leading the industry with world-class capabilities and innovative engineering solutions.

Successful delivery of Whale, the Group's second FPU newbuild for Shell – constructed using Seatrium's fast-track integration methodology with over two million man-hours saved and 30% reduction in hull and topside integration time, enabled by our game-changing 30,000-tonne single-lift capacity cranes – following completion of Vito FPU in 2021

CHAIRMAN AND CEO'S STATEMENT

Seatrium's key representatives with Ms Low Yen Ling, Minister of State for the Ministry of Culture, Community and Youth and the Ministry of Trade and Industry, at Sea Asia 2023, our first trade show following the name change.

Dear Shareholders,

2023 was a pivotal year for Seatrium, as the transformative combination of Sembcorp Marine and Keppel Offshore & Marine completed in February 2023, propelled us to the forefront of the offshore and marine sector. As 'One Seatrium', we are a premier global player, well-positioned to play a leading role in the energy transition.

Emerging from the COVID-19 pandemic, we faced an unprecedented period of geopolitical tensions and economic uncertainty which impacted global supply chains and increased volatility in energy markets. Amidst challenging times however, new opportunities have emerged, from which Seatrium is well-positioned to benefit from, galvanised by strong government commitments and corporates around the world seeking to achieve net-zero carbon emissions. The global decarbonisation agenda has intensified with the introduction of new maritime regulations, fuelling strong demand for cleaner offshore and marine solutions.

BECOMING 'ONE SEATRIUM'

Right after our combination, a new Board was reconstituted, bringing relevant and diverse industry experience. We moved swiftly to bring together two organisations with different people, cultures, systems and operating models under a new brand name, Seatrium. We bolstered the senior leadership team with both internal and external hires to bring fresh and diverse perspectives beyond the offshore and marine sector, creating a strong management bench. There were mammoth tasks ahead to harmonise our processes, policies and systems across the yards, and to set new goals, beliefs and core values to define who we are as an organisation.

An immediate priority was to achieve a turnaround in our balance sheet which was in a net current liability position exceeding S$1.4 billion as at 1H2023. Through proactive capital management strategies, we secured over S$3.5 billion in new loans, improved liquidity and funding capabilities, and termed out our debt. We have turned around our balance sheet successfully to a position of strength with a net current asset position as at the year end.

DELIVERING POSITIVE EBITDA

In 2023, we successfully delivered landmark projects that reflect our ongoing commitment to operational excellence and strong project execution.

The Group achieved a revenue that more than tripled year-on-year to S$7.3 billion for financial year 2023. EBITDA turned positive to S$236 million in FY2023, an improvement from the negative S$7 million in FY2022. Underlying EBITDA[1] jumped 456% year-on-year to S$628 million from S$113 million for FY2022.

Our reported performance in FY2023 was impacted by exceptional items which include write-downs that are non-cash in nature, provisions for onerous contracts, legal and corporate claims, and merger expenses, amounting to approximately S$2.1 billion. The Group recorded a Net Loss of S$2.0 billion for FY2023; excluding

[1] *Underlying EBITDA excludes exceptional items which comprise write-downs, provisions for onerous contracts, legal and corporate claims, and merger expenses*

exceptional items, underlying Net Loss was S$28 million.

On 26 February 2024, we announced the in-principle settlement agreements with the Brazilian Authorities in relation to Operation Car Wash[2] for a settlement amount totalling R$670.7 million (equivalent to approximately S$182.4 million[3]). Subsequently, on 28 March 2024, we made an announcement that the Attorney-General's Chambers (AGC) is agreeable to enter into a Deferred Prosecution Agreement (DPA) pursuant to which we have made a provision of US$57 million (equivalent to approximately S$76.5 million[4]) as the amount payable to the Singapore authorities.

This latest development allows us to move forward as a new organisation committed to the highest standards of governance. We would like to reiterate that Seatrium takes the responsibility of global leadership in this industry extremely seriously. We are committed to upholding a high standard of corporate governance and business integrity. Firm steps have been taken to put in place policies and procedures to instil the highest standards of discipline, ethics, and compliance in the conduct of our business.

TOWARDS PROFITABLE AND RESILIENT GROWTH

During the year, we undertook a capital structure and strategic review, where we took a hard look at our business focus, operational footprint, and assets. The review signposted how well-positioned Seatrium is to benefit from our deep customer relationships and derive synergies from an enlarged business footprint, operational scale and enhanced capabilities. This is demonstrated by the increase in our net order book to over S$16 billion with projects for deliveries till 2030, underpinning earnings visibility over the coming years.

> The Group achieved a revenue that more than tripled year-on-year to S$7.3 billion for financial year 2023. EBITDA turned positive to S$236 million in FY2023, an improvement from the negative S$7 million in FY2022.

[2] *Subject to the review and final approval by the Federal Court of Accounts ("TCU"), and the Fifth Chamber for Coordination and Review of the MPF (the "Fifth Chamber")*

[3] *The settlement amount is subject to both inflation and currency adjustment until the date of the Group's payment of the settlement amount. Conversion to S$ is based on FY2023 December book closing rate of 0.272. The Group has also made a provision of S$82.4 million as indemnity to Keppel Corporation in relation to this matter*

[4] *As part of the terms of the DPA, the AGC is agreeable for the DPA to impose a requirement to pay a financial penalty of US$110 million. The AGC is agreeable for up to a maximum of US$53 million of the payments to be made to the Brazilian Authorities to be credited against the amount payable. Accordingly, the amount payable by the Group will be US$57 million (equivalent to approximately S$76.5 million). Conversion between S$ and US$ is based on FY2023 December book closing rate of US$1 = S$1.3421*

(Left)
MARK GAINSBOROUGH
Chairman

(Right)
CHRIS ONG LENG YEOW
CEO

As part of the strategic review, we identified a group of core assets which bring synergies to the Group, as well as surplus and non-core assets which were written down in the full-year results. The impact to the Group's financial performance is expected to be limited to FY2023 and going forward, the value-accretive action is expected to improve Seatrium's productivity, optimise its cost structure and reduce cash operating expenses.

We have also announced a proposed share consolidation exercise, subject to shareholders' approval at the upcoming Annual General Meeting. This is expected to reduce volatility in our share price, increase market interest and improve attractiveness of our listed shares.

Today, Seatrium is fundamentally different. We have successfully implemented a 'One Seatrium' global delivery model with integrated operations, supported by centralised resource allocation and global centres of excellence for engineering and technical support, to scale the business. This new way of operating not only facilitates efficient resource allocation and capacity planning but also reinforces end-to-end project accountability from bidding to delivery, allowing us to operate more efficiently and competitively.

HUMAN CAPITAL IS OUR GREATEST ASSET

At Seatrium, we are people-focused, customer-centric, and sustainability-committed. In our relentless pursuit of excellence and industry leadership, we uphold our fundamental values of safety and integrity.

We take pride in building a diverse, talented and inclusive workforce to better respond to challenges and meet the needs of an international customer base. Our 23,000-strong team hails from 29 nationalities, and one in five executive-level and above employees are women. We are committed to building a collaborative and open culture that promotes diversity, equity, and inclusion and where our employees benefit from expanded international career development opportunities in the areas of renewables, new energies and cleaner offshore and marine solutions.

One Seatrium: Board of Directors, management and staff celebrating Seatrium's brand launch

A SUSTAINABLE FUTURE FOR ENERGY

Seatrium's unwavering commitment to delivering long-term value to stakeholders and embracing sustainability has enabled the Group to make significant progress in pursuing decarbonisation initiatives and supporting the world's transition to a low carbon economy.

In 2023, we launched our Sustainability Vision 2030 – premised on three key thrusts: Operating a Responsible Business, Engineering a Sustainable Future, and Caring for Our People and Communities – which serves as a roadmap to guide the transition of our business in a lower carbon economy. We are pleased to report that in 2023, we achieved a 28% reduction of our GHG emissions, bringing us a step closer to our Vision 2030 target of a 40% reduction of our emissions from 2008 levels. In addition, we have pledged our commitment to achieving net-zero GHG emissions by 2050.

Seatrium plays an important role in supporting its customers in the global energy transition. Today, renewables and cleaner/green solutions contribute to approximately 39% of our net order book. We are committed to supporting our customers with innovative solutions in offshore wind power generation, maritime decarbonisation, and energy efficiency retrofits. In particular, our Repairs & Upgrades business will focus on capturing expanding market opportunities in maritime decarbonisation.

INDUSTRY COLLABORATIONS TO DRIVE CHANGE

We are proud to have achieved many of the world's 'firsts' with our industry-leading solutions, including establishing strategic industry partnerships to achieve new breakthroughs for the industry.

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A case in point is our partnership with Singapore's Energy Market Authority where we have developed Southeast Asia's first floating and stacked Energy Storage System, the Seatrium Floating Living Lab (FLL). A first-of-its-kind floating power plant with batteries that can refuel LNG vessels, charge electric harbour craft and even generate electricity for remote islands, the FLL overcomes Singapore's land constraints, with a deployment footprint of up to 40% less than land-based energy storage systems. The FLL was recently selected by the Maritime and Port Authority of Singapore (MPA) to pilot an innovative mobile charging solution for harbour craft electrification.

Other strategic initiatives include our partnership with the American Bureau of Shipping (ABS) on digital transformation and smart initiatives, including the world's first Offshore Structural Health Monitoring notation, and the Seatrium Professorship with the National University of Singapore (NUS) College of Design and Engineering.

LOOKING AHEAD

The current global operating environment is marked by uncertainty, but the potential opportunities ahead are significant. Seatrium's strong heritage and deep engineering capabilities position us well to seize these opportunities in support of both energy security and energy transition.

To future-proof the business, we are investing in training, digitalisation and robotics as the next leap forward, including the use of AI-powered digital twin of our global yards augmented with real-time Internet of Things (IoT) to improve central planning and long-term productivity, design optimisation and prediction modelling, amongst other initiatives. By combining our extensive industry experience with the latest in AI technologies, we will deliver exceptional customer value and drive growth across the entire energy value chain.

Public-Private Partnerships are vital in research and development in our industry. We will continue to strengthen our collaborations with leading research institutions and industry partners to explore new technologies and innovative sustainable solutions that contribute towards the industry's shared commitment towards maritime decarbonisation.

IN APPRECIATION

On behalf of the Board and management, we would like to express our appreciation to our shareholders, customers, business partners, suppliers and other stakeholders for their continued confidence and support for Seatrium. Our appreciation also goes to our employees globally for their relentless efforts to deliver on our commitment to our customers.

We look forward to your continued support as we engineer a sustainable, cleaner energy future together!

Sincerely,

MARK GAINSBOROUGH
Chairman

CHRIS ONG LENG YEOW
CEO

KEY MILESTONES

January

Awarded an Offshore Substation project from Ørsted for the Greater Changhua 2b and 4 Offshore Wind Farms

Sailaway of Leikanger, the third of three zero-emission fully battery-operated Ropax ferries designed and built for Norled

Keel-laying of Wind Turbine Installation Vessel, Sturgeon, for Maersk Supply Service

February

Shareholders' approval for Proposed Combination received at the Extraordinary General Meeting on 16 February 2023

Secured contract from Chevron to provide EPIC services to reduce the carbon intensity of its LNG fleet operations

March

Secured a Framework Cooperation Agreement with TenneT to supply three 2GW HVDC electrical transmission systems

Delivery of FPSO BW Opportunity to BW Offshore after completing modification and upgrading works

Strike-steel of Ørsted's Offshore Substation project for the Greater Changhua 2b and 4 Offshore Wind Farms

April

Change in company name to Seatrium Limited following shareholders' approval at the 60th Annual General Meeting on 26 April 2023

Official brand launch at Singapore Exchange and Sea Asia 2023

Established the Seatrium-TCOMS Ocean Lab to advance the design and operational performance of smart ocean systems and infrastructure

May

Awarded two Offshore Substation projects from Empire Offshore Wind LLC, for Empire Wind 1 and 2 Offshore Wind Farms[1]

Delivery of Vox Alexia, the third of three dual-fuelled Trailing Suction Hopper Dredgers to Van Oord

July

Delivery of Janet Marie, the second of two LNG-powered containerships to Pasha Hawaii Shipping

Delivery of AlSila, the second of three jack-up rigs to ADNOC Drilling Company PJSC

Completion of FPSO Almirante Tamandaré topside modules fabrication project for SBM Offshore

September

Delivery of AlSaadiyat, the third of three jack-up rigs to ADNOC Drilling Company PJSC

[1] *The Empire Wind 2 contract was cancelled in January 2024*

KEY MILESTONES

October

Keel-laying of NApAnt scientific research support vessel

Sailaway of DolWin epsilon, a 900MW HVDC Offshore Converter Platform for TenneT

Delivery of Whale FPU newbuild to Shell

November

Steel-cutting of the Empire Wind 1 Offshore Substation project for Empire Offshore Wind LLC

Delivery of Greece's first FSRU Alexandroupolis to GasLog LNG Services for operation in the Thracian Sea

Delivery of Gimi, the world's second converted FLNG vessel for Golar LNG

December

Secured a contract from Offshore Frontier Solutions, a MODEC Group company, to undertake topside modules fabrication of FPSO Raia in Brazil

Secured Sparta FPU newbuild project from Shell Offshore Inc.

Delivery of FSRU Energos Celsius to New Fortress Energy for deployment in Brazil

Delivery of FPSO Léopold Sédar Senghor to MODEC for deployment in the Sangomar Field, offshore Senegal

Launched Seatrium Sustainability Vision 2030 and 2050 Net-zero Ambition

Launched Seatrium Decarbonisation Forum, where thought leaders and industry stakeholders gathered to exchange perspectives on advancing maritime decarbonisation towards achieving a net-zero future

AWARDS & ACCOLADES

ASMI Awards 2023

Recognition by the Association of Singapore Marine & Offshore Energy Industries (ASMI) for exemplary business practices and strong support for ASMI's initiatives

- **ASMI Business Award**
  Seatrium Limited
- **ASMI Meritorious Award**
  Alex Teo

Workplace Safety and Health Performance Awards

Recognition by WSH Council of organisations that have implemented sound safety and health management systems to safeguard their employees and contractors across their worksites

Admiralty Yard
Silver

Pioneer Yard
Silver

Safety and Health Award Recognition for Projects (SHARP)

Recognition by WSH Council of large-scale projects or worksites with good safety and health performance and workplace safety and health management systems

Admiralty Yard
- Energean Power FPSO
- KARMOL LNGT Powership Europe
- M-Class Fleet Reliquefaction Upgrades
- Northwest Shelf Fleet Repairs
- Polar Tankers Fleet Repairs

Pioneer Yard
- DolWin5 Project
- Vox Apolonia
- Vox Alexia
- Floating Living Lab
- Bold Tern

Tuas Boulevard Yard
- Armada Sterling V Hull
- Armada Sterling V Module
- Bokalift
- Brassavola
- Deepwater Atlas
- Deepwater Titan
- JMS Sunshine
- Maersk Cuanza
- NFE Innovation 1
- Hella Ropax Ferry
- Dragsvik Ropax Ferry
- Leikanger Ropax Ferry
- RTM Wakmatha
- Samjohn Odyssey
- Whale FPU Hull
- Whale FPU Module

Workplace Safety and Health Innovation Awards

Recognition by WSH Council of innovative projects and solutions that lead to enhanced workplace, safety and health as well as operational improvements

Admiralty Yard
Safety Improvement of Dust Net Canopy Covering

Tuas Boulevard Yard
Mechanised Bevel Grinder

Culture of Acceptance, Respect and Empathy (CARE) Award

Recognition by WSH Council to **Seatrium Pioneer Yard** for promoting a culture of care and adopting exemplary mental well-being practices

WSH Awards for Supervisors

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

Admiralty Yard
Nath Bikas Kanti

Tuas Boulevard Yard
Thiagarajan Vallavan

Pioneer Yard
Muhammad Luqman Hakeem

Singapore Environmental Achievement Awards

Recognition by the Singapore Environment Council to **Seatrium** for pioneering strides in the area of sustainable innovation for the maritime industry

- **Green Innovations Award Winner (MNC)**
  JMS Sunshine LNG-Battery Hybrid Harbour Tug

- **Green Supply Chain Award Winner (MNC)**
  FueLNG Bellina LNG Bunker Vessel

SIMTech Industry Partner Recognition Award

Recognition by Singapore Institute of Manufacturing Technology (SIMTech) to **Seatrium** for high-impact technology and innovation partnership

National Day Awards 2023

Recognition by Singapore's Prime Minister's Office of individuals who have made significant contributions to Singapore and the labour movement

- **Public Service Medal**
  Atyyah Hassan, Union Leader

AEU Safety Award

Recognition by American Equity Underwriters to **Seatrium AmFELS** for strong commitment to safety in the workplace

RIDING THE WAVE OF INNOVATION

Successful conversion of the world's first green ammonia-capable dual-fuelled vessel FFI Green Pioneer

CHARTING FUTURE PATHWAYS IN NEW ENERGIES

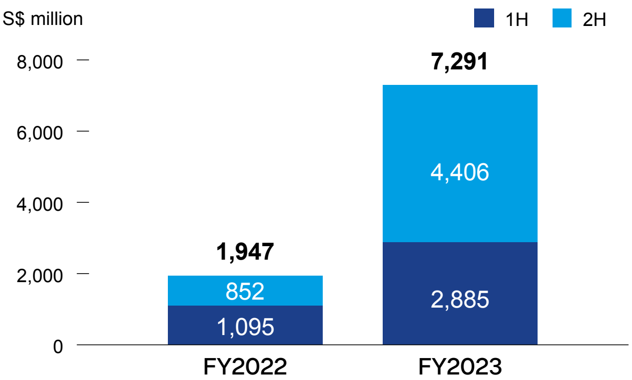
We believe that innovation is not just about solving today's challenges, but shaping the future of energy in meaningful ways. With a focus on sustainability and technological advancement, Seatrium is dedicated to achieving new breakthroughs and setting the standard for excellence in the offshore, marine and energy industries.

FINANCIAL REVIEW

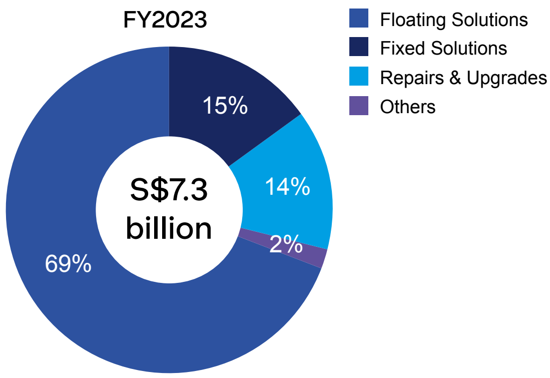
The financial results reflect the completion of the combination with Keppel Offshore & Marine Ltd (now known as Seatrium Offshore & Marine Limited) on 28 February 2023.

S$ million	FY2022	FY2023	Change%
Revenue	1,947	7,291	274
Underlying EBITDA[1]	113	628	456
Underlying Net Loss[1]	(141)	(28)	n.m.
Exceptional Items	(120)	(2,103)	n.m.
EBITDA	(7)	236	n.m.
Net Loss	(261)	(2,017)	n.m.

REVENUE



REVENUE CONTRIBUTION BY SEGMENTS



The Group generated a revenue of S$7.3 billion for FY2023, representing a three-fold increase year-on-year. This is attributable to a robust order book following the combination, strong project execution, and higher repairs & upgrades activities.

Underlying EBITDA, which excludes exceptional items, was S$628 million for FY2023, as compared to S$113 million in FY2022.

In FY2023, the Group registered exceptional items of S$2.1 billion in FY2023, which comprise non-cash write-downs of S$1.4 billion for surplus and non-core assets, excess and obsolete inventories arising from its strategic review, and S$0.7 billion pertaining to provisions for onerous contracts, legal and corporate claims, and merger expenses.

The write-downs were a resultant outcome of the Group's strategic review where it identified core assets which bring synergies, as well as surplus and non-core assets. The assets that were written down comprise yards and yard assets that will not contribute to the Group's mid to long-term plans because of excess capacity due to duplication and change in business strategies, damaged assets beyond economic repair, or obsolete assets.

Group Net Loss was S$2.0 billion for FY2023, as compared to S$261 million in the prior year. The Group's net loss in FY2023 was primarily attributable to exceptional items. Underlying Net Loss, excluding exceptional items, was S$28 million.

Free cash inflow was S$506 million, as compared to free cash inflow of S$1.0 billion in the prior year. Early collection of accounts receivables during the year contributed to the cash inflow negated by working capital needs.

Shareholders' Funds increased significantly from S$3.8 billion at end 2022 to S$6.4 billion at end 2023. This is attributable to new shares issued to Keppel Corporation for the acquisition of Keppel Offshore & Marine, renamed Seatrium Offshore & Marine.

During the year, the Group strengthened its balance sheet with a stronger liquidity position and improved debt maturity profile. The Group proactively secured over S$3.5 billion in new loans, refinancing, and trade financing, including over S$2.5 billion in green or sustainability-linked facilities[2]. Net gearing was 0.12 times as at 31 December 2023 compared to 0.26 times as at 31 December 2022. Although the Group was operating with a Net Current Liability position of S$1.5 billion as at 1H2023, it was turned around very quickly to be in a Net Current Asset position of S$55 million as at end 2023.

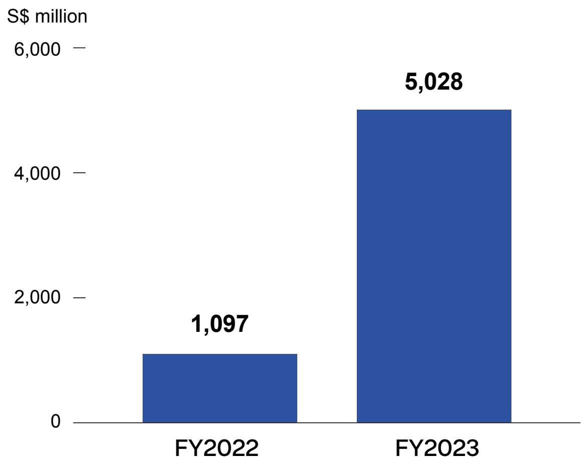
[1] *Excludes exceptional items comprising write-downs, provisions for onerous contracts, legal and corporate claims, and merger expenses*

[2] *Includes the S$400 million Green Loan from UOB for eco projects*

FLOATING SOLUTIONS

With progressive project deliveries, the Group's Floating Solutions segment recorded a revenue of S$5.0 billion for FY2023, a 358% improvement compared to S$1.1 billion in the same period last year. The significant increase was due to the completion of projects for a series of floaters, specialised vessels, and rigs in FY2023. Successful deliveries included the Whale FPU newbuild, Gimi FLNG conversion, Alexandroupolis FSRU conversion, Energos Celsius FSRU conversion, FPSO Léopold Sédar Senghor completion as well as other projects.

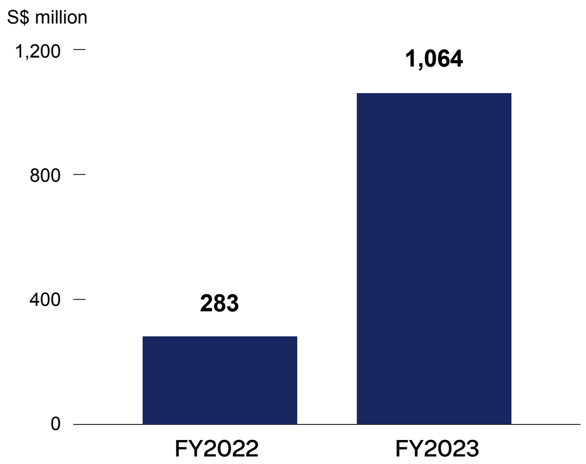
REVENUE - FLOATING SOLUTIONS



FIXED SOLUTIONS

Revenue for the Fixed Solutions segment was S$1.1 billion for FY2023, a 276% increase from S$283 million in FY2022 due to revenue recognition from completion of various milestones for offshore wind projects, including the DolWin epsilon HVDC Offshore Converter Platform, two offshore substation topsides for the Revolution Wind project, an offshore substation for the Greater Changhua 2b & 4 offshore wind farms, the Sofia HVDC Offshore Converter Platform, and the Empire Wind 1 offshore substation.

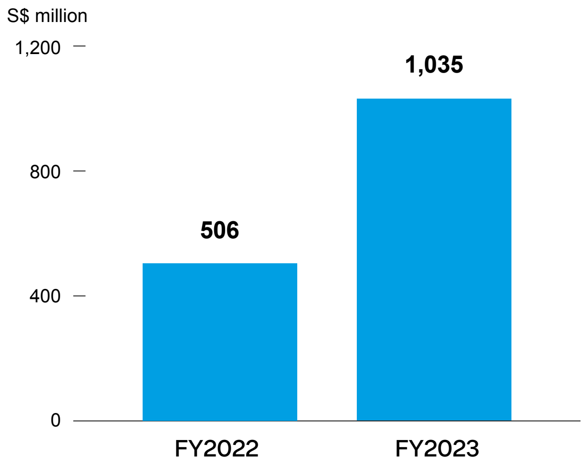
REVENUE - FIXED SOLUTIONS



REPAIRS & UPGRADES

Repairs & Upgrades revenue increased 105% year-on-year to over S$1 billion for FY2023 from S$506 million in FY2022. With a focus on higher value-add upgrades and conversions, the Group completed 291 Repairs & Upgrades projects during the year for a diverse mix of marine and offshore vessels. These included providing vessel retrofits and solutions that lower carbon emissions and enhance energy efficiency as well as performing environmental regulatory work such as ballast water management system retrofits and scrubber installations.

REVENUE - REPAIRS & UPGRADES

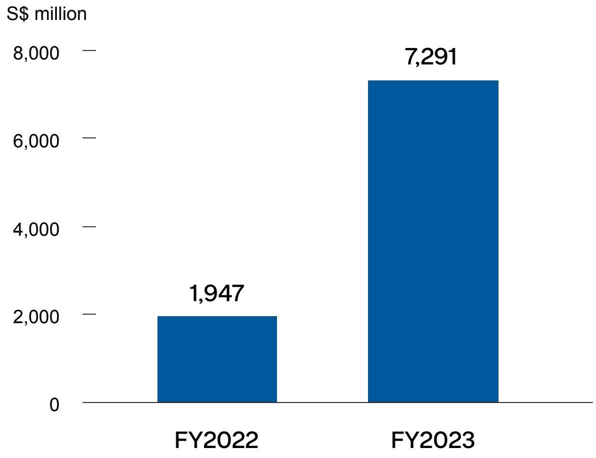


FINANCIAL REVIEW

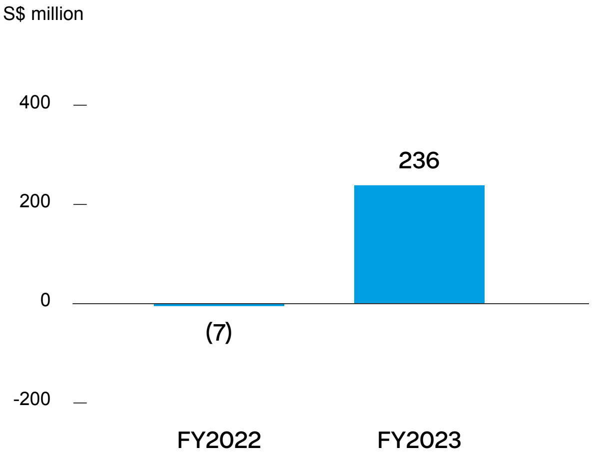
	FY2022 S$'000	FY2023 S$'000	Change %
GROUP INCOME STATEMENT			
Revenue	1,947,195	7,291,488	n.m.
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(6,634)	236,363	n.m.
Operating loss	(206,444)	(1,572,649)	n.m.
Loss before tax	(239,744)	(2,015,865)	n.m.
Net loss attributable to owners of the Company	(261,141)	(2,016,717)	n.m.
GROUP BALANCE SHEET			
Total assets	9,101,888	16,227,041	78
Total liabilities	5,313,497	9,811,479	85
Net tangible assets	3,594,650	2,179,243	(39)
Equity attributable to owners of the Company	3,769,355	6,394,626	70
Non-controlling interests	19,036	20,936	10
Total equity	3,788,391	6,415,562	69
Cash and cash equivalents	2,090,843	2,270,240	9
Interest-bearing borrowings	3,088,696	3,017,172	(2)
Net debt	997,853	746,932	(25)
FINANCIAL RATIOS			
Earnings per share (EPS)			
Basic (cents)	(0.8)	(3.2)	n.m.
Diluted (cents)	(0.8)	(3.2)	n.m.
Net asset value per share (cents)	12.0	9.4	(22)
Net tangible assets per share (cents)	11.5	3.2	(72)
Return on total assets (%)	(1.4)	(13.8)	n.m.
Return on equity (%)	(6.7)	(39.7)	n.m.
Net leverage ratio (times)[1]	n.m.	3.2	–

[1] *Net leverage ratio is defined as net debt divided by EBITDA*

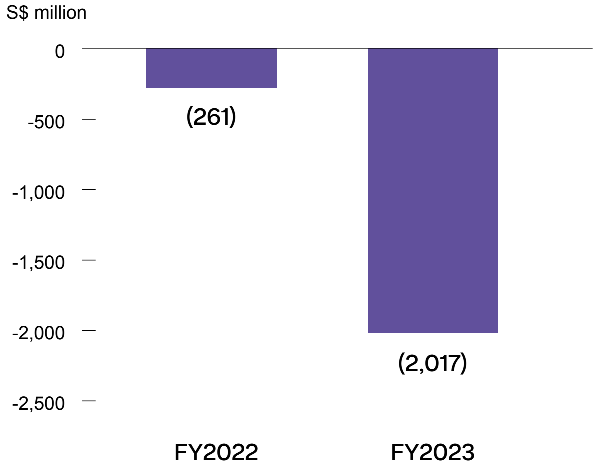
REVENUE



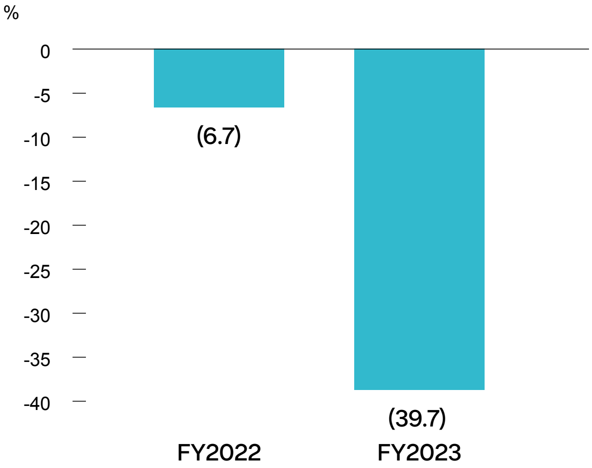
EBITDA



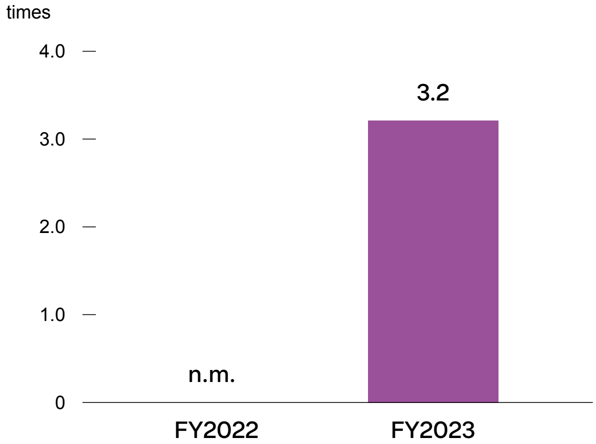
NET LOSS



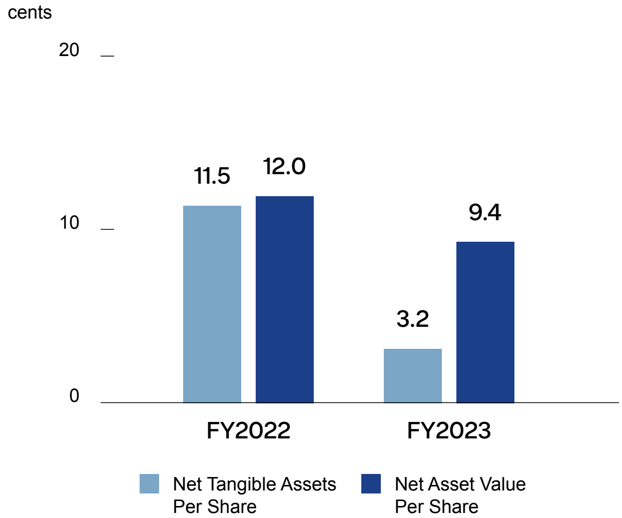
RETURN ON EQUITY



NET LEVERAGE RATIO



NET TANGIBLE ASSETS PER SHARE AND NET ASSET VALUE PER SHARE



OPERATIONS REVIEW

SUCCESSFUL PROJECT DELIVERIES

With a strong focus on project execution, the Group successfully delivered 13 major projects in FY2023 and 1Q2024, which included:

- Gimi – the second FLNG conversion project for Golar LNG for the Greater Tortue Ahmeyim Field, located offshore in Mauritania and Senegal
- FSRU Energos Celsius – Conversion of FSRU for New Fortress Energy (NFE), for deployment at NFE's LNG Terminal at Barcarena, Brazil
- FSRU Alexandroupolis – Conversion of Greece's first FSRU for GAS-fifteen (GasLog)
- Whale – the second FPU built for Shell Offshore Inc for deployment in the Gulf of Mexico
- AlSila and AlSaadiyat – two jack-up rigs which were delivered to ADNOC Drilling Company PJSC (ADNOC Drilling) for deployment in the Middle East region
- Almirante Tamandaré – FPSO topside modules fabrication project delivered to SBM Offshore, for final deployment in the Búzios field in the Santos Basin, off the coast of Rio de Janeiro, Brazil
- Leikanger – Third zero-emission fully battery-operated Ropax ferry designed and built for Norled
- Vox Alexia – Third newbuild dual-fuelled trailing suction hopper dredger for Van Oord
- Janet Marie – Second of two newbuild LNG-powered container ships for Pasha Hawaii
- FPSO Léopold Sédar Senghor – FPSO completion project for MODEC, owned and operated by Woodside Energy for the Sangomar Field, Senegal's first offshore oil development
- BW Opportunity – FPSO modification and upgrade for BW Offshore
- Brassavola – a dual-fuelled LNG bunker vessel designed and built for Mitsui O.S.K. Lines (MOL)

Sailaway of Gimi, the world's second converted FLNG for Golar LNG, following successful delivery of the first converted FLNG Hilli Episeyo in 2017

Successful delivery of Whale FPU newbuild for Shell Offshore Inc.

Leikanger, the third zero-emission battery-operated Ropax ferry designed and built for Norled

STRONG BASELOAD OF REPAIRS & UPGRADES DEMAND

In line with the growing demand for marine decarbonisation solutions, the Group successfully completed 291 repairs and upgrades projects during the year, including 46 low-carbon/energy-saving vessel retrofits & solutions and environmental regulatory works in FY2023. Seatrium is proud to successfully complete the conversion of the world's first green ammonia-capable dual-fuelled vessel, FFI Green Pioneer, and major Ballast Water Management System (BWMS) retrofits on four container vessels from Pacific International Lines.

In addition, the Group entered into fleet-based agreements with customers to facilitate a stable order baseload for continuity and capacity planning for its operations. Notably, the Group secured a contract from Chevron Shipping Company to reduce the carbon intensity of their LNG fleet operations. The Group will install new technologies aboard Chevron's vessels, with expected work completion by mid-2025, to support its energy transition goals.

In 2024, the Group secured the world's first full-scale, turnkey Carbon Capture and Storage (CCS) retrofit from Solvang ASA, Norway, a long-term Favoured Customer Contract (FCC) partner. The full-scale retrofit of a 7MW Wärtsilä CCS system will be carried out on Solvang's 21,289m^3 methyl-ethylene carrier, Clipper Eris, in the third quarter of this year. In addition, other noteworthy fleet-based agreements with customers included the renewed FCC with GasLog LNG Services Ltd and Shell International Trading and Shipping Company Limited (STASCO) to provide repairs, refurbishment and upgrading for their LNG carriers from 2024 to 2029, with an option for further renewal, and another FCC with TMS Cardiff Gas for the repairs and upgrades of 17 LNG carriers.

ONGOING PROJECTS

The Group has 27 projects under execution with deliveries till 2030, underpinning strong earnings visibility.

Demonstrating its proven capabilities in offshore wind solutions, the Group achieved several key milestones, including the sailaway of TenneT TSO B.V.'s (TenneT) 900MW DolWin epsilon HVDC Offshore Converter Platform for the next phase of works before deployment at the DolWin5 offshore grid connection, as well as steel-cutting of the Greater Changhua 2b & 4 Offshore Substation for Ørsted and the EW1 Offshore Substation for Empire Offshore Wind LLC.

Steady progress was also made on RWE Renewables' 1.4GW Sofia HVDC Offshore Converter Platform as well as Ørsted's Revolution Wind Offshore Substations. In addition, Maersk Supply Service's Sturgeon WTIV commenced block assembly in dry dock, and Dominion Energy's Charybdis WTIV achieved its first engine start and is undertaking the erection of living quarters. Work is also on track for a gas topsides project for a major energy company in Australia.

Diverse mix of vessels undergoing repairs and upgrades

Successful conversion of FFI Green Pioneer, the world's first green ammonia-capable dual-fuelled vessel

Sailaway of 900MW HVDC Offshore Converter Platform, DolWin epsilon, to Norway for the next phase of works following construction completion in Singapore

OPERATIONS REVIEW

As a testament to its deep expertise in turnkey floaters construction, the Group made good progress on the P-78, P-80, P-82, P-83 newbuild FPSOs, which involve construction of the FPSO hulls, living quarters and topside modules fabrication.

NEW CONTRACTS SECURED

The Group secured strong order wins of S$4.5 billion[1], with strong demand in the renewables space. Offshore wind projects awarded to the Group include:

- Engineering, procurement, construction, transportation, installation, and commissioning of two 2GW HVDC Offshore Converter Platforms for TenneT, part of a consortium project with GE Renewable Energy's Grid Solutions for the IJmuiden Ver Beta and IJmuiden Ver Gamma Offshore Wind Farms in the Netherlands
- Engineering, procurement, construction, offshore hook-up and commissioning of Empire Offshore Wind's Offshore Substation for the Empire Wind 1 Offshore Wind Farm located south of Long Island in the U.S.
- Engineering, procurement, construction, testing and commissioning of Ørsted's Offshore Substation for the Greater Changhua 2b and 4 Offshore Wind Farms in Taiwan

In production assets, Seatrium secured several floater orders, including a newbuild Sparta FPU contract from Shell Offshore Inc. The Group will undertake the construction and integration of the hull, topsides and living quarters of the Sparta semi-submersible FPU with a 20,000-psi design capable of operating in harsh weather conditions for deployment to the Garden Banks area of the U.S. Gulf of Mexico when completed. The Sparta FPU, which is conceived as a replicable project following the success of the Vito and Whale newbuilds previously delivered by the Group, is set to benefit from operational synergies arising from project repeatability.

Another floater order awarded to Seatrium is a topside modules fabrication contract for FPSO Raia in Brazil from Offshore Frontier Solutions, a MODEC Group company. This latest project collaboration with MODEC on FPSO Raia marks the Group's eighth successful partnership and reflects the parties' long-standing relationship for over a decade.

In February 2024, the Group received notification from TenneT that it plans to commence work on the third 2GW HVDC electrical transmission system in June 2024 for the NWBE Offshore Wind Farm in the Netherlands. Seatrium's scope of work for TenneT's HVDC electrical transmission system, which the Group is collaborating with GE Vernova, will include engineering, procurement, construction, transportation, installation, and commissioning. With this latest project, Seatrium is currently working on five HVDC Offshore Converter Platforms, creating a franchise for series-built opportunities in HVDC solutions to achieve greater synergies from project repeatability.

Seatrium is constructing TenneT's two 2GW HVDC Offshore Converter Platforms for deployment to the IJmuiden Ver Beta and IJmuiden Ver Gamma Offshore Wind Farms in the Netherlands. Work on the third 2GW unit for the NWBE Offshore Wind Farm is expected to commence in June 2024

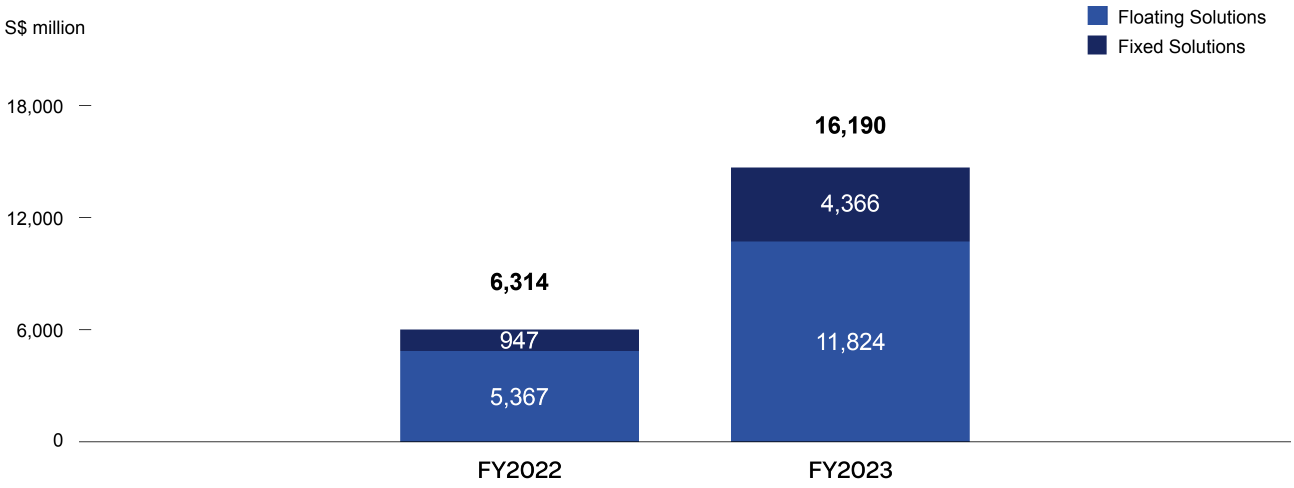
[1] *Includes Shell's Sparta FPU and excludes Empire Wind 2 Offshore Substation Platform. Excludes the third TenneT project which was announced on 19 February 2024, which will be awarded and will commence in June 2024*

NET ORDER BOOK

The Group's net order book stood at S$16.2 billion, comprising 27 projects under execution with deliveries till 2030. Renewables and cleaner/green solutions comprise approximately 39% of the Group's net order book, reflecting the Group's commitment in advancing energy transition and maritime decarbonisation through offshore renewables and cleaner energy solutions.

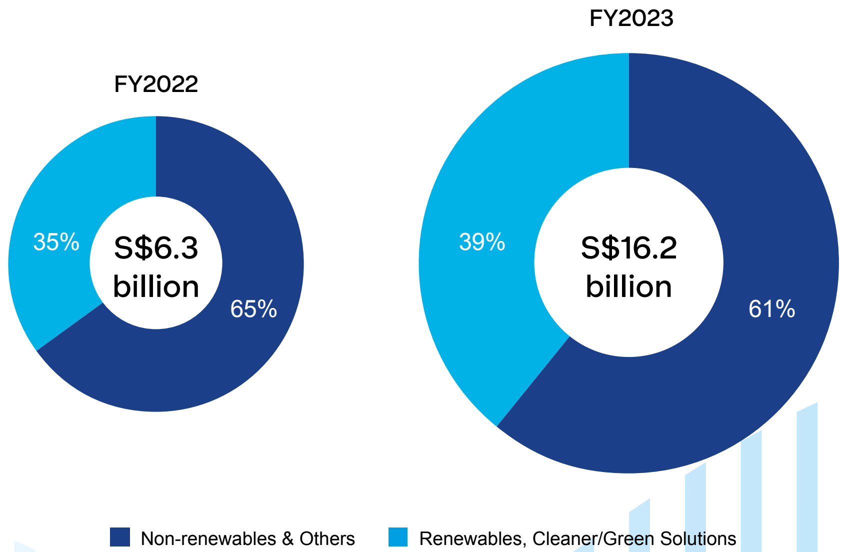
Seatrium continues to actively pursue multiple pipeline opportunities in offshore and marine, offshore wind/renewables and new energy segments, as well as offshore vessels upgrading projects.

NET ORDER BOOK - BUSINESS SEGMENTS



The net order book includes two of three contracts for the supply of HVDC platforms for TenneT and excludes the third project which was announced on 19 February 2024, as well as Repairs & Upgrades projects

NET ORDER BOOK - RENEWABLES & CLEANER/GREEN SOLUTIONS



OPERATIONS REVIEW

Pioneering a breakthrough in liquefied hydrogen transport: A Joint Development Project by the Group's wholly-owned subsidiary LMG Marin together with GTT, TotalEnergies and Bureau Veritas to develop a liquefied hydrogen carrier concept design has achieved two Approvals-in-Principle in February 2024

ADVANCING TECHNOLOGY & PRODUCT DEVELOPMENT

Seatrium has made significant strides in advancing technology and product development in support of the global energy transition and maritime decarbonisation. The Group keeps a keen eye on the future of new energies, including hydrogen, ammonia, and CCS.

The Group's wholly-owned subsidiary LMG Marin is currently working on a Joint Development Project with Gaztransport & Technigaz (GTT), TotalEnergies and Bureau Veritas to develop a 150,000m^3 large-scale liquefied hydrogen carrier design. The vessel design and membrane containment system achieved Approvals-in-Principle (AIP) from Bureau Veritas. This pioneering achievement marks a breakthrough in resolving the technical challenge of transporting a very large volume of hydrogen in liquefied form and paves the way for the establishment of a reliable, efficient, and competitive hydrogen supply chain to enable a carbon-free future.

The Group has also partnered with Shell, Penguin International, Vinssen and Air Liquide to integrate a hydrogen fuel cell on a vessel in a groundbreaking Hydrogen Pilot Project, which marks a pivotal moment for the offshore and marine industry. Adding onto Seatrium's track record in fuel cell retrofits, the initiative looks into the integration of a proton exchange membrane fuel cell onto the Penguin Tenacity to harness the power of hydrogen fuel cells.

In 2023, Seatrium successfully converted the world's first green ammonia-capable dual-fuelled vessel, FFI Green Pioneer, for Fortescue Future Industries. The proof-of-concept project involves installation of an entire gas fuel delivery system and conversion of two out of four engines to enable the vessel to run on ammonia and diesel.

In advancing maritime transportation, Seatrium's Floating Living Lab (FLL) was chosen by the Maritime and Port Authority of Singapore (MPA) in 2023 to pilot an innovative mobile charging solution for harbour craft electrification. The FLL features a scalable, modular, and digital-enabled 750 KW DC charger with an intelligent system to monitor and optimise the asset's availability and operating performance, limiting unnecessary waste and maximising energy efficiency.

Seatrium's Floating Living Lab was selected by MPA to pilot an innovative mobile charging solution for harbour craft electrification

During the year, Seatrium established an Ocean Lab and entered a Master Research Agreement with the Technology Centre for Offshore and Marine, Singapore (TCOMS) to advance smart ocean systems and infrastructure as well as deepen research into offshore renewable energy, cleaner oil and gas solutions, smart marine systems, new energy solutions, and digitalisation & data analytics.

Seatrium is currently working with the American Bureau of Shipping (ABS) on digital transformation and smart initiatives, including pioneering the world's first Offshore Structural Health Monitoring notation.

The Group also launched the Seatrium Professorship with the National University of Singapore's (NUS) College of Design and Engineering to promote energy transition and sustainability. The Professorship, which aims to attract the best and brightest researchers and practitioners to work alongside Singapore's highly trained workforce, will further enhance the research infrastructure on energy transition and sustainability in Singapore. In addition, it aims to identify and collaborate on strategic research projects between Singapore and top-notch global players in the renewables sector to develop thought leadership.

INDUSTRY ACCOLADES

Seatrium received recognition for its commitment to operational, safety and innovation excellence with several award wins in 2023. The Group scored 34 awards at the Workplace Safety & Health (WSH) Awards 2023 presented by the Workplace Safety and Health Council (WSHC), which honours companies that go above and beyond industry standards to promote best practices in health, safety and environment at the workplace.

The Group also clinched two awards in the 'Green Innovations' and 'Green Supply Chain' categories at the Singapore Environmental Achievement (SEA) Awards, organised by the Singapore Environment Council, for its outstanding leadership in innovation for environmental sustainability within the maritime industry.

For its contributions in advancing technology within the industry, the Group was accorded the esteemed Industry Partner Recognition Award by the Singapore Institute of Manufacturing Technology (SIMTech). Among its collaborations with SIMTech is the development of a laser additive manufacturing platform for large complex marine parts.

BOARD OF DIRECTORS

MARK GAINSBOROUGH, 65

Non-Executive/Independent Director
Chairman of the Board

Date of appointment as a Director:
28 February 2023

Date of last re-election:
26 April 2023

Length of service as a Director:
1 year 2 months

Chairman, Nomination and Remuneration Committee

Chairman, Transformation Committee

Member, Corporate Social Responsibility Committee

Mr Mark Gainsborough spent 39 years with Shell where he held various senior appointments, based in the UK, Turkey, Netherlands and Singapore. His last role with Shell was Executive Vice President (EVP) and Head of Shell's New Energies business. He was responsible for building positions in renewable power, energy storage, EV charging, hydrogen, biofuels and nature-based solutions. Prior to this, he was EVP of Global Commercial, leading Shell's global Lubricants, Bitumen, Jet Fuel, Marine Fuels and Sulphur businesses.

After retiring from Shell in 2020, he founded Low Carbon Advisors, a business that helps boards and CEOs navigate the path to net zero carbon emissions.

Mr Gainsborough is currently a board member of Husk Power Systems, a leading developer of mini-grids in India and Africa, and an Independent Director at Green Mantra Technologies, a Canadian plastics recycling business. He serves on a number of advisory boards including Beyond Net Zero, an Energy Transition investment fund, and is a member of the United Overseas Bank (UOB) Sustainability Advisory Panel. He was previously a board member of Greenko, one of the largest renewables developers in India. His past professional interests include the healthcare sector, serving for five years as a Non-Executive Director of one of the UK's National Health Service Trusts. He has also served as the Vice President of the European Petroleum Industry Association. He currently chairs the board of a wildlife conservation charity based in South Africa.

Mr Gainsborough holds a Master's degree in Environmental Policy and a Bachelor of Science degree in Psychology from University College, London. He is a Fellow of the UK Energy Institute, and has been accorded a Senior Accredited Director by the Singapore Institute of Directors.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies
Nil

Major appointments (other than directorships in other listed companies)
- Beyond Net Zero Advisory Board (Member)
- Green Mantra Recycling, Technologies Ltd. (Board Member)
- Husk Power Systems Inc. (Board Member)
- Low Carbon Advisors Pte. Ltd. (Chairman)
- NZE50 Consulting Ltd (Director)
- United Overseas Bank (UOB) Sustainability Advisory Panel (Member)

Past directorships in listed companies and major appointments (for the last 5 years)
- Corvus Energy A.S. (Board Member)
- Greenko Energy Holdings (Board Member)
- Off The Line Vineyard Ltd. (Director)

YAP CHEE KEONG, 63

Non-Executive/Independent Director
Deputy Chairman

Date of appointment as a Director:
8 December 2021

Date of last re-election:
26 April 2023

Length of service as a Director:
2 years 4 months

Chairman, Audit and Risk Committee

Member, Nomination and Remuneration Committee

Member, Transformation Committee

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

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

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

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

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

Major appointments (other than directorships in other listed companies)

- Ensign InfoSecurity Pte Ltd (Director)
- PIL Pte. Ltd. (Director)
- Professional Investment Advisory Service Pte Ltd (Chairman)
- Singapore Life Holdings Pte Ltd (Director)
- The Assembly of Christians of Singapore Ltd (Director)

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

- Bayberry Limited (Director)
- Certis CISCO Security Pte Ltd (Director)
- Citibank Singapore Limited (Director)
- Maxeon Solar Technologies Ltd (Director)
- Mediacorp Pte Ltd (Director)

BOARD OF DIRECTORS

CHRIS ONG LENG YEOW, 49

Executive/Non-Independent Director
Chief Executive Officer

Date of appointment as a Director:
28 February 2023

Date of last re-election:
26 April 2023

Length of service as a Director:
1 year 2 months

Member, Corporate Social Responsibility Committee

Member, Transformation Committee

Mr Chris Ong was appointed as an Executive Director and Chief Executive Officer (CEO) on 28 February 2023. He has been CEO of Seatrium Offshore & Marine Limited (renamed from Keppel Offshore & Marine Ltd) since 1 July 2017.

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

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

PRINCIPAL COMMITMENTS

Present directorships in other listed companies
Nil

Major appointments (other than directorships in other listed companies)
- Global Centre for Maritime Decarbonisation (Member of the Board of Governors)
- Institute of Technical Education (Member of the Board of Governors)
- Maritime and Port Authority of Singapore (Board Member)

Past directorships in listed companies and major appointments (for the last 5 years)
- Subsidiaries of Seatrium Limited

NAGI HAMIYEH, 55

Non-Executive/Non-Independent Director

Date of appointment as a Director:
28 February 2023

Date of last re-election:
26 April 2023

Length of service as a Director:
1 year 2 months

Member, Audit and Risk Committee

Member, Nomination and Remuneration Committee

Member, Transformation Committee

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

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

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

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

- Olam Group Limited
- Sembcorp Industries Ltd

Major appointments (other than directorships in other listed companies)

- EM Topco Limited (Director)
- Kyanite Investment Holdings Pte. Ltd. (Director)
- Kyanite Investment Holdings (I) Pte. Ltd. (Director)
- OFI Group Ltd (Director)

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

- Dream International BV (Director)
- Lebanese International Finance Executive (Board Member)
- Olam Agri Holdings Pte. Ltd. (Director)
- Sheares Healthcare Group of Companies (Director)
- Sigma Healthcare Management (Director)
- Startree Investments Pte. Ltd. (Director)
- Tana Africa Capital (Director)
- Tana Africa Investment Managers (Board Member)

BOARD OF DIRECTORS

JAN HOLM, 55

Non-Executive/Independent Director

Date of appointment as a Director:
28 February 2023

Date of last re-election:
26 April 2023

Length of service as a Director:
1 year 2 months

Chairman, Corporate Social Responsibility Committee

Member, Audit and Risk Committee

Mr Jan Holm held significant roles in the banking, shipping, oil & gas and nuclear industries, in the fields of business development, finance and in general management.

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

Mr Holm is Chairman of the Board of Risk Intelligence A/S, a member of the Advisory Board of Haush Ltd, as well as the co-founder and Chairman of the Board of the Singapore-based think tank, Centre for Strategic Energy and Resources.

Mr Holm has a broad educational background in economics and business administration. He holds a Master of Science from Aarhus Business School and an Executive MBA from Copenhagen Business School. He has completed the Advanced Management Programme and the Asian International Executive Programme at INSEAD, where he also earned a certification as an international director. Recently, he completed a course in Circular Economy and Sustainability Strategies at Cambridge University. He has met all the training requirements to be a board member of a company listed on the Singapore Exchange, and has been accorded a Senior Accredited Director by the Singapore Institute of Directors.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

- Risk Intelligence A/S

Major appointments (other than directorships in other listed companies)

- Alexandra Road Ventures Pte. Ltd. (Director)
- Avina Clean Hydrogen Inc. (Member of the Advisory Board)
- Centre for Strategic Energy and Resources Limited (Director)
- Earth 300 Ventures Pte. Ltd. (Member of the Advisory Board)
- Haush Ltd (Member of the Advisory Board)
- Low Carbon Advisors Pte. Ltd. (Advisor)
- Navozyme Pte. Ltd. (Board Member)
- Risk Intelligence Singapore Pte. Ltd. (Director)
- Seaborg Singapore Pte. Ltd. (Director)
- Sirius Venture Pte. Ltd. (Director)
- Union Marine Management Services Pte Ltd. (Advisor)

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

- Maersk Group Companies (Board Member)
- Oceanway Holdings Pte. Ltd. (Director)
- Rov-Tech Pte. Ltd. (Director)
- Seaborg Technologies (Executive Vice President)

LAI CHUNG HAN, 51

Non-Executive/Independent Director

Date of appointment as a Director:
28 February 2023

Date of last re-election:
26 April 2023

Length of service as a Director:
1 year 2 months

Member, Corporate Social Responsibility Committee

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

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

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

PRINCIPAL COMMITMENTS

Present directorships in other listed companies
Nil

Major appointments (other than directorships in other listed companies)
- Ministry of Education (Permanent Secretary)
- Nanyang Technological University (Member of Board of Trustees)
- National University of Singapore (Member of Board of Trustees)
- National Institute of Education (Council Chairman)

Past directorships in listed companies and major appointments (for the last 5 years)
- Singapore Management University (Member of Board of Trustees)

BOARD OF DIRECTORS

IEDA GOMES YELL, 67
Non-Executive/Independent Director

Date of appointment as a Director:
1 May 2023

Date of last re-election:
N.A.

Length of service as a Director:
1 year

Member, Corporate Social Responsibility Committee

Member, Transformation Committee

Ms Ieda Gomes Yell is an expert in the natural gas, energy and infrastructure industries with an international career spanning 35 years. She spent 14 years in senior leadership positions with BP plc, including President of BP Brazil and Vice President New Ventures Integrated Supply and Trading. Before joining BP, she was CEO of Brazil's largest gas utility, the Sao Paulo Gas Company.

Ms Yell was Brazil's Veuve Clicquot Business Woman of the Year in 2001 and has an extensive experience as a Non-Executive Director of various listed and private companies in Brazil, France and the United States.

Ms Yell is a Visiting Fellow of the Oxford Institute for Energy Studies, a Fellow of the Energy Institute, and a member of the Advisory Council of the Brazilian think tank FGV Energia, the Infrastructure Council of the Sao Paulo Federation of Industries (FIESP) and the Advisory Council of the Brazilian Chamber of Commerce in Great Britain.

Ms Yell holds a Bachelor of Science in Chemical Engineering from the Federal University of Bahia, a Master of Science in Energy from the University of Sao Paulo, and a Master in Environmental Engineering from the Polytechnic School of Lausanne. She has also obtained designation and formation in ESG by Competent Boards, and has been accorded a Senior Accredited Director by the Singapore Institute of Directors.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

- Saint Gobain (France) (Non-Executive Director and Member of the Audit and Risk Committee)

Major appointments (other than directorships in other listed companies)

- Brazilian Chamber of Commerce in Great Britain (Member)
- Business Isle of Man (Cleantech Champion) (Non-Executive Director)
- Prumo Logistica (Brazil) (Non-Executive Director)
- Sao Paulo Federation of Industries (Member)
- The Institute of Directors (United Kingdom) (Non-Executive Director)
- Women in Leadership in Latin America, Brazil (Chairperson and Founding Member)

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

- Bureau Veritas (France) (Non-Executive Director)
- Exterran Corporation (USA) (Non-Executive Director)
- InterEnergy Group (Nominee Non-Executive Director)
- Odebrecht SA Brazil (Non-Executive Director)

SARJIT SINGH GILL, 70

Non-Executive/Independent Director

Date of appointment as a Director:
1 June 2023

Date of last re-election:
N.A.

Length of service as a Director:
11 months

Member, Audit and Risk Committee

Mr Sarjit Singh Gill is a Senior Partner with Shook Lin & Bok. He is a Senior Counsel, Supreme Court of Singapore since 1998. He has extensive experience in a broad range of litigation and arbitration matters, with a special focus on corporate and commercial disputes, banking-related disputes, shareholders' disputes, professional negligence and fraud. He also has an active international arbitration practice, having been involved in a significant number of complex arbitrations in Singapore and abroad.

Mr Gill is a member of the Life Imprisonment Review Board, The President's Pleasure Review Board and Long Imprisonment Review Board. He has also been appointed to serve as a member of the Singapore International Arbitration Centre (SIAC) Panel of Arbitrators and has served as a member of the Singapore International Mediation Centre Specialist Mediator Panel (Singapore) from 2020 to 2022. He is a board member of the Inland Revenue Authority of Singapore, as well as the Urban Redevelopment Authority. He is also a Non-Executive Director of Heliconia Capital Management Pte Ltd and served on the Board of the Central Provident Fund from 2012 to 2018.

Mr Gill holds a Bachelor of Laws (Honours) from the National University of Singapore. He is an Advocate and Solicitor, Singapore (1977) as well as a Solicitor, England and Wales (2003).

PRINCIPAL COMMITMENTS

Present directorships in other listed companies
Nil

Major appointments (other than directorships in other listed companies)

- Heliconia Capital Management Pte Ltd (Director)
- Inland Revenue Authority of Singapore (Board Member)
- Life Imprisonment Review Board, the President's Pleasure Review Board and Long Imprisonment Review Board (Member)
- Shook Lin & Bok LLP (Senior Partner)
- Singapore International Arbitration Centre (SIAC) Panel of Arbitrators (Member)
- Urban Redevelopment Authority (Board Member)

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

- Singapore International Mediation Centre Specialist Mediator Panel (Singapore)

BOARD OF DIRECTORS

ASTRID SKARHEIM ONSUM, 53

Non-Executive/Independent Director

Date of appointment as a Director:
1 September 2023

Date of last re-election:
N.A.

Length of service as a Director:
8 months

Member, Audit and Risk Committee

Ms Astrid Skarheim Onsum has close to 30 years of experience in the global maritime and energy sector. She previously held a range of executive and technical leadership roles, and worked at onshore as well as offshore construction sites. Her experience includes offshore oil and gas, renewable energy, mining, circular economy, digital solutions and software.

Ms Onsum was appointed by the Norwegian government in 2021 to provide advice on climate-friendly investments. She was the former Chief Executive Officer of The NG (Norsk Gjenvinning ASA) Group. Prior to that, she spent the majority of her career with various Aker companies and was the Chief Executive Officer of Aker Offshore Wind ASA. She currently serves as a Non-Executive Director of Epiroc AB, a Non-Executive Director of Spoor AS, and Chairperson and Member of the Board of Nordic Unmanned ASA.

Ms Onsum holds a Master of Science in Mechanical Engineering from The Norwegian University of Science and Technology (NTNU). She has met all the training requirements to be a board member of a company listed on the Singapore Exchange.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies

- Epiroc AB (Director and Audit Committee Member)
- Nordic Unmanned ASA (Chairperson and Director)

Major appointments (other than directorships in other listed companies)

- Spoor AS (Director)

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

- Aker Offshore Wind ASA (CEO)
- Principle Power Inc (Director)
- The NG (Norsk Gjenvinning ASA) Group (CEO)
- The Norwegian Government 2021/2022 Expert Committee on Climate Friendly Investments (Member)

MARIEL VON SCHUMANN, 52

Non-Executive/Independent Director

Date of appointment as a Director:
1 October 2023

Date of last re-election:
N.A.

Length of service as a Director:
7 months

Member, Nomination and Remuneration Committee

Member, Corporate Social Responsibility Committee

Ms Mariel von Schumann has over 20 years of experience in leading management roles with deep knowledge of renewables, including manufacturing and servicing on-and-offshore wind turbines. She was the former Chief of Staff at Siemens AG, instrumental in the design and execution of the strategic transformation of the Siemens Group and responsible for a diverse portfolio of corporate functions and initiatives (including investor relations and government affairs). She is currently a member of the Supervisory Board of Agora Strategy Group and Chairperson of the Supervisory Board of Verti Versicherung AG.

Ms von Schumann holds a Bachelor of Arts in Economics and Management from ICHEC Brussels Management School and a Master in Economics and International Management from ESCP Business School.

PRINCIPAL COMMITMENTS

Present directorships in other listed companies
Nil

Major appointments (other than directorships in other listed companies)

- Agora Strategy Group (Member)
- Verti Versicherung AG (Chairperson)

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

- Siemens Gamesa (Member of the Supervisory Board)
- Siemens India (Member of the Supervisory Board)

KEY EXECUTIVES

CHRIS ONG LENG YEOW
Chief Executive Officer

Please refer to Mr Ong's profile under the Board of Directors section.

CHOR HOW JAT
Chief Operating Officer

Mr Chor How Jat oversees Seatrium's yard operations globally. As Chief Operating Officer, he leads the Group's operations across multiple sites globally and manages an operating system across the EPCI value chain to design and deliver complex commercial solutions. Mr Chor has vast experience in leading Commercial, Engineering, Operations, Workplace Health & Safety, Quality, Supply Chain, and Project Management departments.

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

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

ADRIAN TENG
Chief Financial Officer

Mr Adrian Teng oversees the Group's finance functions, which covers corporate finance, treasury, accounting, financial reporting, tax and investor relations.

Mr Teng brings over two decades of diverse international experience in strategy, finance, restructuring, operations and corporate management across developed and emerging markets globally. Prior to his current appointment, he was Group Chief Financial Officer and Chief Operating Officer of Clifford Capital Holdings, with responsibilities in finance, treasury, strategy, technology and corporate operations. Before Clifford Capital, Mr Teng was Group Finance Director of Jardine Cycle & Carriage Limited in Singapore and Group Treasurer of Jardine Matheson Limited in Hong Kong. Prior to that, he spent several years with various organisations in restructuring, corporate and investment banking globally.

Mr Teng holds a Master of Science in Public Policy and Management from the School of Oriental and African Studies, University of London, a Master of Business Administration from the University of Illinois at Urbana Champaign, a Bachelor of Science from Creighton University, and the Executive Diploma in Directorship from the Singapore Institute of Directors. He has also completed the Stanford Executive Programme from Stanford University, and the Asian Financial Leaders Programme from the Singapore Management University. In addition, he holds the Certified Treasury Professional designation from The Association for Financial Professionals, and the Certificate in International Cash Management from The Association of Corporate Treasurers.

LEE CHAY HOON
Chief People Officer

Dr Lee Chay Hoon is responsible for the formulation and implementation of Seatrium's people strategy to achieve organisational goals. She leads the assessment and design of organisation development systems, global people management processes, and leadership and capabilities building to promote business excellence and competitive advantage.

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

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

PAUL TAN
Acting Group Finance Director[1]

Mr Paul Tan headed the Group's finance function, which covers corporate finance, treasury, accounting, reporting, and taxation. Mr Tan has over 40 years of extensive experience in finance and accounting.

Prior to joining Seatrium, Mr Tan was Chief Financial Officer of Keppel Offshore & Marine Ltd and the Group Controller of Keppel Corporation Limited. Mr Tan's previous directorships include Dyna-Mac Holdings Limited, Penguin International Limited, K1 Ventures Limited and Keppel Philippines Holding Limited.

Mr Tan is a Fellow of Association of Chartered and Certified Accountants and a Member of Institute of Singapore Chartered Accountants.

[1] *Mr Tan has relinquished his position with effect from 2 April 2024*

LIM HOWE RUN
Chief Risk Officer

Mr Lim Howe Run oversees the Group's risk functions which include risk management, compliance, integrated audit and security.

Prior to his current appointment, Mr Lim held various leadership positions with Singapore Power Limited in general management, mergers & acquisitions, investment stewardship, risk management, risk control and compliance. He was previously Head of Compliance and Operational Audit, Head of Strategic Investments, Head of Regulatory Management and Deputy CEO of SPI Australia Assets Pte Ltd.

Mr Lim holds a Bachelor of Engineering (Mechanical) from the National University of Singapore.

LOOI LEE HWA
General Counsel and Company Secretary

As General Counsel, Mdm Looi Lee Hwa oversees legal compliance, corporate governance and corporate secretariate matters, and provides strategic legal guidance to the Group.

Mdm Looi brings a wealth of experience in corporate law, regulatory matters, mergers and acquisitions, capital market fundraising, and resolving commercial disputes. She is a highly accomplished professional with over three decades of experience spanning multiple industries, including energy and renewables, liner shipping, manufacturing, and oil & gas. Prior to joining Seatrium, she held senior positions as Group General Counsel in several major companies, including Sembcorp Industries Ltd, Neptune Orient Lines Ltd, and Chartered Semiconductor Manufacturing. Her legal expertise and extensive experience make her a valuable asset in ensuring the legal and regulatory aspects of Seatrium's operations are well-managed and in compliance with relevant laws and standards.

Mdm Looi holds a Bachelor of Laws (Honours) degree from the National University of Singapore and is admitted to the Bar as an advocate and solicitor of the Supreme Court of Singapore.

KEY EXECUTIVES

LIM SHIH HSIEN

Executive Vice President, Cyber IT & OT

Mr Lim Shih Hsien oversees the security, efficiency, and innovation of Seatrium's digital ecosystem, covering cybersecurity, IT (Information Technology), and OT (Operational Technology).

Mr Lim brings with him close to 25 years of experience in cybersecurity, IT and OT. Prior to his current appointment, he assumed various leadership positions in public and private sectors, driving digital innovation and transformation. His career achievements in Certis Group, SP Group, The Hong Kong Jockey Club and MOH Holdings Pte Ltd include developing robust cybersecurity strategies, overseeing IT systems, optimising OT initiatives, and managing technology risks.

Mr Lim has contributed his thought leadership at international platforms such as the World Economic Forum Centre for Cybersecurity & Electricity Industry Community, Hong Kong Health Authority, Gartner Research Board and Temasek Team8.

Mr Lim holds a Bachelor of Commerce in Information Systems (First Class Honours) from Curtin University of Technology, Perth, Western Australia and a Master of Science in Communications and Network Systems from the Nanyang Technological University. He has also completed the Leadership-in-Action Program at Harvard University.

AZIZ MERCHANT

Executive Vice President, Engineering and Technology & New Product Development

Mr Aziz Merchant oversees the technology development for new product development in offshore renewables, new energy, green oil & gas and autonomous ship solutions.

Mr Merchant has over 25 years of extensive design & engineering experience in offshore oil & gas development projects and offshore & marine vessel designs, with over 100 international scientific patents granted or filed under his name. He has been an Adjunct Professor at the National University of Singapore since 2014.

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

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

WILLIAM GU
Executive Vice President, Oil & Gas (International)

Mr William Gu oversees the Oil & Gas (International) business which covers the newbuilds and conversions of floating production systems such as tension leg wellhead platforms, FLNG facilities, FSRUs, near-shore LNG terminal solutions, semi-submersibles and jack-up rigs, drillships, and floating wind, carbon capture & storage and new energy floaters.

Mr Gu brings with him over 30 years of experience in the offshore & marine industry, playing a key role in establishing long-term partnerships with oil majors, as well as offshore vessel and rig owners.

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

MARLIN KHIEW
Executive Vice President, Oil & Gas (Americas)

Mr Marlin Khiew oversees the Oil & Gas (Americas) business which covers newbuilds and conversions of floating production systems such as FPSOs, tension leg wellhead platforms (TLWPs), FLNGs, FSRUs, FPUs, semi-submersibles, jack-up rigs, amongst others. He also heads the Brazil business units with his vast experience and knowledge of its offshore and marine sector.

Over the years, Mr Khiew has been instrumental in establishing strong partnerships with clientele based in the Americas. In 2024, Mr Khiew was appointed Chairman of the Executive Committee of the Singapore Business Federation (SBF) Latin America Business Group, as well as a member of the SBF Internationalisation Action Committee.

Prior to his current appointment, Mr Khiew held various management positions in engineering, projects, operations, and was a commercial director at Keppel Offshore & Marine and its subsidiaries in Singapore, as well as in Brazil. He was previously Chairman of the Board of Floatel International Ltd.

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

SAMUEL WONG
Executive Vice President, Fixed Platforms

Mr Samuel Wong oversees the Fixed Platforms business, which covers International Renewables Offshore Substations, and Oil & Gas Offshore Platforms.

Mr Wong has been with the Group for over 30 years. He was Vice President and Head of Offshore Platforms since 2017, focusing on products such as process, drilling, wellhead, power generation and accommodation platforms, offshore substations and LNG modules.

Mr Wong holds a Bachelor of Engineering (First Class Honours) in Marine Technology (Naval Architecture) from the University of Newcastle Upon Tyne, UK.

ALVIN GAN
Executive Vice President, Ship Repairs & Upgrades

Mr Alvin Gan oversees the Repairs & Upgrades business, which includes the repair, refurbishment, retrofitting, life extension and upgrading of vessels, offshore and marine structures, floating production and storage systems, and mobile offshore drilling units, as well as EPC upgrade and conversion solutions, including green, alternative fuels and low-carbon retrofitting and conversions.

Mr Gan joined the Group in 1995 and has assumed various production and project management positions in the Group's ship repairs and upgrades business.

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

CORPORATE STRUCTURE

SEATRIUM LIMITED

ONE SEATRIUM DELIVERY MODEL

Central Planning | Engineering | Supply Chain | Yard Operations | Health, Safety & Environment

Commercial

- 100% Seatrium O&G (International) Pte. Ltd.
- 100% Seatrium O&G (Americas) Limited
- 100% Seatrium Fixed Platforms Pte. Ltd.
- 100% Seatrium Repairs & Upgrades Pte. Ltd.
- 100% Seatrium New Energy Limited

Singapore Yards

Tuas Boulevard Yard
- 100% Jurong Shipyard Pte Ltd
- 100% Seatrium (SG) Pte. Ltd.

Admiralty Yard
- 100% Seatrium (SG) Pte. Ltd.

Pioneer Yard
- 100% Seatrium New Energy Limited

Benoi Yard
- 100% Seatrium O&G (Americas) Limited

Tuas Yard
- 100% Seatrium O&G (Americas) Limited

Overseas Yards

Brazil – Aracruz
- 100% Estaleiro Jurong Aracruz Ltda

Brazil – Angra
- 100% Estaleiro Brasfels Ltda

USA – Brownsville
- 100% Seatrium AmFELS Inc.

China – Nantong
- 100% Seatrium Nantong Shipyard Co., Ltd

Indonesia – Batam
- 90% PT SMOE Indonesia

Philippines – Subic
- 78.2% Seatrium Subic Shipyard, Inc.

Engineering

- 100% Seatrium (SG) Pte. Ltd.
- 100% Seatrium Engineering Kuala Lumpur Sdn Bhd.
- 100% Seatrium Engineering Penang Sdn. Bhd.
- 100% Seatrium Engineering Mumbai Private Limited
- 100% Seatrium Engineering Wuhan Co., Ltd
- 100% Seatrium Engineering Shenzhen Co., Ltd

Supported by Corporate Services

- Digital, Operational Technology, Information Technology
- Integrated Risk, Compliance & Assurance
- Finance, Investor Relations & Corporate Communications
- Strategy & Sustainability
- Human Resources
- Technology & New Product Development
- Legal & Corporate Secretariat

CORPORATE DIRECTORY

REGISTERED OFFICE
Seatrium Limited
Co. Reg. No. 196300098Z
80 Tuas South Boulevard
Singapore 637051
Tel: (65) 6265 1766
Website: www.seatrium.com

BOARD OF DIRECTORS
Mark Gainsborough
Chairman

Yap Chee Keong
Deputy Chairman

Chris Ong Leng Yeow
Chief Executive Officer

Nagi Hamiyeh
Jan Holm
Lai Chung Han
Ieda Gomes Yell
Sarjit Singh Gill
Astrid Skarheim Onsum
Mariel von Schumann

AUDIT AND RISK COMMITTEE
Yap Chee Keong
Chairman

Nagi Hamiyeh
Jan Holm
Sarjit Singh Gill
Astrid Skarheim Onsum

NOMINATION AND REMUNERATION COMMITTEE
Mark Gainsborough
Chairman

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
Jan Holm
Chairman

Mark Gainsborough
Chris Ong Leng Yeow
Lai Chung Han
Ieda Gomes Yell
Mariel von Schumann

TRANSFORMATION COMMITTEE
Mark Gainsborough
Chairman

Yap Chee Keong
Chris Ong Leng Yeow
Nagi Hamiyeh
Ieda Gomes Yell

COMPANY SECRETARY
Looi Lee Hwa

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

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

Audit Partner: Kenny Tan
(Appointed during the financial year ended 31 December 2023)

SHAREHOLDERS' INFORMATION

STATISTICS OF SHAREHOLDINGS AS AT 11 MARCH 2024

Share Capital

Issued and fully paid-up capital	: S$ 8,583,467,093.10
Number of issued shares	: 68,237,178,293
Number of treasury shares	: 20,102,623
Number of subsidiary holdings	: Nil
Class of shares	: Ordinary shares
Voting rights	: One vote per share[(1)]

Shareholdings Held by the Public

Based on the information available to the Company as at 11 March 2024, approximately 61.98% of the issued ordinary shares of the Company are held by the public, and therefore, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Substantial Shareholders

	Direct Interest		Deemed Interest		Total Interest	
Name	No. of shares	%[(2)]	No. of shares	%[(2)]	No. of shares	%[(2)]
Startree Investments Pte. Ltd. ("Startree")	24,219,365,777	35.50	–	–	24,219,365,777	35.50
Fullerton Management Pte Ltd ("FMPL")	–	–	24,219,365,777[(3)]	35.50	24,219,365,777[(3)]	35.50
Temasek Holdings (Private) Limited ("Temasek")	–	–	25,877,132,055[(4)]	37.93	25,877,132,055[(1)]	37.93

Top 20 Shareholders

Name	No. of shares	%[(2)]
STARTREE INVESTMENTS PTE LTD	24,219,365,777	35.50
CITIBANK NOMS SPORE PTE LTD	7,008,921,633	10.27
HSBC (SINGAPORE) NOMINEES PTE LTD	5,443,723,998	7.98
DBS NOMINEES PTE LTD	3,485,501,110	5.11
RAFFLES NOMINEES(PTE) LIMITED	2,922,164,067	4.28
DBSN SERVICES PTE LTD	2,180,916,123	3.20
DBS VICKERS SECURITIES (S) PTE LTD	1,442,028,140	2.11
UNITED OVERSEAS BANK NOMINEES P L	1,233,595,129	1.81
PHILLIP SECURITIES PTE LTD	640,387,301	0.94
BPSS NOMINEES SINGAPORE (PTE.) LTD.	608,938,263	0.89
OCBC NOMINEES SINGAPORE PTE LTD	498,296,569	0.73
BNP PARIBAS NOMS SPORE PL	448,665,423	0.66
OCBC SECURITIES PRIVATE LTD	414,155,804	0.61
UOB KAY HIAN PTE LTD	392,077,936	0.57
MAYBANK SECURITIES PTE. LTD.	349,739,786	0.51
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	203,204,198	0.30
IFAST FINANCIAL PTE LTD	201,081,258	0.29
MOOMOO FINANCIAL SINGAPORE PTE. LTD.	178,612,747	0.26
SHANWOOD DEVELOPMENT PTE LTD	134,358,638	0.20
TIGER BROKERS (SINGAPORE) PTE. LTD.	122,429,647	0.18
Grand Total	**52,128,163,547**	**76.41**

Location of Shareholders

Location of Shareholders	No. of shareholders	%[(2)]	No. of shares	%[(2)]
SINGAPORE	101,207	97.72	67,931,529,762	99.58
MALAYSIA	1,667	1.61	206,093,283	0.30
JAPAN	288	0.28	45,717,518	0.07
HONG KONG	185	0.18	14,819,889	0.02
US	62	0.06	7,498,758	0.01
UK	41	0.04	4,528,528	0.01
EUROPE	44	0.04	3,958,426	0.01
AUSTRALIA/ NEW ZEALAND	45	0.04	1,623,276	0.00
OTHERS	22	0.02	1,306,230	0.00
Grand Total[(5)]	**103,568**	**100.00**	**68,217,075,670**	**100.00**

Shareholding Distribution

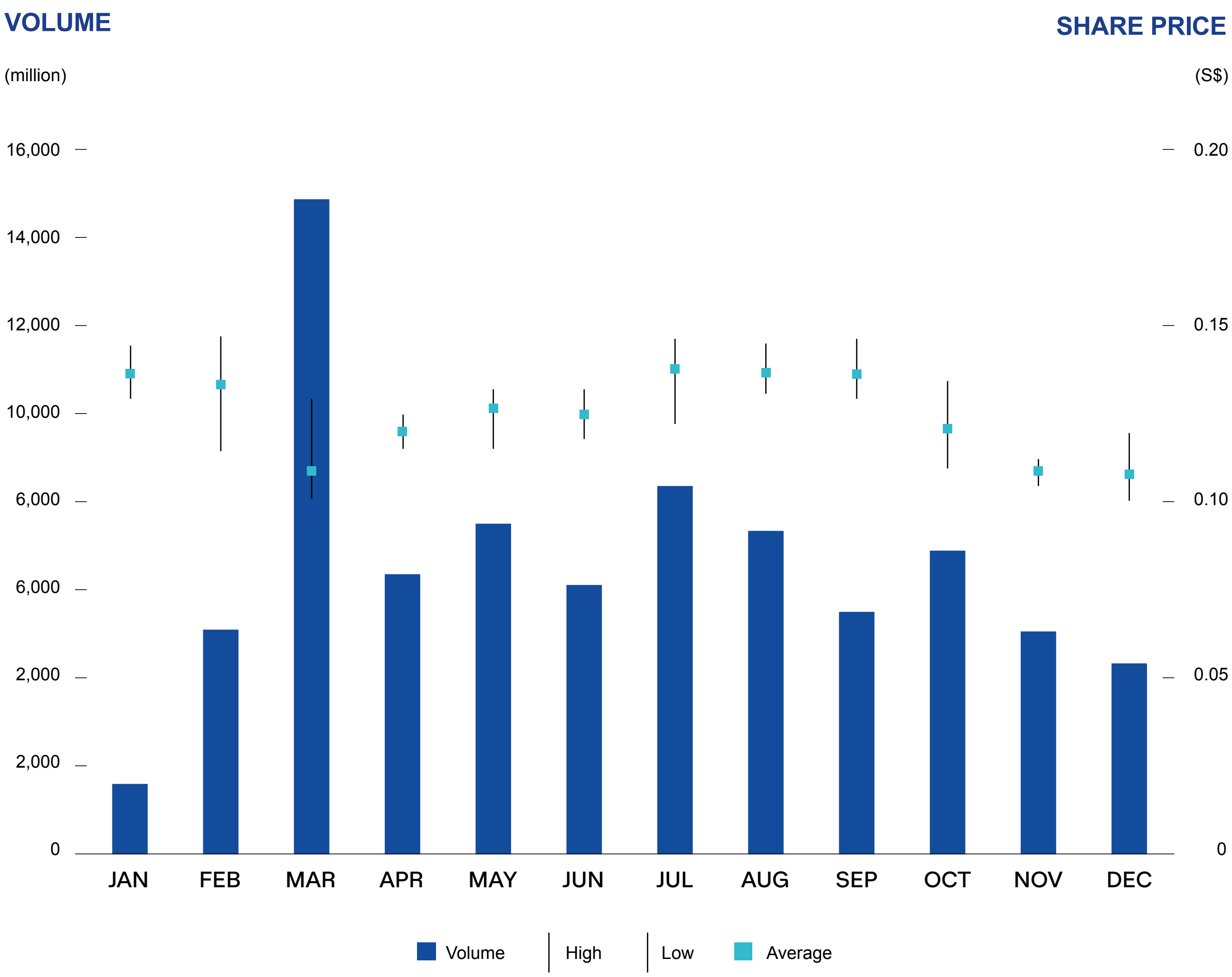
Size of shareholdings	No. of shareholders	%[(2)]	No. of shares	%[(2)]
1 - 99	4,595	4.44	215,360	0.00
100 - 1,000	2,927	2.83	1,973,291	0.00
1,001 - 10,000	15,641	15.10	86,980,072	0.13
10,001 - 1,000,000	78,266	75.57	9,792,415,491	14.35
1,000,001 and above	2,139	2.07	58,335,491,456	85.51
Grand Total[(5)]	**103,568**	**100.00**	**68,217,075,670**	**100.00**

Notes:

(1) *Ordinary shares purchased and held as treasury shares by the Company will have no voting rights.*
(2) *Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares.*
(3) *FMPL is deemed to be interested in the 24,219,365,777 Shares held by Startree.*
(4) *Temasek is deemed to be interested in the 24,219,365,777 Shares held by Startree, and the 1,657,766,278 Shares in which certain of its subsidiaries and associated companies have direct or deemed interests pursuant to Section 4 of the Securities and Futures Act 2001.*
(5) *Treasury shares are excluded.*

SHARE PERFORMANCE
Year ended 31 December 2023

	2023 (S$)
Share Price	
Last transacted	0.118
High	0.148
Low	0.101
Turnover	
Volume (million shares)	79,216
Value (S$ million)	9,866



INVESTOR RELATIONS

Seatrium is committed to providing timely disclosures, fair, transparent and consistent communications to its stakeholders. The Group is proactive in its investor relations outreach and actively engages the investment community to build clarity and understanding of its business performance and growth strategy.

INVESTOR AND STAKEHOLDER ENGAGEMENTS

With the progressive reopening of economies post pandemic, Seatrium continued to step up on its investor communications and stakeholder engagement. Proactive efforts were initiated to engage with all stakeholders in the lead-up to the Combination and following its rebranding to Seatrium. Throughout 2023, the Group's senior management and Investor Relations (IR) team actively engaged with shareholders, retail and institutional investors, sell-side and buy-side analysts and the media to provide updates on the business, ongoing transformation and other developments.

This includes webcast briefings, teleconferences, yard visits, virtual and in-person one-on-one and group meetings, investor conferences and non-deal road shows both locally and overseas. In addition, the senior management team participated in a fireside chat interview organised by the Securities and Investors Association (Singapore) (SIAS).

To facilitate shareholder engagement, the Group introduced real-time voting and Q&A participation during its General Meetings, which were conducted via electronic means in accordance with COVID-19 guidelines. Substantial and relevant questions raised by shareholders in advance were addressed through responses published on Seatrium's website and SGXNet ahead of the shareholder meetings. Participants also had the opportunity to submit their questions real-time. In addition, shareholders could opt to cast their votes electronically through duly appointed proxies or by designating the Chairman as a proxy.

Striking the gong at Singapore Exchange to mark Seatrium's brand launch

Seatrium's Board of Directors marking the brand launch with Guest of Honour Mr Gan Kim Yong, Minister for Trade and Industry, and senior management of Singapore Exchange

PROPOSED COMBINATION APPROVED BY SHAREHOLDERS

At the Extraordinary General Meeting (EGM) held on 16 February 2023, shareholders approved the Proposed Combination with Keppel Offshore & Marine (KOM), with a strong majority of 95.3% voting in favour of the resolution.

With synergies from its combined operational capabilities, engineering bench strength and track record, Seatrium is well-positioned to create greater value for stakeholders and seize growth opportunities in the offshore, marine and energy industries.

60TH ANNUAL GENERAL MEETING (AGM)

The Group's 60th AGM was held electronically on 26 April 2023 via live audio-visual webcast and audio-only stream, in line with the COVID-19 (Temporary Measures) Act 2020.

The successful AGM concluded with shareholders voting in favour of all resolutions. Among the duly approved resolutions passed at the AGM included the change in company name from Sembcorp Marine Ltd to Seatrium Limited to better reflect the Group's business and ambition to be a premier global player providing innovative engineering solutions for the offshore, marine and energy industries.

During the AGM, shareholders gained a better understanding of Seatrium's business operations through a briefing by the CEO on the Group's business performance, strategic direction and industry outlook.

INVESTOR RELATIONS

HALF-YEARLY RESULTS AND QUARTERLY BUSINESS UPDATES

Beyond the mandatory financial results reporting for the half-year and full-year periods, the Group continues to issue voluntary interim business updates in 1Q and 3Q. Ongoing disclosures on material developments are provided in accordance with good corporate governance practices.

Seatrium's half-year and full-year results briefings are available via live streaming through webcasts and are actively participated by analysts, media, investors, and the general public. Analyst and media teleconference briefings are held in conjunction with the 1Q and 3Q interim business updates.

The CEO and Acting Group Finance Director addressing queries and feedback during the 1H2023 results webcast

1Q2023
• SIAS Fireside Chat • EGM for the Proposed Combination • FY2022 Results: Live video webcast briefing • Post-FY2022 Results institutional investors group meeting (HSBC) • Completion of the Proposed Combination • Web conference on Combination Completion for analysts & media
2Q2023
• 1Q2023 Business Update: Teleconference briefing for analysts and media • Post-1Q2023 Business Update investor meeting (UOBKH) • Sell-side analysts engagement with Chairman & CEO • 60th AGM • SGX Strike the Gong / Brand Launch • Kuala Lumpur Non-deal Roadshow (CGS International) • Post-1Q2023 Business Update web conference (CLSA) • Citi Pan-Asian Conference & Tuas Boulevard Yard site visit • London Non-deal Roadshow (DBS)
3Q2023
• 2Q/1H2023 Results: Live video webcast briefing • Post-2Q/1H2023 Results investor luncheon (CLSA) • Post-2Q/1H2023 Results investor meetings (CGS International / HSBC) • Macquarie ASEAN Conference 2023 • Gastech Event & Gimi FLNG Tour • 30th CITIC CLSA Investors' Forum, Hong Kong • Hong Kong Non-deal Roadshow (DBS)
4Q2023
• 3Q/9M2023 Business Update: Teleconference briefing for analysts and media • UOBKH Asian Gems Virtual Conference • Post-3Q/9M2023 Business Update investor meeting (HSBC) • Morgan Stanley Asia Pacific Summit • SIAS Corporate Governance Week - Corporate Governance Statement of Support 2023

INDEX INCLUSIONS

Seatrium is listed and traded on the Mainboard of the SGX-ST.

In 2023, the Group was added as a constituent to the following indices:
- MSCI Global Standard Indexes (2 March 2023)
- Straits Times Index (19 June 2023)

Seatrium is also a constituent of the following key benchmark and ESG indices (not exhaustive):
- FTSE Global All Cap Ex-US Index
- FTSE4Good Index
- MSCI Singapore Free Index
- MSCI World ESG Screened Index
- S&P Developed Ex-US Index
- S&P Developed Ex-North America & Korea Large Midcap ESG Index
- SGX-ST iEdge SG ESG Leaders Index
- SGX-ST iEdge SG Transparency Index

INVESTOR COMMUNICATIONS

In addition to the SGXNet, the Group's corporate website (www.seatrium.com) and social media channels such as LinkedIn, are key platforms for communicating the latest company's announcements, news and business developments. The website houses a dedicated IR section that provides useful data such as financial highlights, stock information, analyst coverage, FAQs, and shareholder meeting circulars, among others.

Interested parties can sign up for the email alert service on the website to be notified on the latest announcements from Seatrium. The IR team can be reached at investor.relations@seatrium.com.

External enquiries and feedback are monitored, responded to, and communicated to the Board and senior management where appropriate.

SHAREHOLDER DIVERSITY

Seatrium has 103,568 registered shareholders as at 11 March 2024, with 37.93% of the Group's total shares deemed to be owned by Temasek Holdings. Public shareholders such as institutional investors and retail shareholders account for 61.98% of the Group's holdings.

The Group's geographically-diversified shareholder base includes Singapore, Malaysia, Hong Kong Special Administration Region of the People's Republic of China, Japan, Australia, Europe, the United Kingdom, the United States and Canada.

SHARE PERFORMANCE

Seatrium recorded an average monthly share turnover value of about S$822 million, trading within a high of S$0.148 and a low of S$0.101 in 2023. As at 11 March 2024, the Group's market capitalisation was S$6.2 billion, based on a closing share price of S$0.091.

Vessel tour of the Gimi FLNG by sell-side analysts

CORPORATE GOVERNANCE

Seatrium Limited (the "Company" and together with its subsidiaries, the "Group") is committed to upholding the highest level of corporate governance. Our unwavering ethos of doing right and good by all stakeholders underpins our business resilience and long-term success in the offshore, marine and energy industries.

This report describes the Company's corporate governance practices for the financial year ended 31 December 2023 ("FY2023") with reference to the Code of Corporate Governance 2018 (the "Code"). The Company has complied with the principles of the Code and substantially with all the provisions thereunder. Any deviations from compliance with the provisions of the Code are explained in this report.

Core Values and Code of Conduct

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

The Company has a set of Core Values and a Code of Conduct that all directors, employees and third-party representatives of the Company are required to observe and be guided by. Our Core Values act as our guiding compass, while our Code of Conduct guides our directors, employees and third-party representatives to carry out their duties and responsibilities to the highest standards of personal and corporate integrity. Our Code of Conduct is available on the Company's corporate website.

CORPORATE GOVERNANCE FRAMEWORK

(As at 31 December 2023)

The Board comprises ten members, of whom eight are independent directors, one is a non-executive and non-independent director and one is an executive director.

Board of Directors (the "Board")

Total Number of Directors: 10

8	1	1
Independent Directors	Non-executive and Non-independent Director	Executive Director

Chairman's Responsibilities

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

Board's Responsibilities

- Set values, mission and vision statements
- Provide oversight and guidance to Management
- Set strategic objectives
- Review Management's performance and remuneration
- Establish a framework of prudent and effective internal controls
- Integrate sustainability issues in decision making

The Board has constituted the following Board committees to assist it in the discharge of its duties:-

Audit and Risk Committee (4 members)

3	1
Independent Directors	Non-executive and Non-independent Director

Key Responsibilities

- Assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, and business and financial risk management
- Assist the Board in ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests as well as the Group's assets
- Determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives
- Oversee and monitor the whistleblowing process

Nomination and Remuneration Committee (4 members)

2	1	1
Independent Directors	Non-executive and Non-independent Director	Co-opted Member (non-director)

Key Responsibilities

- Assist the Board in evaluating the performance of Management and the Board, its committees and individual directors
- Review the profiles and independence of directors
- Make recommendations on directors' appointments and re-appointments
- Assist the Board in overseeing the remuneration of the Board and senior management
- Set appropriate remuneration framework and policies (including long-term incentive schemes) to deliver annual and long-term performance of the Group

Corporate Social Responsibility Committee (6 members)

5	1
Independent Directors	Executive Director

Key Responsibilities

- Assist and support the Board in fulfilling its oversight over environmental, social and governance ("ESG") as well as workplace, safety and health ("WSH") matters

Transformation Committee (9 members)

7	1	1
Independent Directors	Non-executive and Non-independent Director	Executive Director

Key Responsibilities

- Drive and oversee the integration and transformation exercise of the Group

CORPORATE GOVERNANCE

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1 **The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.**

The Board aims to create value for shareholders and all stakeholders, and drive the Group's long-term success. The Board holds Management accountable for its performance by focusing on the right business strategies, implementing a robust risk management framework, developing the desired culture within the organisation and building a strong management team to lead the organisation. It also aims to align the interests of the Board and Management with those of shareholders and balance the interests of all stakeholders.

The Board sets the appropriate tone-from-the-top for the Group on ethics and values to be observed when pursuing and undertaking its businesses and operations. The Group has also put in place a set of well-defined policies and procedures to track and monitor corporate performance and ensure proper accountability within the Group.

Role and Responsibilities of the Board

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

The Board has established a clear matrix on matters that would require its approval, which is clearly communicated to Management in writing. These include financial authorisation and approval limits for operating and capital expenditures, procurement of goods and services, and acquisition and divestment of investments. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Chief Executive Officer ("CEO") to optimise operational efficiency. These limits are subject to regular review for relevance and effectiveness.

Role and Responsibilities of Directors

Directors are fiduciaries of the Company and hold Management accountable for the financial and operating performance of the Group. All directors are expected to always act objectively in the best interests of the Company. The Company's Constitution provides that a director shall not vote in respect of a proposal in which he has any personal material interests, directly or indirectly. Such a director shall also not be counted in the quorum at a meeting in relation to any resolution on which he is required to abstain from voting. When facing a conflict of interest or potential conflict of interest, directors are required to recuse themselves from discussions and decisions involving the issues of conflict.

Director Development and Training

The Board has established a policy on directors' training and development to ensure directors understand, meet and maintain appropriate competency requirements to perform and discharge their duties and responsibilities effectively. Directors are expected to understand the Group's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

A comprehensive induction programme (including yard visits) is provided to all newly-appointed directors. They are briefed on the Group's business activities, financial performance, governance policies and practices, enterprise risk management, regulatory regime and their duties as directors. This induction programme allows new directors to get acquainted with senior management, thereby facilitating Board interaction and independent access to senior management. A director who has no prior experience as a director of an issuer listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") is required to undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, unless the Nomination and Remuneration Committee is of the view that training is not required because the director has other relevant experience, in which case the basis of the assessment will be disclosed.

The Company values ongoing professional development of its directors and provides them with opportunities to develop and maintain their skills and knowledge at the Company's expense. Each director is required to perform an annual self-assessment to identify his or her training needs and undertake training in order to acquire the requisite competencies.

During FY2023, the directors attended various training courses (conducted internally or externally), including the induction programme with yard visits (for new directors), e-learning modules, web seminars and briefings on among others, the new legislation and regulation introduced in connection with workplace health and safety and the Group's operations and business issues.

All the directors (except for Ms Mariel von Schumann) have attended training on sustainability matters mandated by the SGX-ST. Ms Mariel von Schumann, who was appointed as a director with effect from 1 October 2023, will complete the prescribed training on the roles and responsibilities of a director of a listed issuer and the mandated sustainability training within one year from her date of appointment.

Board Committees

The Board has established the following Board committees to assist it in discharging its stewardship and fiduciary obligations:

(a) Audit and Risk Committee ("ARC")
(b) Nomination and Remuneration Committee ("NRC")
(c) Corporate Social Responsibility Committee ("CSRC")
(d) Transformation Committee ("TC")

The role of the CSRC is to assist and support the Board in fulfilling its oversight over ESG and WSH matters. ESG and WSH matters are important performance indicators for the Group. The Board, with guidance provided by the CSRC, adopts specific targets and key performance indicators relating to ESG and climate related matters (including carbon management and reduction targets) and WSH matters. For more details, please refer to the Company's Sustainability Report 2023 which is available at www.seatrium.com/sustainability-reports.php.

The role of the TC is to assist and support the Board in driving and overseeing the integration and transformation exercise of the Group. The Group is a result of the combination of two major offshore and marine companies in 2023 and integration and transformation is thus key to its success.

The roles and other details of the ARC and NRC are set out in other sections of this report.

The Board committees are formed with clear written terms of reference which set out their compositions, authorities and duties (including reporting back to the Board). These terms of reference are reviewed by the Board on a regular basis. Board approval is required for any change to these terms of reference.

The Board committees have the authority to investigate any activity within their respective terms of reference. They also have full access to and co-operation of Management, and full discretion to invite any director or executive officer to attend their meetings. The Board committees are also empowered and have authority to obtain advice and support from external advisers, as and when needed, at the expense of the Company.

As at 31 December 2023, the compositions of the Board and its Board committees were as follows:

Board	Audit and Risk Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Transformation Committee
Mark Gainsborough (Chairman) (Independent director)		Chairman	Member	Chairman
Yap Chee Keong (Deputy Chairman) (Independent director)	Chairman	Member		Member
Chris Ong Leng Yeow (CEO)(Executive director)			Member	Member
Nagi Hamiyeh (Non-independent and non-executive director)	Member	Member		Member
Jan Holm (Independent director)	Member		Chairman	Member
Lai Chung Han (Independent director)			Member	Member
Ieda Gomes Yell (Independent director)			Member	Member
Sarjit Singh Gill (Independent director)	Member			
Astrid Skarheim Onsum (Independent director)				Member

CORPORATE GOVERNANCE

Board	Audit and Risk Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Transformation Committee
Mariel von Schumann (Independent director)			Member	Member
Chan Wai Ching[(1)] (Non-Board member of NRC)		Co-opted Member		
8 independent directors (including the Chairman) 1 non-independent and non-executive director 1 executive director	3 independent directors (including the ARC Chairman) 1 non-independent and non-executive director	2 independent directors (including the NRC Chairman) 1 non-independent and non-executive director 1 co-opted member (non-director)[(1)]	5 independent directors (including the CSRC Chairman) 1 executive director	7 independent directors (including the TC Chairman) 1 non-independent and non-executive director 1 executive director

Note:

[(1)] *Ms Chan Wai Ching is not a director of the Company but has been co-opted as a member of the NRC. Provision 2.4 of the Code provides (inter alia) that the Board and Board committees should comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and diversity. Provision 4.2 of the Code provides that the Nominating Committee should comprise at least three directors, the majority of whom, including the Chairman, should be independent. Provision 6.2 of the Code provides that the Remuneration Committee should comprise at least three directors. All members of the Remuneration Committee should be non-executive directors, the majority of whom, including the Chairman, should be independent. Ms Chan is currently the Chief Corporate Officer and Head, Organisation & People at Temasek Holdings (Private) Limited, and is a leader in human resources. Although Ms Chan is not a director of the Company, given her extensive experience in human resources, she has provided and will continue to provide expertise and insights into organisational development, leadership as well as remuneration matters to the NRC, and contribute towards establishing formal and transparent processes and procedures for the appointment and re-appointment of directors, and for the development of policies on director and executive remuneration.*

The profiles of the directors are set out on pages 32 to 41 of the Annual Report 2023.

The Company has announced the following changes to the composition of the Board committees which took effect from 1 March 2024:

1. Ms Astrid Skarheim Onsum has been appointed as a member of the ARC and has stepped down as a member of the TC.
2. Ms Mariel von Schumann has been appointed as a member of the NRC and has stepped down as a member of the TC.
3. Mr Jan Holm and Mr Lai Chung Han have each stepped down as a member of the TC.

Please refer to the Company's announcement of 1 March 2024 titled "Changes to Seatrium Board Committees" on the Company's website and SGXNet for further details.

Board Practices

The schedules of all Board meetings, Board committee meetings and the annual general meeting ("AGM") are generally planned one year in advance in consultation with the directors. The Board meets at least four times a year at regular intervals. Besides the scheduled meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. Directors are expected to attend and actively participate in Board and Board committee meetings. Directors who are unable to attend a Board or Board committee meeting in person may participate via telephone or video conference, as permitted by the Company's Constitution. The Board also holds annual strategy meetings in person to interact with senior and middle management. At these meetings, the Board is briefed on developments in the markets in which the Group operates, is updated on trends, and has in-depth discussions on the Group's strategic direction.

The Board is also invited to participate in major key events organised by the Group such as public lectures and decarbonisation forums. This is with a view to ensuring that the Board and Management are aligned on the strategic thrust of the Group. This also helps the Board to keep abreast of the mega trends in the markets relating to the Group's business.

The attendance record of directors holding office as at 31 December 2023 at Board and Board committee meetings held during the period in which they were directors in FY2023, and at the AGM held during FY2023, is disclosed on the next page.

	Board	Audit and Risk Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Transformation Committee
	No. of Meetings held: 11	No. of Meetings held: 4	No. of Meetings held: 3	No. of Meetings held: 4	No. of Meetings held: 6
	Attended	Attended	Attended	Attended	Attended
Mark Gainsborough[(1)]	10/10	2/2	3/3	4/4	6/6
Yap Chee Keong[(2)]	11/11	4/4	3/3	1/1	6/6
Chris Ong Leng Yeow	10/10	-	-	4/4	6/6
Nagi Hamiyeh	9/10	2/4	2/3	-	4/6
Jan Holm	10/10	4/4	-	4/4	6/6
Lai Chung Han[(3)]	10/10	-	-	4/4	5/6
Ieda Gomes Yell[(4)]	6/6	-	-	4/4	4/4
Sarjit Singh Gill[(5)]	5/5	2/2	-	-	-
Astrid Skarheim Onsum[(6)]	2/2	-	-	-	2/2
Mariel von Schumann[(7)]	1/1	-	-	1/1	1/1

Notes:

(1) *Mr Mark Gainsborough stepped down as a member of the ARC on 1 June 2023.*
(2) *Mr Yap Chee Keong stepped down as a member of the CSRC on 1 June 2023.*
(3) *Mr Lai Chung Han was appointed a member of the TC on 14 March 2023.*
(4) *Ms Ieda Gomes Yell was appointed as a director and a member of the CSRC and TC on 1 May 2023.*
(5) *Mr Sarjit Singh Gill was appointed as a director and a member of the ARC on 1 June 2023.*
(6) *Ms Astrid Skarheim Onsum was appointed as a director and a member of TC on 1 September 2023.*
(7) *Ms Mariel von Schumann was appointed as a director and a member of CSRC and TC on 1 October 2023.*

All the directors of the Company holding office as at the date of the AGM held on 26 April 2023 (i.e., Mr Mark Gainsborough, Mr Yap Chee Keong, Mr Chris Ong Leng Yeow, Mr Nagi Hamiyeh, Mr Jan Holm and Mr Lai Chung Han) attended the AGM.

Management provides directors with resources and access to complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Directors are provided with electronic tablets which enable them to readily access Board and Board committee papers in advance of and during meetings. In addition, directors receive financial and operational performance, health and safety updates, analysts' reports, industry market updates, major projects tendered, progress updates on major projects, yard development updates and summaries of decisions made by Board committees on a quarterly basis.

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

The Company Secretary attends all Board and certain Board committee meetings. She is responsible for ensuring that meeting procedures are followed and applicable rules and regulations complied with. The Company Secretary assists the Board in implementing and strengthening corporate governance policies and practices.

The appointment and removal of the Company Secretary is subject to the Board's approval.

When directors, either individually or as a group, require advice from external advisers in the furtherance of their duties, the Company Secretary will, upon approval by the Board, appoint external advisers to render such services at the Company's expense.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

Principle 2 **The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.**

Board Independence

The Board comprises ten directors, of whom eight are independent directors, one is an executive director and one is a non-executive and non-independent director. Independent directors thus make up a majority of the Board (eight out of ten). All the directors are non-executive, save for Mr Chris Ong Leng Yeow who is the CEO and an executive director.

The non-executive directors and/or independent directors meet without the presence of Management at least once annually and provide feedback to the Board and/or the Chairman after such meetings, as appropriate. In FY2023, two such meetings were held.

Board Diversity Policy, Targets, Timelines and Progress

The Company recognises and embraces the benefits of having a diverse Board, which include adopting a broader strategic perspective, avoiding groupthink, enhancing decision-making and ensuring effective governance. To this end, the Company maintains a Board Diversity Policy that addresses and takes into account gender, skills and experience, board independence, and other relevant aspects of diversity.

In line with the Company's Board Diversity Policy, the NRC reviews the size and composition of the Board and the Board committees from time to time, and seeks to ensure that (i) the size of the Board and the Board committees are conducive for effective discussion and decision-making, (ii) the Board and the Board committees have the requisite number and proportion of independent directors, and (iii) the directors as a group have a broad range of skills, experience and industry knowledge, and are diverse in age, gender and cultural background.

The Board has met the diversity targets set by the Company for FY2023, and will endeavour to maintain these diversity targets for the financial year ending 31 December 2024. These diversity targets are as follows:

(a) a majority of the Board members are independent directors;

(b) at least one Board member has extensive experience in the industry in which the Group operates;

(c) at least two Board members have relevant accounting or related financial management expertise or experience; and

(d) at least two Board members are female.

The Board is currently made up of members from diverse cultural backgrounds (in terms of ethnicity and nationality) and with varied industry experience and expertise (including but not limited to the core competencies of accounting, finance and business management experience). Three out of the ten Board members are female. While striving for diversity, all Board nominations and appointments are ultimately made on the basis of merit, taking into account the skills, experience, independence and knowledge needed for the Board as a whole to be effective. The Board, taking into account the views of the NRC, considers that the Board is of an appropriate size, and as a group possesses an appropriate level of independence and balance of skills, knowledge, experience and gender mix to manage and contribute effectively to the Company.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 **There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

The Chairman and the CEO are separate persons, so as to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related.

The Board has established and set out in writing the division of responsibilities between the Chairman and the CEO. The Chairman is a non-executive appointment and is separate from the office of the CEO. The Chairman leads the Board and is responsible for ensuring the Board's effectiveness and its governance processes, while the CEO is responsible for following through the Board's direction and managing the day-to-day business and operations.

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

The Chairman promotes an open environment for debate and ensures that the independent directors are able to speak freely and contribute effectively. He closely monitors the translation of the Board's decisions and directions into executive actions. He also exercises control over the quality and quantity of information between the Board and Management. In addition, he provides support, close oversight, guidance, advice and leadership to the CEO, while respecting his executive responsibility.

The CEO heads the Company's Management team and manages the Group's businesses and operations in accordance with the Group's policies. He provides oversight, guidance, advice and leadership to the Management team on executing the Board's decisions. The Management team meets regularly to discuss performance, business, operation, risk, compliance and other relevant issues.

As a majority of the Board comprises independent directors and there are sufficient channels of communication for shareholders to raise concerns to the Board (such as through the independent Chairman or the independent chairman of each of the respective Board committees), no lead independent director has been appointed.

BOARD MEMBERSHIP

Principle 4 **The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

Nomination and Remuneration Committee

As at 31 December 2023, the NRC comprised four members, of whom two (including the NRC Chairman) are independent directors, one is a non-executive and non-independent director and one is a co-opted member (non-director):

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

Note:
(1) Ms Chan Wai Ching is not a director of the Company but has been co-opted as a member of the NRC. Provision 2.4 of the Code provides (inter alia) that the Board and Board committee should comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and diversity. Provision 4.2 of the Code provides that the Nominating Committee should comprise at least three directors, the majority of whom, including the Chairman, should be independent. Provision 6.2 of the Code provides that the Remuneration Committee should comprise at least three directors. All members of the Remuneration Committee should be non-executive directors, the majority of whom, including the Chairman, should be independent. Ms Chan is currently the Chief Corporate Officer and Head, Organisation & People at Temasek Holdings (Private) Limited, and is a leader in human resources. Although Ms Chan is not a director of the Company, given her extensive experience in human resources, she has provided and will continue to provide expertise and insights into organisational development, leadership as well as remuneration matters to the NRC, and contribute towards establishing formal and transparent processes and procedures for the appointment and re-appointment of directors, and for the development of policies on director and executive remuneration.

The key responsibilities of the NRC in relation to Board membership and performance matters include the following:

- To review the composition of the Board and Board committees
- To identify, review and recommend Board appointments for the Board's approval, taking into account the experience, expertise, knowledge, skills and diversity of the candidates and the needs of the Board
- To review and recommend to the Board the re-appointment of directors, having regard to their performance, commitment and ability to contribute to the Board as well as their skill sets
- To review the Board's succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel
- To make recommendations for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole and of each Board committee separately, as well as the contribution by the Chairman and each individual director to the Board
- To conduct a performance evaluation of the Board, the Board committees and individual directors on an annual basis
- To conduct an annual assessment of whether each director has sufficient time to discharge his responsibilities, taking into consideration other listed company board representations and principal commitments, if any
- To determine the independence of new and existing directors, and whether each new and/or existing director is a fit and proper person and is qualified for the office of director
- To review and recommend training and professional development programmes for the Board and directors, and to ensure that new directors are aware of their duties and obligations
- To make recommendations on the key performance indicators and Management's balanced scorecards

Rotation and Re-election of Directors

The NRC reviews and recommends to the Board the re-election of directors at each AGM.

Pursuant to Article 94 of the Company's Constitution, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) are required to retire from office by rotation at each AGM. The directors to retire in every year are those who have been longest in office since their last re-election or appointment and as between persons who became or were last re-elected directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. All directors (including the CEO) are also required to submit themselves for re-nomination and re-appointment at least once every three years. Retiring directors are eligible for re-election.

Pursuant to Article 100 of the Company's Constitution, all newly appointed directors may only hold office until the next AGM immediately following their appointment, and are eligible for re-election at such AGM.

Where a director is required to retire from office, the NRC will review the composition of the Board and take into account factors such as the retiring director's competencies, attendance and participation in Board and Board committee meetings, performance and contributions to the Board and competing time commitments, when deciding whether to recommend that director for re-election.

Mr Mark Gainsborough and Mr Nagi Hamiyeh will be retiring by rotation under Article 94 of the Company's Constitution at the upcoming AGM to be held on 26 April 2024 ("2024 AGM") and, being eligible, have offered themselves for re-election at the 2024 AGM.

Ms Ieda Gomes Yell, Mr Sarjit Singh Gill, Ms Astrid Skarheim Onsum and Ms Mariel von Schumann, who were appointed after the 2023 AGM, will cease to hold office pursuant to Article 100 of the Company's Constitution and, being eligible, have offered themselves for re-election at the 2024 AGM.

Additional information on the directors seeking re-election at the 2024 AGM is set out on pages 210 to 219 of the Annual Report 2023.

Selection and Nomination Process for New Directors

The Board has put in place a process for the selection and appointment of new directors. The process is led by the NRC, which recognises that an effective and cohesive Board requires the right balance of industry knowledge, experience, core competencies, skills and professional qualifications, as well as diversity (including having regard to the Board Diversity Policy and the diversity targets set thereunder).

When searching for potential candidates for appointment as directors, the NRC reviews the range of expertise, skills and attributes of the Board and its composition, so as to identify the competencies required and/or desired to supplement the Board's existing attributes, which is then used for identifying potential candidates for nomination. The NRC also conducts an assessment of the potential candidate's qualifications, attributes, capabilities, skills, age, past experience and independence.

In considering potential candidates for appointment as directors, the NRC also takes into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, and whether this would cast any doubt on his or her ability to act as a director of the Company.

Where necessary or appropriate, the NRC may also tap on or engage third-party search firms to assist in identifying and shortlisting a broader slate of candidates for the Board's consideration.

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

Four additional directors were appointed to the Board after the 2023 AGM. Ms Ieda Gomes Yell was appointed in May 2023, Mr Sarjit Singh Gill was appointed in June 2023, Ms Astrid Skarheim Onsum was appointed in September 2023 and Ms Mariel von Schumann was appointed in October 2023. These directors were appointed after extensive external searches were conducted and their suitability for appointment (taking into account the Board composition, diversity and other factors such as their qualifications, attributes, capabilities, skills, age, past experience and independence) were reviewed by the NRC and approved by the Board.

Review of Directors' Independence

The NRC reviews annually, and as and when circumstances require, if a director is independent having regard to the Listing Manual of the SGX-ST and the Code, as well as any other salient factors.

To facilitate the NRC's review, all directors are required to submit an evaluation and disclosure form prior to his or her appointment as a director and thereafter, on an annual basis, which would state all the factors considered in determining if the director is independent, including the factors described in the Listing Manual of the SGX-ST and the Code.

Mr Nagi Hamiyeh holds an executive position in Temasek International Pte Ltd ("TIPL"), which is a related corporation of a substantial shareholder of the Company. He is therefore considered to be a non-executive and non-independent director. The Board and the NRC are of the view that, save for Mr Nagi Hamiyeh and Mr Chris Ong Leng Yeow (who is the CEO and an executive director), none of the other directors have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of each director's business judgment in the best interests of the Company. In particular, none of the other directors are or have been employed by the Company or any of its related corporations in the current or any of the past three financial years, and none of them have an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration was determined by the NRC. None of the directors have served for an aggregate period of more than nine years on the Board. All of the directors, save for Mr Nagi Hamiyeh and Mr Chris Ong Leng Yeow, are therefore considered to be independent directors.

Review of Directors' Time Commitments

The NRC determines annually whether a director has been adequately carrying out his or her duties as a director, taking into account the number of other listed company directorships and principal commitments of the director. Each director is expected to allocate sufficient time and attention to the Company's affairs. The Board has adopted a policy to address directors' competing time commitments when they serve on multiple boards and have other principal commitments. In general, each director cannot hold more than four directorships in listed companies.

For FY2023, all directors met the guidelines set on the maximum number of listed company directorships that he or she may hold. The NRC has reviewed and is satisfied that the directors who held office as at 31 December 2023 had committed sufficient time and attention to the Company's affairs and had contributed meaningfully to the Group as evidenced by the attendance of the directors at the Board and Board committee meetings and the quality of the discussions at these meetings.

Information on each director's other listed company directorships and principal commitments is disclosed on pages 32 to 41 of the Annual Report 2023.

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

BOARD PERFORMANCE

Principle 5 **The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

Using objective performance criteria and process which are recommended by the NRC and approved by the Board, the NRC assesses at least once annually whether the Board, Board committees and individual directors are performing effectively so as to identify steps for improvement. The Board believes that active participation and valuable contributions are essential to the overall effectiveness of the Board.

The NRC reviews the performance of each individual director based on factors such as the director's attendance, preparedness, participation, industry and business knowledge, and contributions at Board meetings. The Chairman acts on the results of the performance evaluation. He proposes, where appropriate, new members to be appointed to the Board or seeks the resignation of directors.

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

Each director is required to submit a set of completed questionnaires directly to the Company Secretary who collates the responses and produces a summary report for the NRC. The NRC analyses the report and submits its findings to the Board.

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

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

Generally, the directors who sit on the various Board committees provide the inputs and assess the effectiveness of the Board committees.

The Board discusses the findings of the evaluation and recommends changes in response to the feedback given by the directors.

Based on the assessment for FY2023, the Board and the NRC have assessed the Board and Board committees to be effective as a whole. No external facilitator was used in the evaluation process for FY2023.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6 **The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

The composition and members of the NRC are set out in the section "Nomination and Remuneration Committee" in this report.

The key responsibilities of the NRC in relation to remuneration matters include the following:

- To oversee the governance of the Group's remuneration policy (including share plans and other long-term incentive plans), including reviewing and making recommendations to the Board on the framework of remuneration for the Board and key management personnel

- To agree on the KPI or balanced scorecard as the performance matrix for Management
- To oversee the remuneration of senior executives, including reviewing and making recommendations to the Board on the specific remuneration packages for the CEO and other key management personnel
- To oversee human capital plans to deepen core competencies, and the strength and leadership capabilities of senior management
- To oversee the grant of incentives and annual variable bonus pool for Management
- To review the specific remuneration for each non-executive director and make recommendations to the Board for tabling of directors' remuneration at the AGM for shareholders' approval

The NRC considers all aspects of remuneration, including termination terms, to ensure that they are fair and reasonable, and not overly generous.

On an annual basis, a comprehensive talent management programme and succession plans are presented to the NRC for review. The NRC reviews the succession plans for key and critical positions to align the business goals and the Group's human capital needs. This enables the Company to identify a talent pool to focus on and develop the identified successors to their full potential.

During FY2023, the Company engaged Willis Towers Watson Consulting (Singapore) Pte Ltd ("WTW") to advise the NRC on the remuneration of directors and senior executives. WTW is an independent external consultancy firm. There is no relationship between the Group and WTW that would affect the independence and objectivity of WTW.

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

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

LEVEL AND MIX REMUNERATION

Principle 7

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

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

Remuneration of Non-Executive Directors

The NRC ensures that the remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities, and to attract, retain and motivate the directors to provide good stewardship of the Company.

The NRC reviews and recommends a framework to the Board for determining the remuneration of non-executive directors, including the Board Chairman.

Directors' Fees Framework

The Company has adopted the following directors' fees framework as detailed in the Company's Directors' Fee Policy:

Description	Board	Audit and Risk Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Transformation Committee
Board Chairman (all-in)[(1)]	S$600,000				
Deputy Board Chairman (all-in)[(2)]	S$500,000				
Basic Retainer Fee	S$80,000				
Board Committee Chairman's Fee		S$50,000	S$35,000	S$35,000	S$50,000
Board Committee Member's Fee		S$30,000	S$20,000	S$20,000	S$30,000

Notes:
(1) The Chairman does not receive the basic retainer fee for directors, or any further fees or allowances for his services as chairman or member of any Board committees.
(2) The Deputy Chairman does not receive the basic retainer fee for directors, or any further fees or allowances for his services as chairman or member of any Board committees.

Attendance Fees[(1)(2)]	Board Meeting	Board Committee Meeting and General Meeting
Teleconference	S$2,000	S$1,000
Home – City	S$5,000	S$2,500
In - Region[(3)]	S$8,000	S$4,000
Out - Region[(3)]	S$15,000	S$7,500

Notes:
(1) Only one attendance fee (the higher amount) is paid for multiple meetings held on the same day.
(2) The executive director does not receive attendance fees for meetings.
(3) "In-region" attendance fees are paid when the travelling time from the director's home country to the country where the meeting is held is below 7 hours (one way), and "Out-region" attendance fees are paid when the travelling time is 7 hours or more (one way).

As provided in the Directors' Fees Policy of the Company, the fees payable to non-executive directors will typically comprise a cash component and a share component. 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 Seatrium Restricted Share Plan 2020 ("RSP 2020"). The balance 70% is paid in cash. A non-executive director who steps down before the delivery of the share component will receive all of his director's fee (calculated on a pro-rata basis) in cash. The payment of directors' fees (both cash and the share components) is contingent upon shareholders' approval. Directors and their associates abstain from voting on any resolution(s) relating to their remuneration.

Under the RSP 2020, share awards granted to directors as part of directors' fees typically consist of the grant of fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium whereby each non-executive director is required to hold (as applicable) the equivalent of one year's Chairman all-in fee, Deputy Chairman all-in fee and non-executive director basic retainer fee, for the duration of his or her tenure as a director and for one year after he or she steps down as a director. Any excess may be disposed of as desired.

The actual number of shares to be awarded to each non-executive director shall be determined by reference to the volume-weighted average price of the Company's shares on the SGX-ST over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the AGM (or, if no final dividend is proposed at the AGM or the resolution to approve such final dividend is not approved at the AGM, over the 14 trading days immediately following the date of the AGM).

The directors' fees due to Mr Nagi Hamiyeh, who holds an executive position in TIPL and Mr Lai Chung Han who is a civil servant are paid wholly in cash to TIPL and the Public Service Division respectively.

At the last AGM held on 26 April 2023, shareholders of the Company approved the payment of directors' fees of up to S$2,350,000 for FY2023. The total directors' fees paid for FY2023 amounted to S$1,918,752.

CORPORATE GOVERNANCE

The Company will be seeking shareholders' approval at the forthcoming 2024 AGM to be held on 26 April 2024 for payment of directors' fees for the financial year ending 31 December 2024 ("FY2024") of up to S$2,900,000. Subject to shareholders' approval, the cash component of the directors' fees for FY2024 is intended to be paid half yearly in arrears. The share component of the directors' fees for FY2024 is to be delivered after the annual general meeting in year 2025 has been held.

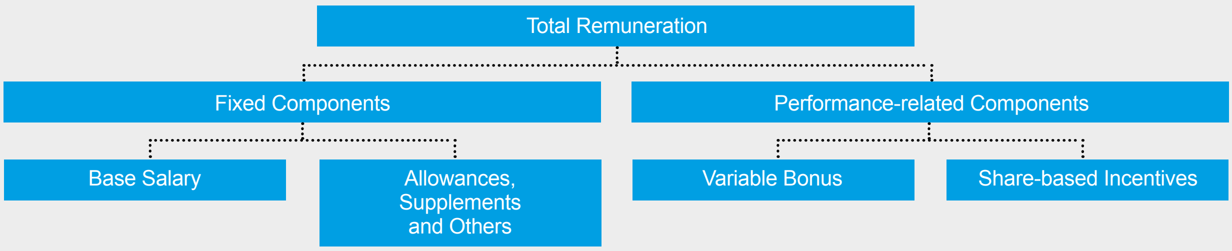
Shareholders' approval is being sought for a higher amount of directors' fees for year 2024 mainly due to the appointment of four additional non-executive directors after the AGM held in year 2023 (the directors' fees for year 2023 had originally catered for the appointment of 2 additional non-executive directors). A diverse and international board is needed to lead and guide the Company as it aims to transform itself into becoming a premier global player with world-class talent and engineering capabilities. To this end, the Company has appointed a talented and multi-national board with vast and illustrious experience in areas where the Company is targeting its next phase of strategic directions.

The amount of FY2024 directors' fees is computed based on (i) a board size of 10 directors (including 9 non-executive directors), (ii) full attendance by all of the non-executive directors based on the meeting schedule for year 2024, and (iii) a buffer to cater for unplanned or ad hoc meetings. The Board currently comprises 10 directors (comprising 9 non-executive directors and an executive director who does not receive directors' fees and is remunerated as part of senior management).

Remuneration for CEO and Senior Executives

The Company's remuneration and reward system for senior executives (including the CEO) is designed to ensure a competitive level of compensation to attract, retain and motivate employees to deliver high-level performance in accordance with the Company's established risk policies and to incentivise them to drive the long-term success of the Company. A significant and appropriate proportion of the senior executives' remuneration is structured so as to link rewards to corporate and individual performance.

REMUNERATION FOR SENIOR EXECUTIVES



The remuneration for senior executives comprises fixed components and performance-related components.

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

Annual Variable Bonuses
The annual variable bonus ("AVB") recognises the performance and contributions of the individual, while driving the achievement of key business results for the Company. To this end, the overall AVB budget for the Company is determined by the achievement level of the Company balanced scorecard and distributed to individual employees according to their individual performance rating. The total AVB payout would be capped by the AVB budget.

Share-based Incentives
The Company's share-based incentive plans are designed to motivate senior executives to continue striving for the Group's long-term shareholder value. In addition, the share-based incentive plans aim to align the interests of participants with the interests of shareholders, improve performance and achieve sustainable growth for the Company. Further details on the Company's share-based incentive plans are set out on pages 85 to 88 of the Annual Report 2023.

During FY2023, a review of the Group's remuneration framework was carried out to ensure alignment and consistency across the combined entity as part of the integration process after the combination which was completed in 2023. The review took into consideration market benchmarks to ensure that the Group's remuneration framework supported the Group's strategy to attract and retain talent and to strengthen the performance culture. Pending the completion of the review, share-based incentives were suspended for FY2023. The review has since been completed and share-based incentives will resume in FY2024 as approved by the NRC.

DISCLOSURE OF REMUNERATION

Principle 8 **The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

Information regarding the remuneration of each director (including the CEO) for FY2023 is set out on page 207 of the Annual Report 2023.

Mr Chris Ong Leng Yeow, the CEO, as an executive director, does not receive directors' fees for serving as a member of the Board or the Board Committees and is remunerated as part of senior management. As a lead member of senior management, his compensation for FY2023 consisted of his salary, allowances and bonuses.

During FY2023, the Company's top five key management personnel (other than the CEO) are as follows:

Tan Poh Lee, Paul, Acting Group Finance Director
Chor How Jat, Chief Operating Officer
Lim Howe Run, Chief Risk Officer
Gu Weiguang William, EVP, Oil & Gas (International)
Samuel Wong Wing Wah, EVP, Fixed Platforms

The FY2023 aggregate remuneration of the above-mentioned executives, comprising cash and benefits received, is stated on page 207 of the Annual Report 2023.

As disclosed above, share-based incentives were suspended for FY2023 and will resume in FY2024.

No employee of the Group whose remuneration exceeded S$100,000 during FY2023 was a substantial shareholder of the Company, or an immediate family member of either a director, the CEO or a substantial shareholder of the Company, as at the end of FY2023.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9 **The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.**

The Company has in place a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The ARC assists the Board in determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation, and oversees, inter alia, the Group's risk management and internal controls and ensures that the system of risk management and internal controls maintained by Management is adequate and effective.

The composition and members of the ARC are set out in the section "Audit and Risk Committee" on page 68 of this report.

Risk Management and Internal Controls

The key responsibilities of the ARC in relation to risk management and internal controls are as follows:-

RESPONSIBILITIES OF THE ARC

To assess and ensure the adequacy and effectiveness of the Group's risk management systems, framework, policies, procedures and processes. Such review can be carried out internally and/or with the assistance of external parties

To review risk reports from Management which include the Group's risk profile, major risk exposures and material risk issues as well as Management's response and actions taken to monitor and control such exposures/issues

To review and endorse the Group's risk appetite and risk tolerance limits for approval by the Board and to monitor their status (risks taken/accepted within set limits or otherwise, for which mitigation actions are to be provided) thereafter

To review at least annually the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls)

The Group is transitioning to an Integrated Assurance Framework ("IAF"). This IAF helps the Group identify, assess, and manage key risks in the challenging business environment that it operates in. Please refer to pages 74 to 77 of the Annual Report 2023 for more information on the Group's IAF.

The IAF is a management tool that will guide the Board in forming an opinion on the adequacy and effectiveness of the system of risk management and internal controls. The IAF takes a risk-based approach in identifying key risk areas as well as corresponding processes and controls. Assessment is done to ensure adequate and effective controls are designed to mitigate the risks.

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

The Board has assessed that the Group currently does not have any exposure or nexus to any sanctions-related risks which are relevant and material to its operations. This position will be monitored on an ongoing basis. The Group has in place a sanctions and trade compliance policy to address and mitigate sanctions-related risks. This policy together with the Group's third-party due diligence policy set out the due diligence process which the Group applies to all third-party representatives for identifying and assessing sanctions, trade compliance and other compliance-related risks to the Group.

Assurances to the Board

For FY2023, the Board has received assurances from the CEO and the Chief Financial Officer that as at 31 December 2023:

(a) the financial records were properly maintained and the financial statements gave a true and fair view of the Group's operations and finances; and

(b) the Company's risk management and internal control systems were adequate and effective.

The Board, with the concurrence of the ARC, is satisfied that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2023 to meet the needs of the Group in the current business environment. There were no material weaknesses in the internal controls or risk management systems of the Group identified by the Board and the ARC as at 31 December 2023. For areas where room for improvements were identified, appropriate steps have been taken to address them.

The opinion was supported by Management's review and efforts to continuously strengthen the Group's risk-mitigating measures and internal controls, reports by the Independent Group Integrated Audit Department ("GIA") and Group Risk Management departments, and statutory audits conducted by the external auditors.

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

AUDIT COMMITTEE

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

Audit and Risk Committee

As at 31 December 2023, the ARC comprised four non-executive directors, of whom three (including the ARC Chairman) are independent directors and one is a non-independent director:

Mr Yap Chee Keong (Chairman)
Mr Nagi Hamiyeh
Mr Jan Holm
Mr Sarjit Singh Gill

At least two members of the ARC (including the ARC Chairman) have recent and relevant accounting or related financial management expertise or experience.

The ARC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation who (a) ceased to be a partner or director of the auditing firm or auditing corporation for a prior period of less than two years; and in any case (b) have any financial interest in the auditing firm or auditing corporation.

Responsibilities of the ARC

The ARC is empowered and functions in accordance with the provisions of Section 201B of the Companies Act 1967, the Listing Manual of the SGX-ST and the Code. The ARC has the authority to investigate any activity within its terms of reference. It has full access to and co-operation of Management, and full discretion to invite any director or executive officer to attend its meetings.

The ARC also reviews and approves the enterprise risk management framework and compliance related issues within the Group.

Apart from the key responsibilities set out on pages 55 and 67 of the Annual Report 2023, the ARC's key responsibilities also include the following:

Financial Reporting	Internal Controls	Integrated Audit
• To review significant financial reporting issues and judgments so as to ensure the integrity of the Group's consolidated financial statements • To review the Group's consolidated financial statements and any announcements relating to the Group's financial performance • To assess and challenge, where necessary, the accuracy, completeness and consistency of the consolidated financial statements (both final and interim), before they are submitted to the Board for approval • To review the assurances provided by the CEO and Chief Financial Officer that the financial records have been properly maintained, the financial statements give a true and fair view of the Group's operations and finances, and that the Group's internal controls and risk management systems are adequate and effective	• To review with the external and integrated auditors the adequacy of the Group's internal control and risk management systems in relation to significant internal control issues which are likely to have a material impact on the Group's operating results and/or financial position • To review the representation and opinion of Management on internal controls, and the results of work performed by the integrated and external auditors • To oversee and monitor whistleblowing, including review of the policies and procedures adopted by the Company for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on • To commission and review the findings of investigations into matters where there is any failure of internal controls which has or is likely to have a material impact on the Group's operating results and/or financial position, and also into matters where there is any suspected fraud or irregularity, or infringement of any law, rule and regulation	• To review and approve the integrated audit charter and related policies • To review and approve the audit plans • To review and approve the appointment, termination and remuneration of the CRO and HIA • To review the adequacy of staffing and qualification levels of the integrated audit function • To review the report on interested person transactions ("IPTs") prepared by the GIA • To meet integrated auditors at least annually in the absence of Management to review the assistance given by the Group's officers to the integrated audit function and to determine that no restrictions have been placed on them by Management • To review, at least annually, the adequacy effectiveness, independence, scope and results of the integrated audit function

External Audit		Interested Person Transactions ("IPTs")
• To review the audit plans of the external auditors • To review the statutory audit report prepared by the external auditors on the Group's full year consolidated financial statements and other reports relating to internal controls and Management's response and actions on any noted weaknesses • To review and assess annually the adequacy, effectiveness, independence, scope and results of the external audit • To recommend the appointment or re-appointment of the external auditors and their audit fees and terms of engagement to the Board	• To review and approve (prior to engagement) the non-audit services provided by the external auditors, and provide a confirmation in the Group's annual report that it has undertaken a review of these non-audit services and that such services, if any, have not affected the independence of the external auditors • To meet the external auditors at least annually in the absence of Management to review the assistance given by the Group's officers to the external auditors, to determine that no restrictions have been placed on them by Management	• To review and approve, if so required, IPTs in accordance with the requirements of the Listing Manual of the SGX-ST and the IPT mandate

ARC Procedures

During FY2023, the ARC carried out its duties in accordance with its terms of reference. The ARC met quarterly to review the half-year and full-year financial statements as well as the voluntary business updates for the first and third quarters of the financial year, assess the relevance and consistency of the accounting principles adopted and examine the significant financial reporting issues and judgments, so as to obtain reasonable assurance as to the integrity and fairness of the financial statements. The ARC Chairman reported all significant financial matters relating to the Group at the quarterly Board meeting. Management, external auditors and integrated auditors update the ARC as and when there are changes to the accounting standards and issues which have a direct impact on financial statements.

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

The Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to the appointments of auditing firms for FY2023.

During the year under review, the ARC reviewed all the non-audit services provided to the Group by KPMG LLP ("KPMG"), the Company's external auditors. The ARC was satisfied that the independence of KPMG had not been impaired by the provision of these services. A breakdown of the fees for audit and non-audit services paid to KPMG for FY2023 can be found on page 154 of the Annual Report 2023.

The ARC discussed key audit matters for FY2023 with Management and the external auditors. The ARC concurred with the basis and conclusions included in the independent auditors' report with respect to the key audit matters. For more information on the key audit matters, please refer to pages 90 to 94 of the Annual Report 2023.

During FY2023, the ARC met with the external auditors and with the integrated auditors in each case without the presence of Management.

Integrated Audit Function

The GIA provides assurance to the ARC on the adequacy and effectiveness of risk management systems and internal controls. The Head of GIA ("HIA") reports to the ARC and administratively to the Chief Risk Officer ("CRO"). The CRO also reports functionally to the ARC and administratively to the CEO. In consultation with the CEO, the ARC decides on the appointment, termination, and remuneration of the CRO and the HIA.

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

In line with leading practices, the GIA adopts the International Standards for the Professional Practice of Internal Auditing set out by the Institute of Internal Auditors ("IIA"), and all staff members are expected to observe, apply and uphold IIA Code of Ethics at all times. Quality assessment reviews ("QAR") are carried out at least once in five years by qualified professionals from an external organisation. The last external QAR was completed in 2022 and the GIA generally conforms with the IIA Standards.

The GIA adopts a risk-based approach to develop an annual audit plan with a focus on key risks which was reviewed and approved by the ARC. The reviews performed by the GIA are aimed at assisting the Board in promoting sound risk management, robust internal controls and good corporate governance, by assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the Group's overall risk framework. Any material findings and remediation plans arising from audits will be escalated to Management and the ARC. During FY2023, there were no material weaknesses in the Group's internal controls and risk management systems that were identified by the Board or the ARC. Areas whereby controls could be further improved or enhanced were addressed by the respective functions. In relation to the Group's sustainability reporting process, an independent external consultant was engaged to provide assurance to the ARC and the GIA on the sustainability report for FY2023. The GIA reviews and follows up on all recommendations from the external consultant to ensure timely implementation by Management and reports the results to the ARC.

For FY2023, the ARC was satisfied that the GIA was independent and effective and that the GIA had adequate resources and appropriate standing to discharge its function effectively.

Whistleblowing Policy

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

The ARC oversees the Group's Whistleblowing Policy and is responsible for oversight and monitoring of whistleblowing. The Whistleblowing Advisory Committee ("WAC") assists the ARC with overseeing the whistleblowing process and any matters arising therefrom. Concerns reported via the independently managed whistleblowing reporting channels that the Group has established are received by the GIA. All reasonable steps will be taken to protect the confidentiality and identity of every whistleblower, subject to legal or regulatory requirements. Where the circumstances warrant an investigation, an independent team will be appointed to investigate such matters for appropriate resolution. Outcomes of independent investigations and any remedial actions will be reported to the WAC and ARC. Whistleblowers who act in good faith will not be subject to any detrimental or unfair treatment. Any reprisal suffered shall be received, reviewed and investigated in the same manner as a whistleblowing report.

The Group's Whistleblowing Policy is available on the Company's website. The Group's Whistleblowing Policy and the procedures for raising concerns are clearly communicated to employees and covered in the staff orientation programme and periodic refresher training on an ongoing basis.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

ENGAGEMENT WITH SHAREHOLDERS

Principle 11	**The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company provides shareholders a balanced and understandable assessment of its performance, position and prospects.**
Principle 12	**The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.**

Corporate Disclosure Policy

The Company is committed to upholding effective, timely, accurate and fair communications with all stakeholders, including analysts, investors and shareholders. Financial reports, earnings and other trade or price sensitive information are disseminated to shareholders through announcements via SGXNet, media releases, the Company's corporate website (www.seatrium.com), webcasts and earnings briefings.

The Company maintains a dedicated Investor Relations & Corporate Communications Department that engages regularly with investors and shareholders, including attending to their queries and concerns effectively and promptly. The Company treats all its shareholders fairly and equitably and keeps them informed of its corporate activities, including changes in the Company or its business, on a timely, fair, and non-selective disclosure basis. This ensures that shareholders and prospective investors are provided with the information necessary to make well-informed investment decisions.

The Company announces its financial statements on a half-yearly basis, and provides voluntary business updates in between its half-yearly financial results. An earnings webcast is typically held for the half-year and full-year results.

Investor Engagement

The Company employs various platforms to effectively engage the investment community and other stakeholders. Engagement with stakeholders takes many forms, including financial results briefing webcasts, email communications, publications, investor conferences, meetings, and information on the Company's corporate website, as well as through yard visits. Presentation materials pertaining to the Company's half-yearly financial statements and voluntary business updates are also published on SGXNet and the Company's website.

The Company has in place a comprehensive investor relations policy which allows for ongoing exchange of views to actively engage and promote regular, effective and fair communication with investors and shareholders. Due care is exercised in its investor and shareholder engagement in compliance with SGX-ST's rules on fair disclosure. Management engages with investors, analysts and the media regularly via in-person and virtual meetings, roadshows and industry conferences organised by major brokerage firms. In FY2023, Management met institutional investors from Singapore, Hong Kong, the UK, Malaysia, and other locations.

The Company's mobile-friendly corporate website is regularly updated with the latest information. These include company announcements, half-yearly results and voluntary business updates, annual reports, investor events, stock information, investor presentation slides, as well as information on general meetings, including presentations and minutes.

All stakeholders may contact the Company's Investor Relations team via email (investor.relations@seatrium.com) or the phone with any queries or concerns.

More information on the Company's investor relations activities can be found on pages 50 to 53 of the Annual Report 2023.

General Meetings

The Company invites and encourages registered shareholders to participate in its general meetings. Notices of general meetings are issued to shareholders together with a proxy form which sets out instructions on the appointment of proxies. Notices of general meetings are also advertised in The Business Times and published on SGXNet and the Company's corporate website.

Shareholders who are unable to attend the general meeting may appoint up to two proxies to attend, speak and vote on the shareholder's behalf. Under the multiple proxy regime, 'relevant intermediaries' such as banks and nominee companies which provide custodial services for securities are allowed to appoint more than two proxies to participate in and vote at general meetings. This enables indirect investors, including CPF investors, to be appointed as proxies to participate in general meetings.

The Company tables separate resolutions for substantially separate issues at general meetings unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the reasons and material implications for doing so are set out in the notice of the general meeting.

Directors and Management are expected to attend general meetings to facilitate direct engagement and interaction with shareholders. External auditors are also present at such meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company conducts electronic poll voting for general meetings. Shareholders are also informed of the rules, including voting procedures, governing such general meetings. Votes cast for and against and the respective percentages on each resolution will be displayed live to shareholders/proxies after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet and the Company's corporate website on the same day of the general meeting. All polls are conducted in the presence of independent scrutineers. Shareholders are also invited to put forth any questions they may have on the motions to be debated and decided upon.

Provision 11.4 of the Code provides for a company's constitution to allow for absentia voting at general meetings of shareholders. The Company's Constitution currently does not, however, permit shareholders to vote at general meetings in absentia (such as via mail, email or fax). The Company is of the opinion that despite the variation from Provision 11.4 of the Code, shareholders nevertheless have the opportunity to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For example, each shareholder is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Institutional shareholders are allowed to appoint multiple proxies, so indirect investors who hold shares though nominee companies and custodian banks and CPF investors, may be appointed as proxies to attend, speak and vote at the AGM.

The Company Secretary prepares minutes of general meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. The Company publishes the minutes of general meetings on SGXNet and the Company's corporate website.

The Company will be holding its upcoming 2024 AGM in a hybrid format using virtual meeting technology, details of which are set out in the notice of AGM. In addition to asking questions at the 2024 AGM itself, shareholders will also be given the opportunity to submit questions in advance of the 2024 AGM, and all substantial and relevant questions received from shareholders by the stipulated submission deadline will be responded to at least 48 hours prior to the closing date and time for the lodgement of instruments appointing a proxy(ies), through publication on SGXNet and the Company's corporate website. Any substantial and relevant questions or follow-up questions submitted after the submission deadline will be responded to either within a reasonable timeframe before the 2024 AGM, or at the 2024 AGM itself.

Dividend Policy

The Company currently does not have a fixed dividend policy. The form, frequency and amount of future dividends that the Board may recommend or declare in respect of any particular financial year or period will be subject to various factors including the Group's profit, cash position, working capital requirements, capital expenditure plans, investment opportunities and other factors as the Board may deem appropriate. The Company nevertheless clearly communicates and gives shareholders a balanced and understandable assessment of its performance, position and prospects through, inter alia, its financial statements which are announced on a half-yearly basis, and its voluntary business updates announced in between its half-yearly financial statements. Shareholders also have the opportunity to communicate their views during the Company's AGM, amongst others.

For FY2023, the Board has adopted a prudent approach to conserving cash for future working capital and growth needs. As such, no interim or final dividend has been declared for FY2023.

MANAGING STAKEHOLDER RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13 **The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.**

The Company adopts a comprehensive stakeholder engagement approach to identify and engage with its material stakeholder groups (which include individuals, groups of individuals or organisations that affect and/or could be affected by the Company's activities, products or services and associated performance) and to manage its relationships with such groups. The Company proactively reaches out through various communication channels and platforms to build strong relationships with internal and external stakeholders across its global operations.

The Company maintains a current corporate website (www.seatrium.com) to communicate and engage its stakeholders regularly, especially in material areas of focus. Materiality assessments, based on Sustainability Reporting guidelines/standards by SGX, Global Reporting Initiative ("GRI") and other globally recognised frameworks, are important aspects of the Company's sustainability strategy and reporting.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships can be found in the Sustainability (Stakeholders Engagement) section of the Company's corporate website, the Company's Sustainability Report 2023, and pages 50 to 53 of the Annual Report 2023.

DEALINGS IN SECURITIES

In line with the Listing Manual of the SGX-ST, the Company has in place a policy which prohibits dealings in the Company's securities during the blackout period by the Company and all of the Company's directors and employees. This blackout period commences one month before the announcement of the Company's half-year and full-year financial statements.

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

The policy also discourages trading on short-term considerations. In advance of each blackout period, a notice on the policy requirements and reminders will be sent to all directors and employees to remind them of their obligations under the insider trading laws.

INTERESTED PERSON TRANSACTIONS

Shareholders approved the renewal of a general mandate for IPTs at the AGM held on 26 April 2023. The IPT mandate sets out the levels and procedures for obtaining approval for each type of IPTs covered under the mandate. Information regarding the IPT mandate can be found on the Company's corporate website at www.seatrium.com.

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

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

Detailed information on IPTs for FY2023 is found on pages 208 to 209 of the Annual Report 2023.

MATERIAL CONTRACTS

Save as disclosed in the "Interested Person Transactions" section on pages 208 to 209 of the Annual Report 2023 and the "Related Party Transactions" section on page 161 of the Annual Report 2023, no other material contracts involving the interests of the CEO, any director or controlling shareholder had been entered into by the Company or any of its subsidiaries since the end of the previous financial year and no such contracts subsisted as at 31 December 2023.

Note: This Annual Report 2023 is to be read in conjunction with the Sustainability Report 2023.

RISK MANAGEMENT

Managing risks effectively underpins the Group's business strategy to deliver sustainable long-term business growth. To safeguard the interests of our stakeholders and navigate the challenges of an increasingly complex business landscape, the Group's risk management process is deeply embedded into every facet of its operations and decision-making process.

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

The Group has an institutionalised Enterprise Risk Management (ERM) Framework. The ERM Framework is further strengthened in 2023 by implementation of the Integrated Assurance Framework (IAF). The IAF enables the Group to identify, assess and monitor material risks from strategic top-down and bottom-up perspectives in a consistent structured manner. The IAF has integrated the three Lines of Defence (LOD), and provides a disciplined and vigorous assurance on the adequacy and effectiveness of the Group's risk management and internal control systems.

The Group's approach to risk management is underpinned by several key principles:

- **Holistic Approach** – The risk management process is continuous and iterative, reflecting the dynamic nature of the Group's operating environments and risk landscape. The process is run throughout the year to ensure its continued relevance and that material risks are proactively reviewed and managed on a coordinated and integrated basis across the Group.
- **Risk-Aware Culture** – The Group promotes risk awareness and inculcates a consistent attitude towards handling and reporting of material risks among all staff by integrating risk management into its corporate culture, day-to-day operations, decision-making processes and setting an appropriate tone from the top.
- **Accountability and Ownership** – Accountability and ownership of the risk management process is clearly defined across commercial units, yards, corporate functions and business entities. Staff across all levels have in-depth knowledge of their business lines and take ownership of risk management, with the overall stewardship retained at the Senior Management level.

The ERM Framework takes reference from the International Organisation for Standardisation (ISO) 31000 Risk Management, the COSO ERM – Integrated Framework, and is benchmarked against other relevant best practices and guidelines.

RISK GOVERNANCE AND ASSURANCE

The Board of Directors (Board) is responsible for overseeing the governance of risks, including sustainability-related risks, and setting an appropriate tone from the top, which is cascaded across the Group through risk management policies and guidelines.

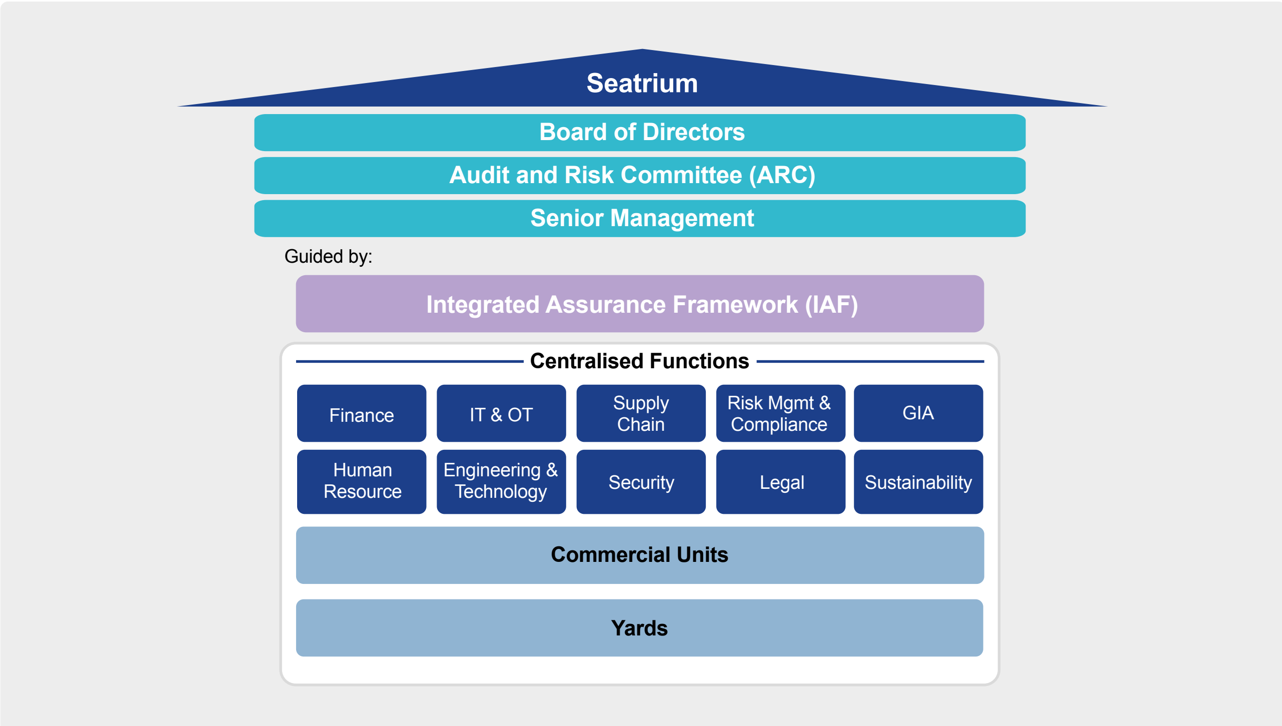
The Audit and Risk Committee (ARC) supports and assists the Board in ensuring that Senior Management implements adequate and effective risk management and internal control systems, reviews material risk reports which includes the Group's risk profile, as well as responses and actions taken to mitigate and monitor such material risk exposures. The ARC also reviews the risk appetite, oversees the establishment of enterprise-wide risk management policies and processes, and reviews the risk parameters and limits to guide risk-taking for approval by the Board, which sets out the nature and extent to which material risks can be taken to achieve the Group's business and strategic objectives.

Senior Management, under the guidance of the ARC and Board, is responsible for the implementation of risk management across the Group, including the identification, assessment and monitoring of material risks based on business and strategic objectives.

The Group Integrated Audit (GIA) function provides independent assurance on the effectiveness of the risk management and internal control systems, and reviews the effectiveness of current controls to mitigate and manage material risks.

The Group's IAF is an integral part of the overall risk assessment and assurance reporting system. The IAF takes a risk-based approach to identifying material risk areas, including sustainability-related risks and opportunities, for which assessment is conducted to effect adequate and effective risk controls.

Management Control Assessments (MCAs) are conducted on the respective controls by risk owners, which reinforces the integrity of the IAF. Through this framework, weaknesses, if any, in the control environment may be detected and reported to Senior Management in a structured and formalised process, and corrective actions taken to strengthen the process and prevent future occurrences and lapses.



Seatrium's Integrated Assurance Framework (IAF)

Three Lines of Defence	1st Line	2nd Line	3rd Line
	Accountability & Ownership	Standardisation, Consistency & Monitoring	Independent Assurance
Driven by	Commercial Units, Yards, Business Entities and Corporate Functions	Corporate HQ, Group HSE, Quality, Risk Management and Other Compliance Functions	Group Integrated Audit
Key Accountability	Execution	Compliance with Risk Appetite	Adequacy & Effectiveness of Controls

Continuous improvement through iterative feedback from the different Lines of Defence

MATERIAL RISKS AND OPPORTUNITIES

The Group's material risks are broadly classified into five main categories: Strategic, Compliance, Operational / Business, Financial and Technology. On an annual basis, the Group identifies material risks, assesses their likelihood and impact on the business, and implements mitigating controls, taking into account its risk appetite and cost-benefit trade-off. For a comprehensive understanding of the risks and opportunities, and challenges of implementing mitigating controls, the Group engages both internal and external stakeholders to obtain their perspectives and insights. The information is recorded and maintained in an IAF risk register that is reviewed and updated regularly.

RISK MANAGEMENT

Material risks and opportunities identified include but are not limited to those described in the following section.

STRATEGIC RISKS

Climate Change & Decarbonisation

The Group faces a range of climate-related physical risks, encompassing threats such as rising sea levels, heat stress, extreme weather, as well as transition risks that may result in additional emissions reporting obligations and higher carbon taxes. Physical and transition risks pose significant challenges and potential impacts on the Group's operations and sustainability efforts; at the same time, there are potential opportunities related to climate measures such as building greener products in line with shifting customer preferences and improved operational efficiencies.

The Group is committed to putting sustainability at the centre of its operations, products and strategy, adopting a Net Zero pathway to 2050 and setting decarbonisation targets. This entails sustainable sourcing, as well as engineering innovative and sustainable solutions for customers and running operations sustainably to mitigate impact on climate change, biodiversity loss and promote a circular economy. The Group also monitors changes in sustainability and climate-related regulations, and proactively engages various stakeholders to discuss its sustainability ambitions and initiatives.

Market & Competition

The Group may be exposed to various market forces and factors such as evolving competition and shifting customer preferences. Geopolitical tensions and conflicts such as the Israel-Hamas conflict, as well as rising inflation and interest rates have also weighed on the global economy.

Despite the market uncertainties and challenges, the Group has continued to operate resiliently, exploring new solutions and business opportunities in cleaner offshore & marine solutions, offshore renewables and new energy. The Group will continue to proactively monitor the market for any unfavourable developments and adapt its strategies to maintain competitiveness.

Concentration and Counterparties Default

The Group is exposed to concentration and counterparty default risk arising from receivables from customers. The risk is managed by thoroughly evaluating customers' credit worthiness, taking into account its financial position and past experience with customers. In addition, the Group actively monitors its portfolio of customers to mitigate any financial stress. Potential exposures that may be adversely affected by market and country risk events are also identified and reviewed.

COMPLIANCE RISK

Regulatory Compliance

With the ever-changing regulatory landscape, it is imperative that local and cross-border laws, rules and regulations are complied with by both the Group and its business partners. Non-compliance may result in litigation, penalties, fines or revocation of business licenses in the various jurisdictions that the Group operates in.

The Group identifies applicable laws and regulatory obligations as well as complies with strict adherence to these laws and regulations in its day-to-day operations. Changes in applicable laws and regulations are closely monitored and assessed. In addition, all staff, vendors and suppliers are required to adhere to the Group's internal policies and procedures, and applicable standards of conduct. The Group's policies are regularly reviewed and enhanced, with compliance assurance activities performed to ensure adherence to all regulatory requirements.

OPERATIONAL / BUSINESS RISKS

Health, Safety and Environment (HSE)

Safety is a core value of the Group and is of utmost priority to Seatrium. The Group does not tolerate fatalities, adverse health or environmental impacts and security breaches arising from negligence or non-compliance with applicable HSE regulations and standard operating procedures.

Seatrium is committed to promoting and upholding a healthy and safe work environment for its staff, customers, partners and the community. The Group inculcates a strong safety mindset among all staff and stakeholders which places a strong focus on the handling and reporting of health and safety matters, and continuous improvement.

A robust HSE integrated management system has been adopted by the Group as part of its journey towards achieving its Workplace Safety and Health (WSH) 2028 Vision Zero incidence goal. Guided by three key HSE strategic thrusts – Deepen WSH Ownership, Focus on Workplace Health and WSH Advancement with Technology, the Group's aim is to eliminate harm to people, property and the environment through the implementation of a series of safety initiatives across its operations.

Environmental management is also a key focus area. The Group proactively monitors its compliance with relevant environmental standards, including implementing measures to mitigate impact on the environment and biodiversity.

Project Execution

Risk management plays a crucial role in every project, from its inception to completion, enabling the early identification and proactive handling of operational risks. A systematic approach is adopted to identify, assess, manage and monitor project-related risks, with additional focus on projects involving new products and solutions, complex and high-value projects, as well as the deployment of new technologies.

Project delivery status and execution are monitored and reviewed on a regular basis throughout the project life-cycle to proactively address any issues such as costs, schedule and quality. The project risk management process helps to ensure that resources are effectively optimised and utilised across various projects so as to minimise costs and deliver quality projects safely, on time and in compliance with relevant laws and regulations.

Supply Chain

The Group is closely monitoring the shipping disruption stemming from the Red Sea crisis as this could impact project completion timelines and additional costs. An action plan, which involves close coordination and engagement with vendors and project partners to minimise the impact on deliveries, is in place. The Group is actively monitoring shipments, assessing suppliers' ability to deliver from alternative locations, reviewing suppliers' business continuity plans, deploying expediting alternatives (e.g. air freights), adjusting project construction schedules, and sourcing for alternative vendors. Progressing into 2024, the shipping disruption from this crisis is likely to persist, requiring surveillance and proactive planning to withstand shocks on a continuous basis.

FINANCIAL RISKS

Liquidity

The Group actively monitors its cashflow position and funding requirements with access to diverse sources of funding and financial instruments, in order to meet its liquidity requirements, service debts and fund operations. The Group has established documented treasury policies and financial authority limits, which are reviewed periodically. These policies set out the parameters for the management of liquidity and financing.

The Group has proactively secured over S$3.5 billion in new loans, refinancing, and trade financing. This includes over S$2.5 billion in green or sustainability-linked facilities to support its offshore renewable projects and decarbonisation efforts, bolstering the Group's implementation of green measures and investments in sustainable and environmentally-friendly technology and practices within its operations.

Foreign Exchange (FX) & Interest Rate

The Group is subjected to foreign currency fluctuations arising from sales, purchases and monetary assets and liabilities that are denominated in a currency other than its functional currency. It is also exposed to interest rate fluctuations relating primarily to interest-bearing financial assets and debt obligations.

The Group monitors FX and interest rate risk on a continual basis and utilises FX contracts, interest rate swaps and various financial instruments solely to manage and hedge such exposures, arising from operating, financing and investment activities. All such transactions must involve underlying assets or liabilities and no speculative transactions are allowed. In addition, exposures to foreign currency risks are also hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount where possible.

TECHNOLOGY RISK

Cybersecurity

Increasingly prevalent and sophisticated cybersecurity attacks pose a significant threat to the Group's operations. Concerns over these threats are exacerbated by the Group's ongoing digital transformation efforts, which protects the confidentiality, integrity and availability of its IT infrastructure and systems should these threats materialise.

The Group remains committed to inculcating a culture of cyber awareness among staff and protecting its IT infrastructure, systems and data. Comprehensive policies and procedures governing IT infrastructure, systems and data security are reviewed and refined on a regular basis. The Group continues to actively strengthen its cyber security governance, policies and controls, benchmarking against international standards and best practices.

COMPLIANCE

A strong governance forms the foundation of Seatrium's long-term success. The establishment of a robust governance framework and processes build trust and confidence among stakeholders, which drives long-term sustainable value creation.

Seatrium is committed to conducting our business responsibly towards the environment and society. This involves upholding highest standards of governance, establishing a resilient risk management system, and ensuring compliance with relevant laws and regulations.

EFFECTIVE COMPLIANCE

Overview

At Seatrium, our Code of Conduct and Core Values underpin the way we work. The Group has to comply with all laws and regulations in all the countries in which we operate. We are committed to conduct ourselves with the highest integrity at all times, guided by our Core Values. The Group adopts a zero tolerance approach for any fraud, bribery or corruption.

Governance Structure

The Audit and Risk Committee (ARC) supports the Board in its oversight of compliance and is responsible for driving implementation.

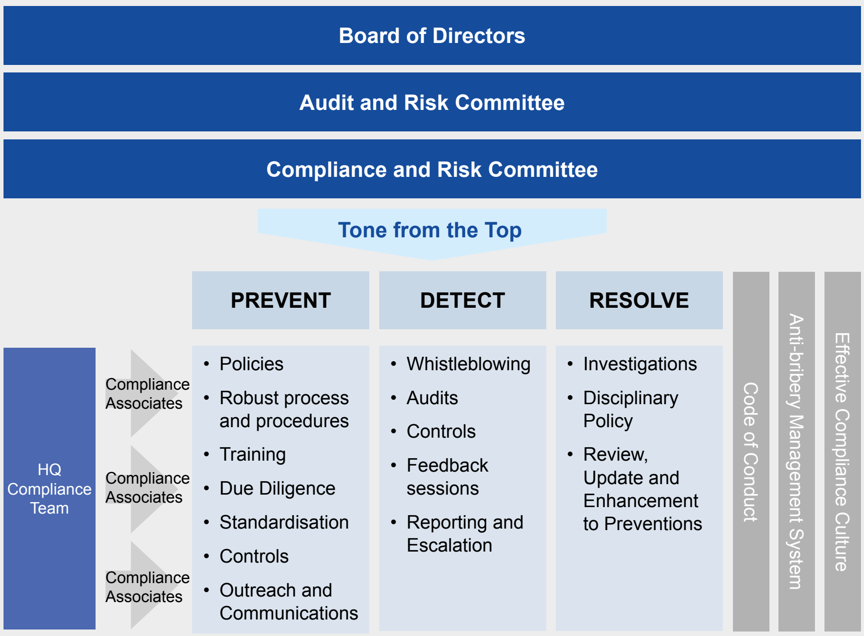
A Compliance Charter has been established and sets out the objectives, authority, reporting, scope and responsibility of the Compliance function. The Head of the independent Compliance Function reports to the Chief Risk Officer, who has a direct reporting line to the ARC. A Compliance and Risk Committee is also established, comprising the most senior officers of the Company, with the Chief Executive Officer chairing it. This Compliance and Risk Committee provides direction, decision-making and approvals related to the Compliance Programme. All activities of said committee is also updated to the ARC.

To imbed compliance ownership, compliance associates are also appointed from each Business Unit, reporting directly to the Head of the Independent Compliance function. Such compliance associates assist to implement the Compliance Programme in their Business Units, and provides a feedback mechanism to the Compliance function.

Framework

A Compliance Programme Framework has been established by Seatrium to ensure that a robust system is in place to prevent, detect and resolve compliance-related issues.

Seatrium's Compliance Programme Framework



The Board and management are committed to maintaining a strong compliance function which includes an experienced compliance team to effectively support compliance advisory and implement compliance programmes.

A Compliance Culture

Seatrium is committed to building a culture of compliance and ethical conduct across the group. Tone from the top starts from our Management, playing a key role in setting the right tone and walking the talk. The Group encourages and promotes a Speak Up culture, and have put in place different avenues for stakeholders to raise concerns, including but not limited to, its Whistleblowing hotlines. Business Units are mandated to include compliance-related communications and/or discussions at the department level. Compliance moments are also introduced as part of the agenda at meetings, where pertinent compliance topics and learnings are shared. The Group will continue to work on initiatives to foster a positive compliance-centric culture.

Policies and Procedures

Seatrium has implemented comprehensive compliance-related policies covering Anti-bribery, Third Party Compliance Due Diligence (and approvals), Gifts and Hospitality, Sanctions and Trade Compliance, Anti-Money Laundering, amongst others. These policies are reviewed periodically to ensure that they are commensurate with Seatrium's business activities and risks, including but not limited to, jurisdictions where Seatrium operates. The policies are applicable to all Business Units but are adjusted for stricter jurisdictional regulatory requirements where relevant. Concerted efforts are taken to ensure all compliance policies, including translated versions, are made available and accessible to employees.

Training and Communications

Training is an essential component of our Compliance Programme framework. Training programmes are tailored and group-wide forums are used to reiterate key messages. The Group rolled out its inaugural Seatrium annual e-learning training programme in November 2023 which is mandatory for directors, officers and employees globally. The content of the training covers anti-bribery and corruption, conflicts of interest, as well as whistleblowing. Directors, officers and employees are required to undergo assessments to successfully complete the training. In addition, directors, officers and employees are also required to formally declare any potential or actual conflicts of interest. This training was also carried out in multiple languages for industrial/general workers at our overseas locations. The Group continues to refine its programmes and curriculum, including developing content to train employees and a comprehensive compliance training plan to include various compliance topics for the next two years.

Processes in Place

Seatrium has put in place risk-based due diligence process for all third parties it engages with. Such due diligence includes background checks, and incorporates requirements for Third Party Associates to comply with its Code of Conduct, with mandatory compliance contractual clauses included in contracts.

Compliance oversight is also embedded in key processes including areas such as gifts and hospitality, agent fees, donations and sponsorships, as well as conflicts of interest. Seatrium will leverage digitisation and the use of data analytics and apps to enhance the efficacy of its compliance processes.

Risk Assessment, Review and Monitoring

The Group continually develops its compliance resources and framework. Compliance is an integral part of the Integrated Assurance Framework which will enable the Compliance team and Management to conduct independent risk assessments to identify and mitigate key compliance risks.

ISO Certification

Seatrium was awarded the ISO37001 Anti-bribery Management System certification for its major operating entities, attesting to a recognised management system in place for Seatrium globally. The certification looks into risk assessment exercises, providing a comprehensive review of our process and controls.

SUSTAINABILITY

At Seatrium, Sustainability underpins every aspect of our strategy, operations and products. We recognise the critical role we play in leveraging our industry-leading engineering solutions to support the offshore and marine industry's energy transition and decarbonisation efforts, while responsibly and ethically managing our operations to minimise our environmental impact. We aspire to be a positive force for change in the communities we operate in, as we create long-term value for all stakeholders.

STRATEGIC THRUSTS

Our sustainability strategy is underpinned by three key thrusts: Operating a Responsible Business; Engineering a Sustainable Future; and Caring for Our People and Communities, which forms the foundation of how we organise ourselves to achieve long-term success.

OPERATING A RESPONSIBLE BUSINESS

Operating our business responsibly with ***integrity, ethical and sustainable sourcing*** while actively creating ***long-term value*** for our stakeholders.

ENGINEERING A SUSTAINABLE FUTURE

Engineering innovative and sustainable solutions and running our operations sustainably to ***mitigate our impact on climate change and biodiversity loss and promote a circular economy.***

CARING FOR OUR PEOPLE AND COMMUNITIES

Caring for our employees, stakeholders and communities through ***socio-economic initiatives that promote diversity & inclusion, human rights, safety and well-being.***

SUSTAINABILITY GOVERNANCE STRUCTURE

Demonstrating our dedication to sustainability, the Group has established a Corporate Social Responsibility (CSR) Committee to support the Board in fulling its oversight over Environmental, Social and Governance (ESG) matters.

- BOARD OF DIRECTORS
- CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRC)
- SENIOR LEADERSHIP TEAM
- SUSTAINABILITY SECRETARIAT
- SUSTAINABILITY WORKING COMMITTEES
- ALL STAFF

MATERIALITY ASSESSMENT

In 2023, we conducted a comprehensive materiality assessment of our material topics, factoring in sustainability trends and our strategic transformation. The assessment, facilitated by an independent consultant, determines the impact of the material topics on our sustainability and financial performance. The results were further prioritised and categorised according to the level of materiality and management. The presented material topics represent the top eight considerations that are significant to the Group.

Governance Material Topics	Environmental Material Topics	Social Material Topics
Compliance, Governance and Assurance	Innovation and Sustainable Solutions	Human Capital and Rights
Supply Chain Management	Environmental Sustainability	Workplace Safety and Health
Customer Alignment and Confidence		Community Engagement

In December 2023, we launched **our Sustainability Vision 2030 and our 2050 Net-zero ambition**, outlining our commitments to support the energy transition, reduce our carbon footprint, and create positive change in the local communities.

Sustainability Vision 2030

OPERATING A RESPONSIBLE BUSINESS

40% of our annual net orderbook from renewables and cleaner/green projects

95% customer satisfaction in all projects

100% contracted responsible procurement spend in compliance with our codes of conduct

Uphold **HIGH STANDARDS** of corporate governance

ZERO TOLERANCE POLICY towards fraud, bribery and corruption

ENGINEERING A SUSTAINABLE FUTURE

40% reduction of Scope 1 & Scope 2 emissions from 2008 levels

ZERO harm to the environment

Adopt **NET-ZERO** pathway to 2050

Achieve **100%** compliance with product safety and health requirements

CARING FOR OUR PEOPLE AND COMMUNITIES

Build a **DIVERSE, EQUITABLE** and **INCLUSIVE** workplace

Achieve **22** training hours per employee per year

VISION ZERO incidence target

Workplace injury rate **BELOW** national benchmark

S$3 million annual investment for community engagement

>15,000 hours of participation in community projects and volunteering activities by employees

OUR 2023 PERFORMANCE HIGHLIGHTS

Achieved **A** rating in the MSCI ESG ratings

Continued to be a constituent in the SG ESG Leaders Index and SG ESG Transparency Index

Constituent of the **FTSE4Good** Index Series for the **6th** consecutive time

Renewables and cleaner/green solutions account for S$**1.83** billion of the Group's revenue

30% women on the Board of Directors

Secured over S$**2** billion in sustainable and green financing

Achieved **28**% reduction of our emissions (scope 1 & 2) from 2008 levels

Our Yards in Singapore and Brazil are increasingly powered by **renewable energy** sources

Invest S$**5.83** million for Technology and Innovation

Winner of the Green Innovations Award and the Green Supply Chain Award at the 24th Singapore Environmental Achievement Awards (SEAA) 2023

Measured 7 out 15 categories of **Scope 3 emissions**

20 hours of training per employee globally

ZERO fatality across our global yards

Received **34** awards at the Workplace Health and Safety (WSH) Awards 2023

Contributed S$**2.50** million in driving positive change to the local community, where we operate

>10,000 hours of community service

SUSTAINABILITY

Launch of Seatrium Sustainability Vision 2030 and 2050 Net-zero Ambition

SUSTAINABILITY REPORTING

Since FY2011, Seatrium has been providing sustainability disclosures and reporting its ESG performance through its Sustainability Report, in accordance with the Global Reporting Initiative (GRI) Standards and SGX-ST Listing Rule 711B, along with guidance from SGX Practice Note 7.6.

Additionally, we have supplemented our disclosures by aligning with relevant indicators in the Sustainability Accounting Standards Board (SASB) framework. We have also incorporated recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and our programmes are strategically aligned with the objectives of the United Nations Sustainable Development Goals (UN SDGs) that are relevant to our business.

We have engaged PricewaterhouseCoopers LLP to undertake an assurance of selected sustainability information in our report. For more information on our sustainability disclosures, please refer to our Sustainability Report 2023.

Financial Contents

DIRECTORS' STATEMENT
Year ended 31 December 2023

We are pleased to submit this annual report to the members of Seatrium Limited (the "Company" and including subsidiaries, the "Group") together with the audited financial statements for the financial year ended 31 December 2023.

In our opinion:

(a) the financial statements set out on pages 95 to 206 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

DIRECTORS

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

Mark Gainsborough	Chairman (Appointed on 28 February 2023)
Yap Chee Keong	Deputy Chairman
Chris Ong Leng Yeow	CEO (Appointed on 28 February 2023)
Nagi Hamiyeh	(Appointed on 28 February 2023)
Jan Holm	(Appointed on 28 February 2023)
Lai Chung Han	(Appointed on 28 February 2023)
Ieda Gomes Yell	(Appointed on 1 May 2023)
Sarjit Singh Gill	(Appointed on 1 June 2023)
Astrid Skarheim Onsum	(Appointed on 1 September 2023)
Mariel von Schumann	(Appointed on 1 October 2023)

DIRECTORS' INTERESTS

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

		Shareholdings registered in the name of director, spouse, children or nominees			Other shareholdings in which the director is deemed to have an interest		
Name of director and corporation in which interests are held	**Description of interests**	**At beginning of the year/ date of appointment if later**	**At end of the year**	**At 21/01/2024**	**At beginning of the year/ date of appointment if later**	**At end of the year**	**At 21/01/2024**
Yap Chee Keong							
Seatrium Limited	Ordinary shares (Note 1)	979,485	2,083,085	2,083,085	–	–	–
Chris Ong Leng Yeow							
Seatrium Limited	Ordinary shares	9,432,796	9,432,796	9,432,796	–	–	–
Sarjit Singh Gill							
Seatrium Limited	Ordinary shares	741,636	741,636	741,636	–	–	–

Note 1: The shares are held in the name of DBS Nominees Pte Ltd.

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

DIRECTORS' INTERESTS (Cont'd)

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2024.

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

Except as disclosed in Notes 28(a) and 38(b) to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE-BASED INCENTIVE PLANS

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

The Nomination and Remuneration Committee (the "Committee") of the Company has been designated as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members:

Mark Gainsborough	Chairman (Appointed on 28 February 2023)
Yap Chee Keong	(Appointed on 28 February 2023)
Nagi Hamiyeh	(Appointed on 28 February 2023)
Mariel von Schumann	(Appointed on 1 March 2024)
Chan Wai Ching	(Non-director and co-opted member)

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

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

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

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

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

SHARE-BASED INCENTIVE PLANS (Cont'd)

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

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

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

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

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

Other information regarding the 2020 Share Plans is as follows:

(a) Performance Share Plan

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

Award granted in 2020 onwards

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

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

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

However, no performance shares were awarded to senior management in 2023, 2022 and 2021.

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

SHARE-BASED INCENTIVE PLANS (Cont'd)

(b) Restricted Share Plan

Award granted in 2020 onwards

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

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

The senior management and managerial participants of the Group will be awarded restricted shares under the RSP 2020. A specific number of restricted shares shall be awarded at the end of the respective performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants.

However, no restricted shares were awarded to employees in 2023, 2022 and 2021.

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

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

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

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

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

SHARE-BASED INCENTIVE PLANS (Cont'd)

(b) Restricted Share Plan (Cont'd)

		Movements during the year			
Restricted Shares participants	At 1 January	Conditional restricted shares awarded	Conditional restricted shares released	Conditional restricted shares lapsed	At 31 December
2023					
Directors of the Company					
Yap Chee Keong	–	1,103,600	(1,103,600)	–	–
2022					
Directors of the Company					
Tan Sri Mohd Hassan Marican (resigned on 28 February 2023)	–	1,476,700	(1,476,700)	–	–
Yap Chee Keong	–	82,000	(82,000)	–	–
Bob Tan Beng Hai (resigned on 28 February 2023)	–	604,200	(604,200)	–	–
Gina Lee-Wan (resigned on 28 February 2023)	–	413,500	(413,500)	–	–
William Tan Seng Koon (resigned on 28 February 2023)	–	507,000	(507,000)	–	–
Patrick Daniel (resigned on 28 February 2023)	–	451,600	(451,600)	–	–
Tan Wah Yeow (resigned on 28 February 2023)	–	475,000	(475,000)	–	–
	–	4,010,000	(4,010,000)	–	–

In 2023, there were 1,103,600 (2022: 4,010,000) restricted shares released to a non-executive director. The restricted shares were released via the issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2023, was Nil (2022: Nil).

(c) Maximum Number of Shares Issuable

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

AUDIT AND RISK COMMITTEE

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

Yap Chee Keong	Chairman (Appointed on 28 February 2023)
Nagi Hamiyeh	(Appointed on 28 February 2023)
Jan Holm	(Appointed on 28 February 2023)
Sarjit Singh Gill	(Appointed on 1 June 2023)
Astrid Skarheim Onsum	(Appointed on 1 March 2024)

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

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

AUDIT AND RISK COMMITTEE (Cont'd)

The Audit and Risk Committee also reviewed the following:

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

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

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

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

AUDITORS

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

On behalf of the Board

M. Gainsborough

Mark Gainsborough
Chairman

Chris Ong Leng Yeow
Director

Singapore
28 March 2024

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2023

Members of the Company
Seatrium Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Seatrium Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of material accounting policy information as set out on pages 95 to 206.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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.

Acquisition of Seatrium Offshore & Marine Limited ("Seatrium O&M") (formerly known as Keppel Offshore & Marine Ltd) and purchase price allocation ("PPA") exercise

(Refer to Notes 42 and 44 to the financial statements: Provisional Goodwill of $3,816,181,000)

Risk:

During the year, the Company completed an acquisition of 100% equity interests in Seatrium O&M at a consideration satisfied by way of issuance of new shares in the capital of the Company. The intangible assets that emerged from this business combination includes customer contracts and relationships.

The provisional goodwill on consolidation refers to future economic benefits to be generated from integrating Seatrium O&M with the Group's existing businesses that gives the Group greater economies of scale and synergies; and together with the assembled workforce of Seatrium O&M, expand the technical and engineering capabilities to pursue opportunities for growth in the offshore market and energy sectors.

Judgement is required to allocate the purchase price to the fair values of identifiable assets acquired and liabilities assumed. Estimates are involved in the valuation process of tangible and intangible assets including contingent liabilities.

Our response:

We reviewed the sales and purchase agreement and assessed the terms and conditions affecting the purchase consideration and acquisition accounting.

We assessed the objectivity, competence and capabilities of the external valuation specialist engaged by management to perform the PPA exercise.

We involved our valuation specialists to review management's adopted basis and assumptions supporting the purchase price allocation exercise. Where necessary, we re-computed the valuation of certain assets acquired to benchmark with management's adopted valuation.

We assessed the adequacy of disclosures in describing the areas of judgement and estimate in determining the allocation of the purchase price and measurement of the fair values of the identifiable assets acquired and liabilities assumed.

Our findings:

The judgement applied by management in the allocation of purchase price was found to be appropriate.

We reviewed the estimates and assumptions used by Management supporting the fair values of tangible and intangible assets. We re-computed the valuation of selected assets by reference to relevant market data; and benchmarked with Management's adopted valuation. We found no material valuation differences relative to the balance sheet size of the Group.

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

Valuation of non-financial assets

(Refer to Notes 4, 5, 13 and 42 to the financial statements: Property, plant and equipment of $4,081,038,000, Right-of-use assets of $628,669,000 and Intangible assets (including goodwill) of $4,215,383,000)

Risk:

Arising from the combination with Seatrium O&M, there is a risk of surplus non-financial assets used in operations becoming redundant or obsolete. A strategic review of the Group's business focus, operational footprints, and the assets required to support the Group's strategic directions was completed in September 2023.

The strategic review has re-grouped the operating yards (or the "cash-generating units") as "core assets", "delayed yards" and "surplus non-core assets", and this has shaped the assets impairment assessment at various levels as described below.

Surplus non-core assets

Impairment triggers became apparent for non-core assets i.e., idle, damaged, redundant or obsolete which are surplus to its operations. Accordingly, certain property, plant and equipment, right-of-use assets and intangible assets were written down during the year to reflect their estimated scrap values.

Impairment test of individual CGUs

Each operating yard or CGU was tested for presence of indicators of impairment. When impairment indicators exist, a formal assessment of recoverable amount was conducted. The recoverable amount is defined as the higher of the CGU's fair value less costs of disposal, and value in use.

Certain CGUs in Singapore and Brazil were identified for eventual closure (the "Delayed yards"), and accordingly, the scale of operations is limited to specific but not future projects. Management has assessed the recoverable amounts based on value-in-use calculations, and recorded impairment losses for these Delayed yards.

Annual impairment test of goodwill

Post-strategic review, Goodwill is allocated to groups of core assets and the Delayed yards that remained in operation at the reporting date (collectively, the "Operating CGUs") serving the Rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding segment.

Management has assessed the recoverable amount of these non-financial assets (including goodwill) deployed in the Operating CGUs based on value-in-use calculation; and found it in excess of the carrying amount.

The determination of the recoverable amount of the Operating CGUs involves a high degree of judgement and is subject to significant estimation uncertainties. The forecast order book includes contracts from both the oil and gas and renewable energy industries amidst the energy transition. Changes in the key assumptions applied such as project margins, discount rates, long-term growth rates and changes in the timing and quantum of new orders, can have a significant impact on the recoverable amount.

In determining the timing and value of new orders included in the forecast, the Group has considered potential outcome of active tenders it participated in by evaluating the size, complexity and quality of tenders and the Group's competitive edge.

In determining the project margins, the Group has considered historical and current margins of past and present projects, future growth factors from oil and gas and renewable energy sectors and also benchmarked them against margins of peer group.

Our response:

We assessed the Group's process for identifying and reviewing the (i) surplus non-core assets, (ii) individual operating yards or CGUs with impairment triggers and (iii) Operating CGUs benefitting from business integration and cost synergies for which goodwill on consolidation is allocated to them.

We reviewed the key assumptions and estimates supporting the value-in-use to arrive at the recoverable amounts of these cash generating units involving our valuation specialists, to the extent appropriate. We compared the forecast order book to management approved budgets, prevailing industry trends, and industry analysts' reports on demand for oil and gas projects and green energy infrastructure solutions. We compared the forecast margins to historical information. We compared the discount rates to market observable data including market and country risk premiums and any asset-specific risk premium. We assessed the long-term growth rates by comparing to forecasted inflation rates and nominal GDP growth. We assessed the related disclosures on key assumptions applied in determining the recoverable amounts of the cash generating units.

Our findings:

The Group has a process for identifying surplus non-core and core assets for impairment testing and allocating the goodwill on consolidation to relevant CGUs. The assumptions applied on order book and project margins built from past experience and new industry patterns are relevant but the estimates therein to arrive at recoverable amounts remain inherently difficult to forecast. Actual results may be different from forecasted financial information since anticipated events frequently do not occur as expected and the variation could be material. Unfavourable changes to any of these assumptions could lead to lower operating cash inflows and material impairment outcomes which might in turn could significantly affect the financial position and performance of the Group. We found disclosures on sensitivity of the assumptions made in the financial statements reasonable.

Recognition of revenue from construction contracts with customers

(Refer to Notes 22, 27 and 42 to the financial statements: Onerous contract provision of $103,136,000, Revenue of $7,291,488,000)

Risk:

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

Determination of number of performance obligations, timing of revenue recognition, forecast project costing and margin requires Management judgement. Any inappropriate project costing or project overruns may render these projects becoming loss-making.

Determination of percentage of completion for revenue recognition involves management's estimate of the stage of physical activities completed. Other supply-chain issues that disrupted timing of materials procurement and labour content further add to complexities in estimating the stage of completion of projects.

Our response:

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

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

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

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

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

Our findings:

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

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

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

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

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

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 all other information prior to the date of this auditors' report.

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

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

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 IFRS Accounting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Kenny Tan Choon Wah.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2024

BALANCE SHEETS

As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Non-current assets					
Property, plant and equipment	4	4,081,038	3,860,087	604	698
Right-of-use assets	5	628,669	215,851	266	796
Investment properties	6	–	–	2,473	32,985
Investments in subsidiaries	7	–	–	8,227,199	3,585,686
Interests in associates and joint ventures	8	180,267	17,537	–	–
Other financial assets	9	114,605	24,057	–	–
Trade and other receivables	10	467,049	1,507,457	1,970,000	238,000
Intangible assets	13	4,215,383	174,705	133	133
Deferred tax assets	14	220,052	169,232	26,349	29,022
		9,907,063	5,968,926	10,227,024	3,887,320
Current assets					
Inventories	15	192,116	71,061	–	–
Trade and other receivables	10	1,159,213	571,794	261,454	1,337,010
Contract costs	16	20,043	47,654	–	–
Contract assets	12	2,619,080	296,763	–	–
Tax recoverable		5,057	14,840	–	–
Assets held for sale	17	2,950	–	–	–
Other financial assets	9	51,279	40,007	–	–
Cash and cash equivalents	18	2,270,240	2,090,843	57,618	615,875
		6,319,978	3,132,962	319,072	1,952,885
Total assets		16,227,041	9,101,888	10,546,096	5,840,205
Current liabilities					
Trade and other payables	19	4,136,950	1,052,534	63,643	47,412
Contract liabilities	21	433,757	585,801	–	–
Provisions	22	858,954	89,407	159,124	48,512
Other financial liabilities	23	16,159	1,622	–	–
Current tax payable		31,109	9,152	11,366	6,189
Interest-bearing borrowings	24	743,381	1,669,164	–	50,000
Lease liabilities	5	45,037	26,316	–	9,239
		6,265,347	3,433,996	234,133	161,352
Net current assets/(liabilities)		54,631	(301,034)	84,939	1,791,533
Non-current liabilities					
Deferred tax liabilities	14	98,399	15,789	–	–
Provisions	22	683,769	196,835	79,169	109,157
Other financial liabilities	23	73	4,524	–	–
Interest-bearing borrowings	24	2,273,791	1,419,532	–	–
Lease liabilities	5	488,723	242,373	–	33,931
Other long-term payables	19	1,377	448	–	–
		3,546,132	1,879,501	79,169	143,088
Total liabilities		9,811,479	5,313,497	313,302	304,440
Net assets		6,415,562	3,788,391	10,232,794	5,535,765
Equity attributable to owners of the Company					
Share capital	25	8,753,920	4,074,215	8,753,920	4,074,215
Other reserves	26	(58,913)	(21,672)	(25,640)	(22,948)
Revenue reserve		(2,300,381)	(283,188)	1,504,514	1,484,498
		6,394,626	3,769,355	10,232,794	5,535,765
Non-controlling interests	34	20,936	19,036	–	–
Total equity		6,415,562	3,788,391	10,232,794	5,535,765

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

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	27	7,291,488	1,947,195
Cost of sales		(7,500,829)	(2,079,357)
Gross loss		(209,341)	(132,162)
Other operating income		269,370	110,168
Other operating expenses		(1,267,194)	(74,003)
General and administrative expenses		(365,484)	(110,447)
Operating loss	28	(1,572,649)	(206,444)
Finance income	29	196,235	102,258
Finance costs	29	(288,184)	(136,700)
Non-operating items	30	(358,321)	8
Share of results of associates and joint ventures, net of tax	31	7,054	1,134
Loss before tax		(2,015,865)	(239,744)
Tax expense	32	(13,868)	(25,816)
Loss for the year		(2,029,733)	(265,560)
Loss attributable to:			
Owners of the Company		(2,016,717)	(261,141)
Non-controlling interests	34	(13,016)	(4,419)
Loss for the year		(2,029,733)	(265,560)
Earnings per share (cents)	35		
Basic		(3.24)	(0.83)
Diluted		(3.24)	(0.83)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000
Loss for the year		(2,029,733)	(265,560)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(13,628)	(6,614)
Net change in fair value of cash flow hedges		(3,338)	10,540
Net change in fair value of cash flow hedges transferred to profit or loss		(14,907)	25,255
Realisation of reserve upon disposal of subsidiaries		–	(2)
		(31,873)	29,179
Items that may not be reclassified subsequently to profit or loss:			
Net change in fair value of equity investments at fair value through other comprehensive income (FVOCI)		(2,246)	–
Other comprehensive income for the year, net of tax	33	(34,119)	29,179
Total comprehensive income for the year		(2,063,852)	(236,381)
Total comprehensive income attributable to:			
Owners of the Company		(2,050,908)	(231,922)
Non-controlling interests	34	(12,944)	(4,459)
Total comprehensive income for the year		(2,063,852)	(236,381)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the Company										
	Share capital $'000	Reserve for own shares $'000	Capital reserves $'000	Currency translation reserve $'000	Share-based payments reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Revenue reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group											
At 1 January 2023	4,074,215	(1)	(1,683)	(23,517)	(25,995)	29,524	–	(283,188)	3,769,355	19,036	3,788,391
Total comprehensive income for the year											
Loss for the year	–	–	–	–	–	–	–	(2,016,717)	(2,016,717)	(13,016)	(2,029,733)
Other comprehensive income											
Foreign currency translation differences for foreign operations	–	–	–	(13,700)	–	–	–	–	(13,700)	72	(13,628)
Net change in fair value of cash flow hedges	–	–	–	–	–	(3,338)	–	–	(3,338)	–	(3,338)
Net change in fair value of cash flow hedges transferred to profit or loss	–	–	–	–	–	(14,907)	–	–	(14,907)	–	(14,907)
Net change in fair value of equity investments at FVOCI	–	–	–	–	–	–	(2,246)	–	(2,246)	–	(2,246)
Total other comprehensive income for the year	–	–	–	(13,700)	–	(18,245)	(2,246)	–	(34,191)	72	(34,119)
Total comprehensive income for the year	–	–	–	(13,700)	–	(18,245)	(2,246)	(2,016,717)	(2,050,908)	(12,944)	(2,063,852)
Transactions with owners of the Company, recognised directly in equity											
Contributions by and distributions to owners of the Company											
Purchase of treasury shares	–	(2,829)	–	–	–	–	–	–	(2,829)	–	(2,829)
Issue of treasury shares	–	137	–	–	–	–	–	–	137	–	137
New shares issuance from acquisition of subsidiaries	4,679,705	–	–	–	–	–	–	–	4,679,705	14,999	4,694,704
Others	–	–	(358)	–	–	–	–	(476)	(834)	(155)	(989)
Total contributions by and distributions to owners of the Company	4,679,705	(2,692)	(358)	–	–	–	–	(476)	4,676,179	14,844	4,691,023
At 31 December 2023	8,753,920	(2,693)	(2,041)	(37,217)	(25,995)	11,279	(2,246)	(2,300,381)	6,394,626	20,936	6,415,562

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Group	
	2023	2022
	$'000	$'000
Cash flows from operating activities		
Loss for the year	(2,029,733)	(265,560)
Adjustments for:		
Finance income	(196,235)	(102,258)
Finance costs	288,184	136,700
Depreciation of property, plant and equipment, and right-of-use assets	315,811	170,473
Amortisation of intangible assets	140,483	29,337
Share of results of associates and joint ventures, net of tax	(7,054)	(1,134)
Gain on disposal of property, plant and equipment, net	(4,875)	(2,466)
Gain on liquidation of a subsidiary	–	(8)
Changes in fair value of financial instruments	25,577	(34,196)
Loss on modified cash flows of receivables	–	2,884
Write-down of property, plant and equipment and right-of-use assets	1,144,328	–
Write-down of intangible assets	87,607	–
Write-down of investment in associates	16,961	–
Provision for onerous contract	208,949	–
Provision for legal claims	258,930	–
Provision for corporate claims	82,430	–
Provision for restoration cost, net	9,421	6,318
Property, plant and equipment written off	3,748	1
Write-down/(reversal of write-down) of inventories, net	120,783	(2,853)
Impairment losses on trade receivables and contract assets, net	4,816	8,815
Tax expense	13,868	25,816
Operating profit/(loss) before working capital changes	483,999	(28,131)
Changes in working capital:		
Inventories	20,572	(1,245)
Contract costs	27,611	20,802
Contract assets	(255,359)	1,462,062
Contract liabilities	(855,715)	414,250
Trade and other receivables	847,539	(466,878)
Trade and other payables	840,101	(366,781)
Provisions	(502,691)	(11,906)
Cash generated from operations	606,057	1,022,173
Dividend and interest income received	270,399	116,808
Interest paid	(252,134)	(97,318)
Tax paid	(23,519)	(2,411)
Net cash generated from operating activities	600,803	1,039,252

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Group	
	2023 $'000	2022 $'000
Cash flows from investing activities		
Purchase of property, plant and equipment[a]	(115,859)	(23,295)
Proceeds from sale of property, plant and equipment	14,456	2,954
Proceeds from disposal of associate	5,403	–
Purchase of intangible assets	(497)	(5,868)
Acquisition of subsidiaries, net of cash acquired[b]	750,043	–
Dividend received from associate	807	–
Net cash generated from/(used in) investing activities	654,353	(26,209)
Cash flows from financing activities		
Proceeds from borrowings	459,806	325,276
Repayment of borrowings	(1,476,445)	(325,155)
Purchase of treasury shares	(2,829)	(465)
Payment of lease liabilities	(52,039)	(20,014)
Dividends paid to non-controlling interests of subsidiaries	–	(298)
Net cash used in financing activities	(1,071,507)	(20,656)
Net increase in cash and cash equivalents	183,649	992,387
Cash and cash equivalents at beginning of the year	2,090,843	1,104,118
Effect of exchange rate changes on balances held in foreign currencies	(4,252)	(5,662)
Cash and cash equivalents at end of the year (Note 18)	2,270,240	2,090,843

Significant non-cash transactions

(a) During the year, purchase of property, plant and equipment excludes accrued capital expenditure of $5,970,000 (2022: $538,000).

(b) During the year, the Group issued new shares to Keppel Corporation Limited as consideration for the acquisition of 100% of the shares and voting interests in Seatrium Offshore & Marine Ltd (also "Seatrium O&M") (formerly known as Keppel Offshore & Marine Limited). See Note 44 for details.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2024.

1 DOMICILE AND ACTIVITIES

Seatrium Limited is a company incorporated in the Republic of Singapore and has its registered office at 80 Tuas South Boulevard, Singapore 637051, and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These financial statements as at and for the year ended 31 December 2023 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.

Scheme of Arrangement

On 31 January 2023, the Company issued a circular to its shareholders (the "Circular") setting out further information on the Proposed Combination by way of the acquisition by the Company of the entire issued and paid-up share capital of Seatrium O&M and the listing and quotation for up to 36,848,072,918 Consideration Shares in the Company additionally listed on the Mainboard of the SGX-ST. The purpose of the Circular was to provide Shareholders with information pertaining to, and to seek Shareholders' approval at an extraordinary general meeting of the Company (the "EGM") for the Proposed Combination that was held on 16 February 2023.

On 16 February 2023, the Proposed Combination was duly approved and passed by the Company's shareholders at the EGM. The completion of the Combination took place on 28 February 2023.

Following completion, Seatrium O&M has become a wholly-owned subsidiary of the Company. Thereafter, the Company no longer considers Startree Investments Pte. Ltd. and Temasek Holding (Private) Limited as its immediate and ultimate holding companies respectively.

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

2 BASIS OF PREPARATION

2.1 Going concern basis of accounting

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

As at 31 December 2023, the Group recorded net current assets of $54,631,000 (31 December 2022: net current liabilities of $301,034,000), and generated positive operating cash flows of $600,803,000 (2022: $1,039,252,000) for the year ended 31 December 2023. During the year, the Group secured $2.5 billion of refinancing and new committed loans, which supports the transition from a net current liabilities position as at 30 June 2023 into a net current asset position as at 31 December 2023. With $1.3 billion of committed unutilised credit facilities available for drawdown that mature beyond the end of 2024, the Group has adequate liquidity to settle current borrowings as they fall due.

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

2.2 Statement of compliance

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

Changes to significant accounting policies are described in Note 46.

2 BASIS OF PREPARATION (Cont'd)

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed in Note 42.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 46, which addresses changes in accounting policies. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies or accounting policy information.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Acquisitions from 1 January 2020

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

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

Acquisitions from 1 January 2017

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

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

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(i) Business combinations *(Cont'd)*

Acquisitions from 1 January 2017 (Cont'd)

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

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

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

Acquisitions before 1 January 2017

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

Acquisitions prior to 1 January 2010

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

(ii) Non-controlling interests

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their own capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

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

Prior to 1 January 2010, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(iii) Subsidiaries

Subsidiaries are those entities that are controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(iii) Subsidiaries (Cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary even if this results in the non-controlling interests having a deficit balance.

(iv) Common control

Business combinations that involve entities under common control are excluded from the scope of SFRS(I) 3. Such combinations are accounted at historical costs in a manner similar to the pooling-of-interest method, in the preparation of the consolidated financial statements. Under this method of accounting, the difference between the value of the share capital issued and the value of shares received is taken to the merger reserve.

(v) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial asset at fair value through other comprehensive income depending on the level of influence retained.

(vi) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has significant influence over another entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Associates are accounted for using the equity method of accounting from the date that significant influence commences until the date that significant influence ceases and are recognised initially at cost. The cost of investments includes transaction costs. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment (including any other unsecured receivables, that in substance, form part of the Group's net investment in the associate) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or made payments on its behalf to satisfy obligations of the associate that the Group has guaranteed or otherwise committed on behalf of.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition. Where the audited financial statements are not available, the share of results is arrived at from unaudited management financial statements made up mainly to the end of the accounting year to 31 December.

(vii) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has joint control over the entity.

Joint ventures are accounted for using the equity method of accounting from the date that joint control commences until the date that joint control ceases.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

***(vii) Joint ventures** (Cont'd)*

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition. Where the audited financial statements are not available, the share of results is arrived at from unaudited management financial statements made up mainly to the end of the accounting year to 31 December.

(viii) Transactions eliminated on consolidation

All intra-group balances, transactions, and unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ix) Accounting for subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are measured in the Company's balance sheet at cost less accumulated impairment losses.

3.2 Foreign currencies

(i) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. At each reporting date:

- Foreign currency monetary assets and liabilities are retranslated to the functional currency using exchange rates at that date;
- Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rate at the date of the transaction; and
- Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at exchange rates at the date the fair value was determined.

Foreign currency differences arising from the settlement or from translation of monetary items are recognised in profit or loss.

Foreign currency differences arising on retranslation are recognised directly in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- Equity instruments designated at fair value through other comprehensive income (FVOCI);
- A financial liability designated as a hedge of net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

The results and financial positions of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at exchange rates ruling at the date of the balance sheet;
- Revenues and expenses are translated at average exchange rates; and
- All resulting foreign currency differences are taken to the foreign currency translation reserve in other comprehensive income.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.2 Foreign currencies (Cont'd)

(ii) Foreign operations (Cont'd)

Goodwill (except those relating to acquisitions of foreign operations prior to 1 January 2004) and fair value adjustments arising from the acquisition of foreign operations are translated to the presentation currency for consolidation at the rates of exchange ruling at the balance sheet date. Goodwill arising from the acquisition of foreign operations prior to 1 January 2004 are translated at foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(iii) Net investment in a foreign operation

Foreign currency differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such differences are reclassified to the foreign currency translation reserve in the consolidated statement of comprehensive income and are released to the consolidated income statement upon disposal of the investment as part of the gain or loss on disposal.

3.3 Property, plant and equipment

(i) Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Cost may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised as an expense when incurred.

Certain items of property, plant and equipment are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the costs of the next overhaul and are separately depreciated in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.3 Property, plant and equipment (Cont'd)

(iii) Disposals

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

(iv) Finance lease assets

Finance leases are those leasing agreements with terms of which the Group assumes substantially all the risks and rewards of ownership. Property, plant and equipment acquired by way of such leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss.

Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

(v) Provision for restoration costs

A provision is recognised for the costs expected to be incurred to dismantle, remove and restore the asset upon expiry of the lease agreement. The estimated costs form part of the cost of the property, plant and equipment and are depreciated over the useful life of the asset.

(vi) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised as an expense in profit or loss on a straight-line basis over their estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	Lease period of 3 to 60 years
Buildings	3 to 60 years
Quays and dry docks	3 to 65 years
Marine vessels*	2 to 25 years
Cranes and floating docks	3 to 30 years
Plant, machinery and tools	1 to 65 years
Motor vehicles	3 to 15 years
Furniture and office equipment	1 to 25 years
Utilities and fittings	2 to 30 years
Computer equipment	1 to 10 years

* *Marine vessels includes dry-docking expenditures.*

The assets' depreciation methods, useful lives and residual values, if not insignificant, are reviewed annually and adjusted if appropriate.

No depreciation is provided on freehold land or construction-in-progress.

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

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.4 Investment properties

Investment properties are properties held for long-term rental yields or for capital appreciation, or both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This includes properties that are held as right-of-use assets, as well as properties that are owned by the Group.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives ranging from 45 to 60 years or the lease period of 15 to 16 years. The assets' depreciation methods, useful lives and residual values are reviewed, if not insignificant, annually, and adjusted if appropriate. No depreciation is provided on the freehold land.

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

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions when it increases the future economic benefits, embodied in the specific asset to which it relates, and its costs can be measured reliably. The carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised as an expense when incurred.

For properties held as right-of-use assets, refer to Note 3.21 for initial and subsequent measurement of cost.

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

3.5 Intangible assets

(i) Goodwill

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less the net amount recognised (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, negative goodwill is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures, respectively. An impairment loss on such investments is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investments.

Goodwill is tested for impairment on an annual basis in accordance with Note 3.12.

(ii) Customer relationships and contracts

Customer relationships and contracts are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 20 years for customer relationships. For customer contracts, it is amortised and recognised in profit or loss according to milestone revenues accorded over an estimated contract period of 6 years.

(iii) Intellectual property rights

Intellectual property rights are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives ranging from 10 to 15 years.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.5 Intangible assets (Cont'd)

(iv) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials and direct labour that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(vi) Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Due to the nature of designs under development, judgement is applied in deciding the point at which the asset is deemed available for use.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Financial assets

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, in the case of financial asset not carried at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.6 Financial assets (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. The Group's equity investments are classified as FVOCI.

Financial assets at FVTPL

All other financial assets not classified as at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets and certain other financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the respective financial assets and the operation of those policies in practice;
- how the performance of the respective financial assets is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of disposals of investments in prior periods, the reasons for such disposals and its expectations about future activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.6 Financial assets (Cont'd)

(ii) Classification and subsequent measurement *(Cont'd)*

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing and amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. For derivatives designated as hedging instruments, see Note 9.

Financial assets at amortised cost

The assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.6 Financial assets (Cont'd)

(iii) Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its balance sheet, but retains either all or substantially all of its risks and rewards of the transferred assets.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.7 Impairment of financial assets and contract assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost; and
- contract assets (as defined in SFRS(I) 15).

Loss allowance of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected credit life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified Approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General Approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment that includes forward-looking information.

If the credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of financial asset.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.7 Impairment of financial assets and contract assets (Cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- breach of contract such as a default or past due outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation or is having significant financial difficulty; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of loss allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.8 Derivatives

Derivatives are used to manage exposures to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are re-measured at fair value and any changes in its fair value are recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant changes in the fair value depends on the nature of the item being hedged as described in Note 3.9.

3.9 Hedging activities

At inception or upon reassessment of the arrangement, the Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, together with the methods that will be used to assess the effectiveness of the hedge relationship as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, the economic relationship between the hedged item and the hedging instrument, including whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

(i) Fair value hedges

Where a derivative hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on the hedging instrument is recognised in profit or loss. The hedged item is also measured at fair value in respect of the risk being hedged, with any changes recognised in profit or loss.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.9 Hedging activities (Cont'd)

(ii) Cash flow hedges

Where a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised directly in other comprehensive income and presented in the hedging reserve in equity. The ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is reclassified from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated changes in fair value that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Hedges directly affected by interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged items or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising from the cash flows of the hedged items or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.9 Hedging activities (Cont'd)

(ii) Cash flow hedges (Cont'd)

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark on which the hedged future cash flows will be based.

3.10 Inventories

Inventories consist mainly of steel and other materials used for ship and rig repair, building and conversion and are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.11 Government grants

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

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.12 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss unless it reverses a previous revaluation that was credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of cash generating units) and then, to reduce the carrying amount of the other assets in the cash generating unit (group of cash generating units) on a *pro rata* basis.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment occur.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.12 Impairment of non-financial assets (Cont'd)

(i) Calculation of recoverable amount

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, cash generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed, even if it relates to an impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or balance sheet date. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

3.13 Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies financial liabilities as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

Financial assets and liabilities are offset and the net amount presented in the balance sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.13 Non-derivative financial liabilities (Cont'd)

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

3.14 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

(ii) Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Long-term employee benefits are reported in "other long-term payables".

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related employment service is provided.

The amount expected to be paid is accrued when the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Staff retirement benefits

Retirement benefits payable to certain categories of employees upon their retirement are provided for in the financial statements based on their entitlement under the staff retirement benefit plan or, in respect of unionised employees of a subsidiary who joined on or before 31 December 1988, based on an agreement with the union.

The Group's net obligation in respect of retirement benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected future salary increase and is discounted to its present value and the fair value of any related assets is deducted.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.14 Employee benefits (Cont'd)

(v) Equity and equity-related compensation benefits

Performance Share Plan

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The fair value of the compensation cost is measured at grant date and amortised over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the shares. In estimating the fair value of the compensation cost, market-based performance conditions are taken into account. From 2014 onwards, awards granted have both market-based and non-market-based performance conditions. The compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance period relates, irrespective of whether this performance condition is satisfied.

The share-based payments reserve relating to the performance shares released is transferred to share capital when new shares are issued. When treasury shares are issued, the cost of treasury shares is transferred to share-based payments reserve.

Restricted Share Plan

Similar to the Performance Share Plan, the fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The fair value of the compensation cost is measured at grant date and are then amortised over the service period to which the performance criteria relates and the period during which the employees become unconditionally entitled to the shares. Awards granted have non-market based performance conditions. The compensation cost is charged to profit or loss with a corresponding increase in equity on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the service period to which the performance period relates.

At the balance sheet date, the Company revises its estimates of the number of performance-based restricted shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The share-based payments reserve relating to the restricted shares released is transferred to share capital when new shares are issued. When treasury shares are issued, the cost of treasury shares is transferred to share-based payments reserve.

In the Company's separate financial statements, the fair value of performance shares and restricted shares granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

3.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.16 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects.

Where the Company's ordinary shares are repurchased (treasury shares), the consideration paid, excluding any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders and presented as reserve for own shares within equity, until they are cancelled, sold or reissued.

When treasury shares are cancelled, the cost of treasury shares is deducted against the share capital account, if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company, if the shares are purchased out of profits of the Company.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.17 Share capital (Cont'd)

When treasury shares are subsequently sold or reissued pursuant to the Share-based Incentive Plans, the cost of the treasury shares is reversed from the reserve for own shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related tax, is recognised as a change in equity of the Company. No gain or loss is recognised in profit or loss.

3.18 Dividends

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

3.19 Revenue

(i) Contract revenue

The Group builds specialised assets for customers through fixed price contracts. Contracts relating to services for ship and rig repair, building, conversion and overhaul represents a single performance obligation ("PO"), due to the inter-dependence of services provided in these contracts.

Revenue is recognised when the control over the specialised asset has been transferred to the customer and performance obligations are fulfilled. At contract inception, the Group assesses whether the Group transfers control of the asset over time or at a point in time by determining if its performance creates an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date for ship and rig building and conversion, or where the Group's performance creates or enhances an asset that the customer controls as the asset is being created or enhanced for ship and rig repairs and overhaul.

The specialised asset has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised asset. The stage of completion is typically assessed by reference to surveys of work performed (output method), which is commensurate with the pattern of transfer of control to the customer.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the completed specialised asset is delivered to the customers and the customers have accepted it in accordance with the contract. On signing of the contract, customers are usually required to make an advance payment that is non-refundable if the contract is cancelled. The advance payment is presented as contract liability. No financing component has been recognised on these advance payments as the payment terms are for reasons other than financing. Where extended payment terms are granted to customers, interest is charged and recognised as finance income.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, the Group recognises a financing component using a discount rate that reflects this as a separate financing transaction with the customer at contract inception. If the period between transfer and payment is one year or less, the Group elects the practical expedient not to adjust for significant financing component.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled to in exchange for transferring the promised goods or services. The transaction price may be fixed or variable, and is adjusted for time value of money if the contract includes a significant financing component. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Certain contracts include standard warranty terms as guarantee on the performance of the asset. The warranty is recognised as a provision, based on estimated claims made from historical data, from known and expected warranty work and contractual obligation for further work to be performed after completion. The warranty expense incurred could be higher or lower than the provision made.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.19 Revenue (Cont'd)

(i) Contract revenue *(Cont'd)*

The Group accounts for modifications to the scope and price of a contract as separate contracts if the modification adds distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations to be satisfied. For contract modifications that do not add distinct goods or services, the Group accounts for the modifications as continuation of the original contract and recognises as a cumulative adjustment to revenue at the date of modification.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceeds the payments received, a contract asset is recognised. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. If the payments received exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

(ii) Income on goods sold and services rendered

Revenue from goods sold and services rendered in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. Revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO on the basis of the relative stand-alone selling prices of the promised goods or services and excludes goods and services or other sales taxes. Trade discounts or variable considerations are allocated to one or more, but not all, of the POs if they relate specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled to in exchange for transferring the promised goods or services. The transaction price may be fixed or variable, and is adjusted for time value of money if the contract includes a significant financing component. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue may be recognised at a point in time or over time following the satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of the PO.

(iii) Charter hire and rental income

Charter hire and rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.20 Dividend and finance income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance income is recognised in profit or loss as it accrues, using the effective interest rate method.

3.21 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(i) The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated from the commencement date over the shorter of the asset's useful life and the lease term on a straight-line basis. The estimated useful lives of the assets are determined on the same basis as those of property, plant and equipment. In addition, the assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liabilities.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group determines the lessee's incremental borrowing rate by making certain adjustments to its interest rates on its issued notes to reflect the terms of the lease and security over the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments);

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the Group under residual value guarantees;

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and payments of penalties for early termination unless the Group is reasonably certain not to terminate early.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.21 Leases (Cont'd)

(i) The Group as lessee *(Cont'd)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(ii) The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases in profit or loss on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3.22 Finance costs

Finance costs comprise of interest expense on borrowings, amortisation of capitalised transaction costs and transaction costs written off. Interest expense and similar charges are expensed in profit or loss in the period using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset. The interest component of finance lease payments is recognised in profit or loss using the effective interest method. Termination of interest rate swaps are recognised in profit or loss.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3 MATERIAL ACCOUNTING POLICIES (Cont'd)

3.23 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

3.25 Intra-group financial guarantee in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument. These financial guarantee contracts were previously accounted for as insurance contracts. With the transition of SFRS(I) 4 on Insurance Contract to SFRS(I) 17, the Group has elected to apply SFRS(I) 9, on a contract-by-contract basis, to account for its financial guarantees issued.

Under SFRS(I) 9, financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from financial guarantees are included within 'interest-bearing borrowings'.

3.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.27 Assets held for sale

Non-current assets are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs of disposal if they are expected to be recovered principally through a sale transaction rather than through continuing use.

Any impairment losses on initial classification and subsequent gains or losses on re-measurement are recognised in profit or loss. Subsequent increases in fair value less costs of disposal are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

4 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings							
	Freehold $'000	Leasehold $'000	Construction-in-progress $'000	Docks and quays $'000	Marine vessels[1] $'000	Plant, machinery and tools $'000	Others[2] $'000	Total $'000
Group								
Cost								
Balance at 1 January 2022	758,768	1,079,696	365,665	1,453,823	301,702	1,775,212	219,895	5,954,761
Translation adjustments	(2,362)	(692)	(616)	(1,338)	(925)	(881)	(185)	(6,999)
Additions	–	669	12,500	388	5,954	3,056	1,266	23,833
Reclassifications	–	5,460	(31,182)	219	15,950	8,176	1,377	–
Disposals	(312)	(34)	–	–	(10)	(723)	(222)	(1,301)
Write off from register	–	(71,832)	–	–	–	(1,820)	(928)	(74,580)
Balance at 31 December 2022	756,094	1,013,267	346,367	1,453,092	322,671	1,783,020	221,203	5,895,714
Balance at 1 January 2023	756,094	1,013,267	346,367	1,453,092	322,671	1,783,020	221,203	5,895,714
Translation adjustments	(9,837)	(3,381)	(4,428)	(4,979)	(7,422)	(3,307)	(360)	(33,714)
Additions	75	11,476	70,446	12,047	3,917	19,184	4,684	121,829
Reclassifications	55,973	15,150	(128,432)	21,718	15,913	14,726	4,952	–
Reclassification from/(to) assets held for sale[3]	–	17,937	3,401	20,618	(6,501)	25,141	–	60,596
Transfer from other category of assets[6]	–	–	–	–	11,931	–	2,328	14,259
Disposals	(604)	–	–	(133)	(2,897)	(44,689)	(6,403)	(54,726)
Write off from register[5]	–	(46,759)	(2,016)	(34,273)	(113)	(11,478)	(5,427)	(100,066)
Acquisitions through business combinations	17,804	391,956	75,080	258,996	256,094	213,075	11,295	1,224,300
Balance at 31 December 2023	819,505	1,399,646	360,418	1,727,086	593,593	1,995,672	232,272	7,128,192

4 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Land and buildings							
	Freehold $'000	Leasehold $'000	Construction-in-progress $'000	Docks and quays $'000	Marine vessels[1] $'000	Plant, machinery and tools $'000	Others[2] $'000	Total $'000
Group								
Accumulated depreciation and impairment losses								
Balance at 1 January 2022	36,948	385,822	–	299,186	193,186	883,354	163,590	1,962,086
Translation adjustments	(317)	(353)	–	(237)	(708)	(421)	(158)	(2,194)
Depreciation for the year	18,637	26,453	–	31,392	7,561	57,728	9,356	151,127
Disposals	(145)	(34)	–	–	(4)	(467)	(163)	(813)
Write off from register	–	(71,832)	–	–	–	(1,820)	(927)	(74,579)
Balance at 31 December 2022	55,123	340,056	–	330,341	200,035	938,374	171,698	2,035,627
Balance at 1 January 2023	55,123	340,056	–	330,341	200,035	938,374	171,698	2,035,627
Translation adjustments	(553)	(1,749)	(351)	132	(4,970)	(2,024)	(344)	(9,859)
Depreciation for the year	20,988	48,081	–	39,940	21,719	84,072	16,599	231,399
Reclassifications	–	84	–	–	–	(85)	1	–
Reclassification from/(to) assets held for sale[3]	–	17,807	–	19,733	(3,585)	23,926	–	57,881
Transfer from other category of assets[6]	–	–	–	–	3,888	–	2,328	6,216
Disposals	(243)	–	–	(133)	(2,897)	(35,614)	(6,258)	(45,145)
Write off from register[5]	–	(46,725)	–	(34,188)	(112)	(9,232)	(5,355)	(95,612)
Write-down[4]	35,555	160,719	218,544	187,994	141,207	118,431	4,197	866,647
Balance at 31 December 2023	110,870	518,273	218,193	543,819	355,285	1,117,848	182,866	3,047,154
Carrying amounts								
At 1 January 2022	721,820	693,874	365,665	1,154,637	108,516	891,858	56,305	3,992,675
At 31 December 2022	700,971	673,211	346,367	1,122,751	122,636	844,646	49,505	3,860,087
At 31 December 2023	708,635	881,373	142,225	1,183,267	238,308	877,824	49,406	4,081,038

4 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Docks $'000	Plant, machinery and tools $'000	Others[2] $'000	Total $'000
Company				
Cost				
Balance at 1 January 2022	13,551	2,240	38,009	53,800
Additions	–	–	145	145
Balance at 31 December 2022	13,551	2,240	38,154	53,945
Balance at 1 January 2023	13,551	2,240	38,154	53,945
Additions	–	–	249	249
Transfer from other category of assets[6]	–	–	2,328	2,328
Disposals	–	–	(6)	(6)
Write off	–	(2,240)	(3,627)	(5,867)
Balance at 31 December 2023	13,551	–	37,098	50,649
Accumulated depreciation				
Balance at 1 January 2022	13,551	2,235	37,077	52,863
Depreciation for the year	–	1	383	384
Balance at 31 December 2022	13,551	2,236	37,460	53,247
Balance at 1 January 2023	13,551	2,236	37,460	53,247
Depreciation for the year	–	1	335	336
Transfer from other category of assets[6]	–	–	2,328	2,328
Disposals	–	–	(2)	(2)
Write-off	–	(2,237)	(3,627)	(5,864)
Balance at 31 December 2023	13,551	–	36,494	50,045
Carrying amounts				
At 1 January 2022	–	5	932	937
At 31 December 2022	–	4	694	698
At 31 December 2023	–	–	604	604

(1) Marine vessels includes dry-docking expenditure.

(2) Others comprise motor vehicles, furniture and office equipment, utilities and fittings, and computer equipment.

(3) During the year, assets held for sale of $20,043,000 (2022: $Nil) were reclassified to property, plant and equipment as the sale did not materialise caused by event not foreseen at point of conditional sale.

(4) Post-combination of Seatrium Limited and Seatrium O&M, management undertook a strategic review of its business focus, operational footprint, and assets required to support its strategy of building a profitable and resilient business going forward ("Strategic Review"), and identified core assets which bring synergies to the Group, as well as non-core assets which are surplus to its operations (damaged or redundant or obsolete).

Surplus and non-core assets

As a result of the Group's Strategic Review, certain shipyards – local and overseas (or the cash-generating units, also the "CGU") and assets deployed in these CGUs were identified as non-core assets. These assets will not contribute to the Group's mid to long-term business plans caused by assets duplication and changes in business strategies post-combination with Seatrium O&M; and hence resulting in "excess capacity". These assets include damaged assets that are beyond economic repair, or the costs and effort of repairing those assets are higher than the expected benefits to be reaped; or obsolete assets that faced technical or commercial obsolescence arising from changes or improvements in projection or from a change in market demand for the product or service output of these assets.

Accordingly, the Group wrote down these non-core assets to $Nil or their expected scrap values in the current year, comprising $552,235,000 of property, plant and equipment, $51,319,000 of right-of-use assets (refer to Note 5), and $87,607,000 of intangible assets (refer to Note 13) that were charged to "Other operating expenses" in current year's profit or loss.

4 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Yards identified for eventual closure

Arising from the Strategic Review, certain yards were identified for eventual closure after concluding the specific projects currently deployed therein. Correspondingly, the Group expects a decrease in future economic benefits from limited use of these yards.

An assessment of recoverable amount for these affected yards faced with impairment triggers was prepared. These yards consist of a yard in Singapore, together with a sub-contractor overseas yard within the Group. A value-in-use was prepared for these yards, adjusted for any inter-company transactions, on a single CGU basis. The key assumptions for the value-in-use are presented below.

Yard in Singapore, with sub-contractor overseas yard (also the "Delayed yards")

The recoverable amount of the delayed yards was based on value-in-use calculation using cash flow projections derived from the most recent financial budget approved by the Board for the next five years. Adjustments were made to reflect the latest plans for these Delayed yards to focus on existing few projects, and then cease operations thereafter to make way for return of the land leases. The discount rate applied to these cash flow projections is 9.8% applicable to this CGU.

The recoverable amount was estimated to be lower than the carrying amounts of non-financial assets deployed in these delayed yards. Accordingly, write-downs of $314,412,000 to property, plant and equipment and $226,362,000 (refer to Note 5) to right-of-use assets were charged to "Other operating expenses" in current year's profit or loss.

(5) In 2023, the Group wrote off certain property, plant and equipment items from its register since these assets were damaged, fully depreciated or obsolete.

(6) During the year, two marine vessels and a computer equipment were transferred from right-of-use assets to property, plant and equipment after the purchase option was exercised.

5 RIGHT-OF-USE ASSETS AND LEASES

As a lessee

The Group leases many assets including land and buildings and tugboats. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets	Land and buildings[1] $'000	Marine vessels[2] $'000	Plant and machinery $'000	Others[3] $'000	Total $'000
Group					
Balance at 1 January 2022	187,945	46,016	–	1,839	235,800
Translation adjustments	(132)	–	–	–	(132)
Additions during the year	4,260	–	–	–	4,260
Depreciation charge for the year	(14,776)	(3,731)	–	(839)	(19,346)
Remeasurement adjustments	(4,731)	–	–	–	(4,731)
Balance at 31 December 2022	172,566	42,285	–	1,000	215,851
Balance at 1 January 2023	172,566	42,285	–	1,000	215,851
Translation adjustments	2,156	7	(10)	(8)	2,145
Additions during the year	87,577	80	–	388	88,045
Depreciation charge for the year	(79,656)	(3,822)	(108)	(826)	(84,412)
Remeasurement adjustments	8,102	–	–	–	8,102
Reclassification from assets held for sale	14,412	–	–	–	14,412
Transfer to other category of assets[4]	–	(8,043)	–	–	(8,043)
Acquisitions through business combinations	695,446	1,217	282	267	697,212
Modification adjustment on early return of lease[5]	(26,962)	–	–	–	(26,962)
Write-down[6]	(277,681)	–	–	–	(277,681)
Balance at 31 December 2023	595,960	31,724	164	821	628,669

5 RIGHT-OF-USE ASSETS AND LEASES (Cont'd)

***As a lessee** (Cont'd)*

	Others[3] $'000	Total $'000
Company		
Balance at 1 January 2022	1,529	1,529
Depreciation charge for the year	(733)	(733)
Balance at 31 December 2022	796	796
Balance at 1 January 2023	796	796
Depreciation charge for the year	(530)	(530)
Balance at 31 December 2023	266	266

(1) The leases for land and buildings typically run for a period of 1 to 30 years with options to renew the lease for an additional period of the same duration after the end of the contract term. The Group had determined that it is reasonably certain to exercise the extension option for certain leases.

(2) The Group leases tugboats with lease terms of 8 years, with options to purchase the assets at the end of the lease term. The Group had determined that it is reasonably certain to exercise the purchase option.

(3) Others comprise furniture and office equipment.

(4) During the year, two marine vessels were transferred to property, plant and equipment after the purchase option was exercised at the end of lease term.

(5) Write-down of $26,962,000 to reflect right-of-use land lease earmarked for early return to Singapore Government by 2025 at $Nil value.

(6) Assets written down arising from the Group's Strategic Review. These assets refer to leasehold land and buildings from Delayed yards of $226,362,000 (refer to Note 4) and another $51,319,000 from surplus and non-core assets (refer to Note 4).

During the year, right-of-use assets included additional provision for restoration costs amounting to $55,774,000 (2022: $2,761,000) (Note 22).

	2023 $'000	2022 $'000
Group		
Amounts recognised in profit or loss		
Interest on lease liabilities	27,170	12,525
Expenses relating to short-term leases	3,946	1,186
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1,249	1,491
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	71,406	23,938

Extension options

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The extension options held are exercisable by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Except for the leases whose measurement were already extended to the exercise of options for the extension of lease terms, there were no other leases embedded with extension option. Previously, the Group estimated the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $29,480,000.

5 RIGHT-OF-USE ASSETS AND LEASES (Cont'd)

As a lessor

The Group leases out its marine vessel and has classified these leases as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the vessel.

The table below sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2023 $'000	2022 $'000
Within 1 year	10,636	7,207
Between 1 to 5 years	231,760	–
	242,396	7,207

6 INVESTMENT PROPERTIES

	Owned assets $'000	Right-of-use assets $'000	Total $'000
Company			
Cost			
Balance at 1 January 2022	60,316	228,020	288,336
Addition	–	156	156
Write off	(312)	–	(312)
Balance at 31 December 2022	60,004	228,176	288,180
Disposals	(468)	–	(468)
Write off	(49,565)	–	(49,565)
Modification adjustment on early return of lease [(1)]	–	(44,812)	(44,812)
Balance at 31 December 2023	9,971	183,364	193,335
Accumulated depreciation			
Balance at 1 January 2022	54,797	195,228	250,025
Depreciation for the year	1,325	3,990	5,315
Disposals	(145)	–	(145)
Balance at 31 December 2022	55,977	199,218	255,195
Depreciation for the year	1,306	1,996	3,302
Disposals	(220)	–	(220)
Write off	(49,565)	–	(49,565)
Modification adjustment on early return of lease [(1)]	–	(17,850)	(17,850)
Balance at 31 December 2023	7,498	183,364	190,862
Carrying amounts			
At 1 January 2022	5,519	32,792	38,311
At 31 December 2022	4,027	28,958	32,985
At 31 December 2023	2,473	–	2,473

[(1)] Refer to footnote 5 of Note 5.

Investment properties comprise owned assets and land leases held as right-of-use assets. The investment properties of the Company are used by the Group in carrying out its principal activities and are reclassified as property, plant and equipment or right-of-use assets at the Group.

6 INVESTMENT PROPERTIES (Cont'd)

The following amounts are recognised in profit or loss:

	Company 2023 $'000	Company 2022 $'000
Rental income	1,872	12,367
Operating expenses arising from rental of investment properties	(1,469)	(12,033)

7 INVESTMENTS IN SUBSIDIARIES

	Note	Company 2023 $'000	Company 2022 $'000
Unquoted shares, at cost			
Balance at 1 January		3,585,686	3,585,686
Add: acquisitions through business combinations	(a)	4,679,705	–
Add: capital injection		26,342	–
Less: write-down	(b)	(64,534)	–
Balance at 31 December		8,227,199	3,585,686

(a) During the year, the Group acquired 100% of the shares and voting interests in Seatrium O&M from Keppel Corporation Limited ("KCL") and issued new shares to KCL as consideration. Details of the acquisition are set out in Note 44.

(b) Arising from the Group's Strategic Review, assets of certain investees were written-down on basis of being surplus or damaged or obsolete (the "surplus assets") (refer to Note 4). Accordingly, the cost of investment of subsidiaries that carry these surplus assets were found to have impairment trigger. The equity value of these investments was assessed to be $Nil as these entities were loss-making and in net liability position at 31 December 2023 without any positive cash flows expected in future years following completion of the Group's Strategic Review. An impairment loss of $64,534,000 (2022: $Nil) was recorded in profit or loss during the year.

8 INTERESTS IN ASSOCIATES AND JOINT VENTURES

	Group 2023 $'000	Group 2022 $'000
Interests in associates	171,255	815
Less: allowance for impairment loss	(17,303)	(342)
	153,952	473
Interests in joint ventures	26,315	17,064
	180,267	17,537

In 2023, the Group received dividends of $807,000 (2022: $Nil) from its investments in associates and joint ventures.

8 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Cont'd)

Associates

The Group has a number of associates that are individually immaterial to the Group. All are equity accounted. Summarised financial information of associates presented in aggregate, representing the Group's share, is as follows:

	2023 $'000	2022 $'000
Carrying amount	153,952	473
Profit for the year	8,977	38
Other comprehensive income	(6,217)	–
Total comprehensive income	2,760	38

Joint ventures

The Group has a number of joint ventures that are individually immaterial to the Group. All are equity accounted. Summarised financial information of joint ventures presented in aggregate, representing the Group's share, is as follows:

	2023 $'000	2022 $'000
Carrying amount	26,315	17,064
(Loss)/profit for the year	(1,923)	1,096
Other comprehensive income	(68)	(156)
Total comprehensive income	(1,991)	940

9 OTHER FINANCIAL ASSETS

	Group	
	2023 $'000	2022 $'000
(a) Non-current assets		
Financial assets at fair value through other comprehensive income:		
– Unquoted equity shares	25,332	2,642
Financial assets at fair value through profit or loss:		
– Unquoted equity shares	55,350	–
– Unquoted bonds	17,690	–
Cash flow hedges:		
– Forward foreign currency contracts	16,233	16,121
– Interest rate swaps	–	5,294
	114,605	24,057
(b) Current assets		
Financial assets at fair value through other comprehensive income:		
– Quoted equity shares	3,020	–
Cash flow hedges:		
– Forward foreign currency contracts	45,754	3,334
– Interest rate swaps	1,713	15,569
Financial assets at fair value through profit or loss:		
– Forward foreign currency contracts	792	21,104
	51,279	40,007

10 TRADE AND OTHER RECEIVABLES

	Note	2023 Non-current $'000	2023 Current $'000	2023 Total $'000	2022 Non-current $'000	2022 Current $'000	2022 Total $'000
Group							
Trade receivables	(a)	–	532,642	532,642	893,117	345,658	1,238,775
Loan receivables	(b)	441,951	120,789	562,740	597,885	–	597,885
Amounts due from related parties	11	9,500	31,598	41,098	21,361	6,141	27,502
Staff loans	(c)	30	87	117	–	45	45
Interest receivable		–	1,088	1,088	–	34,658	34,658
Deposits		–	7,385	7,385	–	4,681	4,681
Sundry receivables	(d)	16,650	121,918	138,568	–	10,571	10,571
Unbilled receivables		–	29,796	29,796	–	10,827	10,827
Recoverable		–	115,163	115,163	–	16,370	16,370
		468,131	960,466	1,428,597	1,512,363	428,951	1,941,314
Loss allowance		(1,204)	(26,337)	(27,541)	(4,910)	(21,243)	(26,153)
Financial assets at amortised cost		466,927	934,129	1,401,056	1,507,453	407,708	1,915,161
Prepayments and advances		122	166,948	167,070	4	141,137	141,141
GST refundable		–	58,136	58,136	–	14,062	14,062
Grant receivables		–	–	–	–	8,887	8,887
		467,049	1,159,213	1,626,262	1,507,457	571,794	2,079,251
Company							
Amounts due from related parties	11	1,988,000	245,488	2,233,488	238,000	1,314,667	1,552,667
Interest receivable		–	–	–	–	245	245
Deposits		–	71	71	–	71	71
Sundry receivables		–	8,727	8,727	–	8,811	8,811
		1,988,000	254,286	2,242,286	238,000	1,323,794	1,561,794
Loss allowance		(18,000)	–	(18,000)	–	–	–
Financial assets at amortised cost		1,970,000	254,286	2,224,286	238,000	1,323,794	1,561,794
Prepayments and advances		–	6,073	6,073	–	4,063	4,063
GST refundable		–	1,095	1,095	–	266	266
Grant receivables		–	–	–	–	8,887	8,887
		1,970,000	261,454	2,231,454	238,000	1,337,010	1,575,010

10 TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Trade receivables

During the year, the non-current receivable was fully settled by a customer. Previously, $911,326,000 was owed by this customer and classified within "Trade receivables". The amount was previously secured on the completed project assets delivered, bore floating interests from 3.84% to 9.82% per annum, and was repayable between 2023 and 2025.

(b) Loan receivables

These receivables were loans extended to a customer, after partial payment made on delivery of the vessels. Under the loan agreement, the loan is settled on quarterly instalment basis with accrued interest within five years of the delivery dates. The loan receivable of $441,996,000 (2022: $474,054,000) is secured on the completed project assets delivered and $120,744,000 (2022: $123,831,000) is unsecured. Both bear fixed interest at 4.5% (2022: 4.5%) per annum, and are repayable up to 2027.

(c) Staff loans

Staff loans are unsecured and bear interest at 3.0% (2022: 3.0%) per annum.

(d) Sundry receivables

In 2023, included within sundry receivables is $46,924,000 owing from a former related corporation who utilised the Group Tax Relief availed by a subsidiary. The amount is unsecured, non-interest bearing and repayable on demand.

The impairment losses are as follows:

	2023			2022		
	Gross $'000	Impairment $'000	Total $'000	Gross $'000	Impairment $'000	Total $'000
Group						
Trade receivables	532,642	(14,539)	518,103	1,238,775	(18,051)	1,220,724
Loan receivables	562,740	(1,204)	561,536	597,885	(3,307)	594,578
Amounts due from related parties	41,098	(10,361)	30,737	27,502	(4,795)	22,707
Sundry receivables	138,568	(1,437)	137,131	–	–	–
	1,275,048	(27,541)	1,247,507	1,864,162	(26,153)	1,838,009

11 AMOUNTS DUE FROM RELATED PARTIES

	Note	Associates and joint ventures		Related companies		Total	
		2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Group							
Amounts due from (net of loss allowance):							
– Trade	(a)	20,063	345	465	935	20,528	1,280
– Non-trade	(b)	709	–	–	66	709	66
– Loans and advances	(c)	9,500	21,361	–	–	9,500	21,361
		30,272	21,706	465	1,001	30,737	22,707
Amount due within 1 year (net of loss allowance)		(20,772)	(345)	(465)	(1,001)	(21,237)	(1,346)
	10	9,500	21,361	–	–	9,500	21,361

11 AMOUNTS DUE FROM RELATED PARTIES (Cont'd)

	Note	Subsidiaries 2023 $'000	Subsidiaries 2022 $'000	Associates and joint ventures 2023 $'000	Associates and joint ventures 2022 $'000	Related companies 2023 $'000	Related companies 2022 $'000	Total 2023 $'000	Total 2022 $'000
Company									
Amounts due from (net of loss allowance):									
– Trade	(a)	57,341	10,062	–	10	–	586	57,341	10,658
– Non-trade	(b)	94,989	34,009	–	–	–	–	94,989	34,009
– Loans and advances	(c)	2,063,158	1,508,000	–	–	–	–	2,063,158	1,508,000
		2,215,488	1,552,071	–	10	–	586	2,215,488	1,552,667
Amount due within 1 year (net of loss allowance)		(245,488)	(1,314,071)	–	(10)	–	(586)	(245,488)	(1,314,667)
	10	1,970,000	238,000	–	–	–	–	1,970,000	238,000

(a) The trade amounts due from related parties are unsecured, repayable on demand and interest-free.

(b) The non-trade amounts due from related parties comprise mainly payments made on their behalf which are unsecured, repayable on demand and interest-free.

(c) At the Group level, $9,500,000 relates to loan to a joint venture which is unsecured, bears interest rates ranging from 9.02% to 11.07% per annum, which $4,500,000 is repayable in 2026 and $5,000,000 is repayable in 2027. Of the $21,361,000 loan to joint ventures in 2022 which bore interest rates ranging from 0.39% to 6.24% per annum, $20,000,000 was eliminated as the said joint venture has become a subsidiary post-combination (see Note 44). The remaining $1,361,000 was repaid by another joint venture in 2023.

At the Company level, the loans and advances mainly relate to loans to subsidiaries of $93,158,000 (2022: $1,270,000,000) which are unsecured, bear interest rates ranging from 4.50% to 5.24% (2022: 1.70% to 5.90%) per annum and are repayable within the next twelve months; and loans to subsidiaries of $1,970,000,000 (2022: $220,000,000) which are unsecured, bear interest rates ranging from 4.93% to 5.25% (2022: 1.85% to 3.78%) per annum which are repayable after one year.

12 CONTRACT ASSETS

	2023 Non-current $'000	2023 Current $'000	2023 Total $'000	2022 Non-current $'000	2022 Current $'000	2022 Total $'000
Group						
Contract assets	–	2,619,084	2,619,084	–	296,766	296,766
Loss allowance	–	(4)	(4)	–	(3)	(3)
	–	2,619,080	2,619,080	–	296,763	296,763

The contract assets mainly relate to the Group's rights to consideration for work completed but not yet billed at reporting date on the long-term contracts for ship and rig building, conversion and repair & upgrades. The contract assets are transferred to trade receivables when the rights become unconditional.

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

	2023 $'000	2022 $'000
Transfer from contract assets recognised at the beginning of the year to receivables	(246,777)	(1,359,465)
Recognition of revenue, net of recognised in receivables	2,072,934	358,013
Acquisitions through business combinations	2,066,958	–
Transfer from contract assets recognised at the date of acquisition to receivables	(1,570,232)	–
(Impairment)/write-back of loss on contract assets	(1)	2,957

13 INTANGIBLE ASSETS

	Goodwill $'000	Customer relationships and contracts $'000	Club memberships $'000	Intellectual property rights $'000	Designs under development $'000	Total $'000
Group						
Cost						
Balance at 1 January 2022	14,219	–	601	297,768	54,501	367,089
Translation adjustments	–	–	–	(358)	–	(358)
Additions	–	–	–	–	5,868	5,868
Reclassifications	–	–	–	49,511	(49,511)	–
Balance at 31 December 2022	14,219	–	601	346,921	10,858	372,599
Balance at 1 January 2023	14,219	–	601	346,921	10,858	372,599
Translation adjustments	–	–	–	(219)	–	(219)
Additions	–	–	–	–	497	497
Reclassifications	–	–	–	3,961	(3,961)	–
Acquisitions through business combinations	3,816,181	452,241	–	–	–	4,268,422
Balance at 31 December 2023	3,830,400	452,241	601	350,663	7,394	4,641,299
Accumulated amortisation and impairment losses						
Balance at 1 January 2022	2,208	–	468	165,994	–	168,670
Translation adjustments	–	–	–	(113)	–	(113)
Amortisation for the year	–	–	–	29,337	–	29,337
Balance at 31 December 2022	2,208	–	468	195,218	–	197,894
Balance at 1 January 2023	2,208	–	468	195,218	–	197,894
Translation adjustments	–	–	–	(68)	–	(68)
Amortisation for the year	–	111,113	–	29,370	–	140,483
Write-down	6,071	–	–	81,536	–	87,607
Balance at 31 December 2023	8,279	111,113	468	306,056	–	425,916
Carrying amounts						
At 1 January 2022	12,011	–	133	131,774	54,501	198,419
At 31 December 2022	12,011	–	133	151,703	10,858	174,705
At 31 December 2023	3,822,121	341,128	133	44,607	7,394	4,215,383

13 INTANGIBLE ASSETS (Cont'd)

	Club memberships	
	2023	**2022**
	$'000	**$'000**
Company		
Cost		
Balance at 1 January	601	601
Additions	–	–
Balance at 31 December	601	601
Accumulated impairment losses		
Balance at 1 January and 31 December	468	468
Carrying amounts		
At 1 January	133	133
At 31 December	133	133

Amortisation

The amortisation of intangible assets amounting to $140,480,000 (2022: $29,333,000) is included in cost of sales.

Goodwill

During the year, the Group recognised goodwill of $3,816,181,000 on acquisition of Seatrium Offshore & Marine Limited.

Goodwill recognised is then allocated to groups of Operating CGUs within the Group's rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding operating segment. The goodwill reflects the synergies created by these centrally managed and monitored group of CGUs which are being integrated as one unit. Please refer to Note 42 for details.

Customer relationships and contracts

During the year, the Group recognised customer relationships and contracts of $452,241,000 on acquisition of Seatrium Offshore & Marine Limited.

Intellectual property rights

Intellectual property rights relate to internally developed engineering designs and acquired patents for the Jurong Espadon Drillship, Satellite Services Platform offshore designs, re-deployable modularised LNG and LPG solutions, and geostationary cylindrical hull design.

Impairment test assessment

Previously, the Group made certain strategic investments with the aim of broadening and deepening the Group's proprietary design and engineering capabilities, resulting in certain intangible assets. Those enhanced capabilities were meant to support the Group's strategy of products diversification and provide innovative solutions across the offshore and marine value chain – both within and outside the oil and gas sector.

With completion of recent Strategic Review post-combination of Seatrium O&M, together with limited product demand as observed historically, certain intangible assets were no longer deemed strategic that would benefit the Group's current business plans and long term strategic growth plans. Accordingly, the net carrying value was written down by $87,607,000 for these non-core intangible assets.

14 DEFERRED TAX ASSETS AND LIABILITIES

	At 1 January 2022 $'000 Restated*	Recognised in profit or loss (Note 32) $'000 Restated*	Recognised in other comprehensive income (Note 33) $'000 Restated*	Translation adjustments/ Others $'000 Restated*	At 31 December 2022 $'000 Restated*	Recognised in profit or loss (Note 32) $'000	Recognised in other comprehensive income (Note 33) $'000	Acquired in business combinations (Note 44) $'000	Translation adjustments/ Others $'000	At 31 December 2023 $'000
Group										
Deferred tax liabilities										
Property, plant and equipment	57,733	(8,677)	–	–	49,056	(58,244)	–	78,050	(108)	68,754
Right-of-use assets*	33,311	904	–	1	34,216	17,699	–	29,049	(32)	80,932
Other financial assets	205	–	2,879	–	3,084	–	(9,375)	12,440	(68)	6,081
Intangible assets	24,434	(3,822)	–	–	20,612	(38,109)	–	76,881	–	59,384
Provisions	–	–	–	–	–	(1,523)	–	7,476	–	5,953
Lease liabilities*	–	–	–	–	–	(8)	–	6,968	475	7,435
Other items	1,488	109	–	(9)	1,588	129	–	261	(28)	1,950
	117,171	(11,486)	2,879	(8)	108,556	(80,056)	(9,375)	211,125	239	230,489
Deferred tax assets										
Property, plant and equipment	(1,719)	(3,705)	–	2	(5,422)	(12,478)	–	(100)	80	(17,920)
Right-of-use assets*	(1,465)	(3,418)	–	3	(4,880)	(172)	–	(440)	31	(5,461)
Trade and other receivables	(1,361)	1,079	–	(5)	(287)	(443)	–	–	4	(726)
Trade and other payables	(13,646)	12,241	–	–	(1,405)	(136)	–	(60)	1	(1,600)
Unutilised tax losses, capital and investment allowances	(176,396)	28,445	–	(53)	(148,004)	22,317	–	(26,902)	(1,819)	(154,408)
Provisions	(39,496)	(4,745)	–	9	(44,232)	24,509	–	(70,992)	86	(90,629)
Other financial liabilities	(1,824)	–	1,824	–	–	(2)	–	(365)	23	(344)
Lease liabilities*	(48,738)	246	–	–	(48,492)	13,631	–	(34,921)	23	(69,759)
Other items	(9,671)	394	–	–	(9,277)	(1,057)	–	(931)	(30)	(11,295)
	(294,316)	30,537	1,824	(44)	(261,999)	46,169	–	(134,711)	(1,601)	(352,142)
Net deferred tax (assets)/ liabilities	(177,145)	19,051	4,703	(52)	(153,443)	(33,887)	(9,375)	76,414	(1,362)	(121,653)
Company										
Deferred tax liabilities										
Property, plant and equipment	77	(15)	–	–	62	41	–	–	–	103
Right-of-use assets*	5,835	(776)	–	–	5,059	(5,014)	–	–	–	45
	5,912	(791)	–	–	5,121	(4,973)	–	–	–	148
Deferred tax assets										
Trade and other payables	(295)	295	–	–	–	–	–	–	–	–
Provisions	(26,730)	(74)	–	–	(26,804)	307	–	–	–	(26,497)
Lease liabilities*	(8,827)	1,488	–	–	(7,339)	7,339	–	–	–	–
	(35,852)	1,709	–	–	(34,143)	7,646	–	–	–	(26,497)
Net deferred tax (assets)/ liabilities	(29,940)	918	–	–	(29,022)	2,673	–	–	–	(26,349)

* The Group has adopted Amendments to SFRS(1)1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction* from 1 January 2023.

14 DEFERRED TAX ASSETS AND LIABILITIES (Cont'd)

Deferred tax liabilities and assets are set off when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting included in the balance sheets are as follows:

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Deferred tax liabilities	98,399	15,789	–	–
Deferred tax assets	(220,052)	(169,232)	(26,349)	(29,022)
	(121,653)	(153,443)	(26,349)	(29,022)

As at 31 December 2023, a deferred tax liability of $12,926,000 (2022: $105,000) arising from undistributed retained earnings of overseas subsidiaries of $111,210,000 (2022: $2,107,000) was not recognised because the Group can control their dividend policy.

Deferred tax assets have not been recognised by certain subsidiaries in respect of the following items:

	Group	
	2023 $'000	2022 $'000
Deductible temporary differences	238,969	–
Tax losses	2,732,474	1,531,501
Capital allowances	338,849	16,993
	3,310,292	1,548,494

The deductible temporary differences, the remaining tax losses and the capital allowances do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of the above in accordance with Note 3.16 and under the following circumstances:

(a) Where they qualify for offset against the tax liabilities of member companies within the Group under the Loss Transfer System of Group Relief but the terms of the transfer have not been ascertained as at year end; and

(b) Where it is uncertain that future taxable profit, subject to the tax provisions and agreement by the relevant tax authorities of the various jurisdictions, will be available against which certain subsidiaries of the Group can utilise the benefits.

During the year, the Group recognised deferred tax credit of $33,887,000 (2022: utilised deferred tax credit of $19,051,000) relating to unutilised tax losses, investment allowances and deductible temporary differences.

The recognition of such deferred tax assets is presumed on the Group's ability to generate future taxable profits in the foreseeable future against which the deferred tax assets will be utilised. Although the Group has been in losses in recent years, the Group has certain subsidiaries who have been in taxable profits and have been utilising these tax losses and credits. The Group has relied on the financial forecast of these subsidiaries to estimate the future taxable profits against which the deferred tax assets recognised will be utilised. Such forecasts are however subject to estimation uncertainty.

Information about the sources of estimation uncertainty are disclosed in Note 42(a) and Note 42(d).

15 INVENTORIES

	Group 2023 $'000	Group 2022 $'000
Raw materials	168,359	70,566
Finished goods	23,757	495
	192,116	71,061

In 2023, raw materials and changes in finished goods included as cost of sales amounted to $2,341,606,000 (2022: $322,742,000). During the year, there was a net write-down of inventories to net realisable value of $120,783,000 (2022: write-back of $2,853,000) relating to raw materials, included in cost of sales.

Of the inventories write-down, $101,781,000 refers to drilling and marine equipment for mega drilling projects. With the Strategy Review performed, the Group decided not to focus on mega drilling projects. As the deployment of these inventories for future mega drilling projects becomes highly limited, together with unsuccessful past effort to sell them in the open market, these inventories have been written down to their net realisable value.

16 CONTRACT COSTS

	Group 2023 $'000	Group 2022 $'000
Current assets		
Contract costs		
– Fulfilment costs	20,043	47,654

Under SFRS(I) 15, costs incurred relating to contracts with customers had been capitalised as fulfilment costs for future performance obligations. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised. In 2023, $215,942,000 (2022: $280,983,000) was amortised.

17 ASSETS HELD FOR SALE

	Group 2023 $'000	Group 2022 $'000
Property, plant and equipment	2,950	–

18 CASH AND CASH EQUIVALENTS

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Fixed deposits	(a)	1,325,376	987,493	–	580,000
Cash and bank balances	(b)	944,864	1,103,350	57,618	35,875
Cash and cash equivalents		2,270,240	2,090,843	57,618	615,875

(a) Fixed deposits with local and overseas banks of the Group earn interest at rates ranging from 0.00% to 13.72% (2022: 0.66% to 13.92%) per annum.

(b) Of the Group's cash and bank balances, $27,313,000 (2022: $22,264,000) were placed with a bank under the Group's cash pooling arrangement centrally managed by the Company. During the year, the cash pooling balances earned interest rates ranging from 0.85% to 1.0% (2022: 0.225% to 2.369%) per annum, which are also the effective interest rates. The remaining bank balances earned interest at floating rates on daily bank deposit rates of up to 5.0% (2022: up to 3.10%) and up to 3.5% (2022: up to 0.55%) per annum for the Group and the Company respectively, which are also the effective interest rates.

As at 31 December 2022, the Group's cash balance of $1,269,013,000 and the Company's cash balance of $607,524,000 were placed with a related corporation. There were no cash balance at 31 December 2023 placed with related corporations.

19 TRADE AND OTHER PAYABLES

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
(a) Current liabilities					
Trade and accrued payables[(1)]		3,979,622	1,012,607	18,803	18,164
Amounts due to related parties					
– Trade	20	5,202	5,802	27,432	9,673
		3,984,824	1,018,409	46,235	27,837
Deposits received		21,104	1,545	32	64
GST payables		4,566	62	–	–
Interest payable[(2)]		17,203	20,290	–	401
Other creditors		97,509	5,222	46	44
Deferred grant income		3,076	3,541	–	–
Accrued capital expenditure		8,284	3,465	–	–
Amounts due to related parties					
– Non-trade	20	384	–	17,330	19,066
		152,126	34,125	17,408	19,575
Total		4,136,950	1,052,534	63,643	47,412
(b) Non-current liabilities					
Other long-term payables[(3)]		1,377	448	–	–

(1) Included in the Group's accrued payables are amounts of $11,000,000 (2022: $11,000,000) relating to an assumption of liabilities on behalf of a joint venture.

(2) Included in the Group's interest payable were $2,030,000 payable to a related corporation as at 31 December 2022. There were no outstanding payable to related corporations as at 31 December 2023.

(3) Other long-term payables include deferred grant income.

20 AMOUNTS DUE TO RELATED PARTIES

	Note	Associates and joint ventures 2023 $'000	Associates and joint ventures 2022 $'000	Related companies 2023 $'000	Related companies 2022 $'000	Total 2023 $'000	Total 2022 $'000
Group							
Amounts due to:							
– Trade	19	5,058	989	144	4,813	5,202	5,802
– Non-trade	19	384	–	–	–	384	–
		5,442	989	144	4,813	5,586	5,802

	Note	Subsidiaries 2023 $'000	Subsidiaries 2022 $'000	Related companies 2023 $'000	Related companies 2022 $'000	Total 2023 $'000	Total 2022 $'000
Company							
Amounts due to:							
– Trade	19	27,432	9,665	–	8	27,432	9,673
– Non-trade	19	17,330	19,066	–	–	17,330	19,066
		44,762	28,731	–	8	44,762	28,739

The trade and non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

21 CONTRACT LIABILITIES

	Group 2023 $'000	Group 2022 $'000
Current liabilities		
Contract liabilities	433,757	585,801

The contract liabilities primarily relate to advance consideration received from customers amounting to $433,671,000 (2022: $585,579,000) for which revenue is recognised over time, and $86,000 (2022: $222,000) for which revenue is recognised at point in time.

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

	2023 $'000	2022 $'000
Revenue recognised that was included in contract liabilities balance at the beginning of the year	(555,037)	(166,961)
Increases due to cash received, excluding amounts recognised as revenue during the year	337,933	582,015
Acquisitions through business combinations	703,671	–
Revenue recognised that was included in contract liabilities balance at the date of acquisition	(687,949)	–

22 PROVISIONS

	Retirement gratuities $'000	Warranty $'000	Restoration costs $'000	Onerous contract $'000	Legal $'000	Total $'000
Group						
2023						
Balance at 1 January	636	39,389	246,216	1	–	286,242
Translation adjustments	153	(496)	155	(1,179)	–	(1,367)
Provision made during the year	2,217	27,983	84,085	208,949	399,077	722,311
Provision reversed during the year	–	(11,787)	(12,122)	–	–	(23,909)
Provision utilised during the year	(631)	(5,337)	(18,327)	(478,396)	–	(502,691)
Unwind of discount on restoration costs	–	–	16,555	–	–	16,555
Reclassification(1)	–	–	11,284	–	–	11,284
Assumed in a business combination	–	23,637	464,280	373,761	172,620	1,034,298
Balance at 31 December	2,375	73,389	792,126	103,136	571,697	1,542,723
Provisions due:						
– within 1 year	605	73,389	110,127	103,136	571,697	858,954
– after 1 year but within 5 years	70	–	114,839	–	–	114,909
– after 5 years	1,700	–	567,160	–	–	568,860
	2,375	73,389	792,126	103,136	571,697	1,542,723

22 PROVISIONS (Cont'd)

	Retirement gratuities $'000	Warranty $'000	Restoration costs $'000	Onerous contract $'000	Legal $'000	Total $'000
Group						
2022						
Balance at 1 January	835	15,750	243,945	964	–	261,494
Translation adjustments	(7)	(112)	(57)	–	–	(176)
Provision made during the year	7	33,651	19,930	–	–	53,588
Provision reversed during the year	(132)	(4,517)	(15,582)	–	–	(20,231)
Provision utilised during the year	(67)	(5,383)	(5,493)	(963)	–	(11,906)
Unwind of discount on restoration costs	–	–	3,473	–	–	3,473
Balance at 31 December	636	39,389	246,216	1	–	286,242
Provisions due:						
– within 1 year	36	39,389	49,981	1	–	89,407
– after 1 year but within 5 years	83	–	151,418	–	–	151,501
– after 5 years	517	–	44,817	–	–	45,334
	636	39,389	246,216	1	–	286,242

	Restoration costs 2023 $'000	Restoration costs 2022 $'000	Legal 2023 $'000	Legal 2022 $'000	Total 2023 $'000	Total 2022 $'000
Company						
Balance at 1 January	157,669	157,234	–	–	157,669	157,234
Provision made during the year	–	5,354	82,430	–	82,430	5,354
Provision reversed during the year	(409)	(5,094)	–	–	(409)	(5,094)
Provision utilised during the year	(16,116)	(1,866)	–	–	(16,116)	(1,866)
Unwind of discount on restoration costs	3,435	2,041	–	–	3,435	2,041
Reclassification[1]	11,284	–	–	–	11,284	–
Balance at 31 December	155,863	157,669	82,430	–	238,293	157,669
Provisions due:						
– within 1 year	76,694	48,512	82,430	–	159,124	48,512
– after 1 year but within 5 years	79,169	109,157	–	–	79,169	109,157
	155,863	157,669	82,430	–	238,293	157,669

[1] The yard at Tanjong Kling Road is undergoing restoration and planned for early return to the Singapore Government by 2025. Accordingly, the remaining lease liabilities were transferred to restoration costs.

Warranty

Provision for warranties relates to contracts with contractual warranty terms. The warranty cost was estimated from historical warranty data associated with similar projects and adjusted by weighting all possible outcomes by their associated probabilities.

Restoration costs

Restoration costs relate to cost of dismantling and removing assets and restoring the premises to their original condition as stipulated in the operating lease agreements. The Group expects to incur the liability upon termination of the land leases.

22 PROVISIONS (Cont'd)

Legal

(i) Arising from the business combination, the Group assumed certain potential claims relating to a rig contract. In view of commercial sensitivity, the Group was unable to disclose the name of the customer or the amount of the potential claims, as allowed in SFRS(I) 1-37 Paragraph 92 as it will prejudice seriously the position of the Group. The original contract value was adjusted for cost escalations. The validity of the contract value adjustments was subsequently challenged.

(ii) Legal claims

Subsequent to the year-end:

(a) Settlement with Brazilian Attorney-General's Office

The Company reached in-principle settlement agreements with the authorities in Brazil, namely the Brazilian Attorney-General's Office (the "AGU"), Comptroller General of the Union ("CGU"), and Public Prosecutor's Office in Brazil (the "MPF") (collectively, "Brazilian Authorities"), in relation to the Brazilian Authorities' Operation Car Wash investigations.

The in-principle settlement agreements reached with the Brazilian Authorities result from the Company's cooperation with their investigations.

Under the terms of the in-principle settlement agreements, the Company has agreed to a settlement payment totalling R$670,699,731.73 (equivalent to approximately S$182,430,000*). After the conclusion of the relevant agreements, the Company will agree to certain post-closing compliance obligations. The Company has also committed to continuing cooperation with the Brazilian Authorities.

The CGU and AGU will forward a communication of the in-principle settlement agreement to the Federal Court of Accounts ("TCU"), which has 90 days to consider it, to be followed by a Ministerial approval process.

The in-principle settlement agreement with the MPF is subject to ratification by the Fifth Chamber for Coordination and Review of the MPF, which has no statutory period by which it must complete its process.

Upon the formal signing of the leniency agreements, the Company does not expect there to be any further grounds for liability to the Brazilian Authorities in relation to the matters that are the subject of the leniency agreements. According to Brazilian legislation, the execution of the leniency agreements shall guarantee that the Company may participate in future public bidding processes and execute contracts in Brazil.

Accordingly, the Company has made provision of $182,430,000 for the agreed Brazilian settlement. The provision relates to a one-off historical event with material impact for the year.

* *The settlement amount is subject to both inflation and currency adjustment until the date of the Company's payment of the settlement amount. Conversion to S$ is based on FY2023 December book closing rate of 0.272.*

22 PROVISIONS (Cont'd)

Legal (Cont'd)

(ii) Legal claims (Cont'd)

(b) Settlement with Attorney-General's Chambers (as the office of the Public Prosecutor in Singapore)

Subsequent to in-principle settlement reached with the Brazilian Authorities set out in the preceding paragraph, on 28 March 2024, the Attorney-General's Chambers ("AGC") (as the office of the Public Prosecutor in Singapore) is agreeable to enter into a deferred prosecution agreement (the "DPA") with the Company within the meaning of section 149A of the Criminal Procedure Code 2010 (2020 Rev Ed).

As part of the terms of the DPA, the AGC is agreeable for the DPA to impose on the Company a requirement to pay a financial penalty of US$110,000,000. The AGC is agreeable for up to a maximum of US$53,000,000 of the payments to be made by the Company to the Brazilian authorities to be credited against the financial penalty. Accordingly, the amount payable by the Company to the Singapore authorities under the DPA will be US$57,000,000 (equivalent to approximately S$76,500,000**).

The other terms of the DPA are to be agreed between the AGC and the Company in due course and will be contained in a definitive DPA to be entered into between the Company and the AGC. Once the definitive DPA is executed, the AGC will be required to apply to the General Division of the High Court in Singapore for a declaration that the DPA is in the interests of justice and the terms of the DPA are fair, reasonable and proportionate.

The DPA remains subject to the AGC's agreement and approval of the General Division of the High Court in Singapore.

Accordingly, the Company has made provision of $76,500,000 for the financial penalty to the Singapore authorities.

** *Conversion to S$ is based on FY2023 December book closing rate of 1.3421.*

(iii) Corporate claims

Pursuant to the combination of the businesses of Sembcorp Marine Ltd ("SCM") and Keppel Offshore & Marine Ltd in February 2023, the parties had agreed that for a period of up to 24 months from the completion of the combination, SCM would indemnify Keppel Corporation Ltd ("KCL") for claims against SCM in respect of certain other identified contingent liabilities. These relate to SCM's discussions with the Brazilian Authorities on the Operation Car Wash investigations. Such claims by KCL against SCM can only be made if they exceed certain agreed minimum amounts and are subject to a maximum of S$100,000,000.

Accordingly, the Company has made provision of $82,430,000 for the KCL indemnity during the year.

23 OTHER FINANCIAL LIABILITIES

	Group 2023 $'000	Group 2022 $'000
(a) Current liabilities		
Cash flow hedges:		
– Forward foreign currency contracts	6,574	441
– Interest rate swaps	72	–
Financial liabilities at fair value through profit or loss:		
– Forward foreign currency contracts	9,513	1,181
	16,159	1,622
(b) Non-current liabilities		
Cash flow hedges:		
– Forward foreign currency contracts	73	4,414
– Interest rate swaps	–	89
Financial liabilities at fair value through profit or loss:		
– Forward foreign currency contracts	–	21
	73	4,524

24 INTEREST-BEARING BORROWINGS

	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Current liabilities				
Unsecured term loans				
– Floating rate	570,501	980,226	–	–
– Fixed rate	165,686	688,938	–	50,000
Secured term loans				
– Fixed rate	7,194	–	–	–
	743,381	1,669,164	–	50,000
Non-current liabilities				
Unsecured term loans				
– Floating rate	1,886,156	1,096,766	–	–
– Fixed rate	327,552	322,766	–	–
Secured term loans				
– Fixed rate	60,083	–	–	–
	2,273,791	1,419,532	–	–
	3,017,172	3,088,696	–	50,000

As at 31 December 2022, $633,250,000 were borrowed from a related corporation. There were no loan exposures from related corporations as at 31 December 2023.

24 INTEREST-BEARING BORROWINGS (Cont'd)

Effective interest rates and maturity of liabilities

	Group	
	2023	**2022**
	%	**%**
Floating rate loans	5.00 – 7.32	3.83 – 6.85
Fixed rate loans	2.13 – 14.00	1.82 – 5.88
Floating rate bonds	6.85 – 7.63	–
Fixed rate notes	3.85	3.85

	Group	
	2023	**2022**
	$'000	**$'000**
Within 1 year	743,381	1,669,164
After 1 year but within 5 years	1,916,734	1,096,766
After 5 years	357,057	322,766
Total borrowings	3,017,172	3,088,696

(i) $500,000,000 floating rate bonds

On 27 February 2023, Seatrium O&M satisfied a pre-business combination condition to issue floating rate bonds in a single tranche in an aggregate principal of $500,000,000 to fund the partial redemption of perpetual securities issued by subsidiaries, Seatrium New Energy Limited (fka. Keppel FELS Limited) and Seatrium O&G (Americas) Limited (fka. Keppel Shipyard Limited) that were held by KCL.

Accordingly, on combination date of Seatrium O&M, the Group assumed interest-bearing borrowings of $500,000,000 from these floating rate bonds. On 18 August 2023, the Company entered into a deed of guarantee in favour of the holders of the bonds to guarantee the payment obligations of Seatrium O&M under the bonds from (and including) the date of execution of the Deed of Guarantee.

The details of the bonds are as follows:

Issuer	:	Seatrium Offshore & Marine Limited
Guarantor	:	Seatrium Limited
Bondholder	:	DBS Bank Ltd
Principal	:	$500,000,000
Maturity date	:	27 February 2026
Interest payment dates	:	27 February and 27 August in each year
Interest rate	:	Compounded SORA + 4% per annum (Pre-guarantee) Compounded SORA + 3.1% per annum (Post-guarantee)
Undertakings	:	Customary undertakings such as use of proceeds and lawful compliance with obligations under agreement

(ii) $2,000,000,000 medium term notes under Multicurrency Multi-issuer Debt Issuance Programme

On 18 August 2014, the Company updated its $2,000,000,000 Multicurrency Multi-issuer Debt Issuance Programme (the "Programme") to include perpetual securities as one of the debt instruments under the Programme.

Under the updated Programme, the Company, together with its subsidiaries - Jurong Shipyard Pte Ltd, Seatrium Repairs and Upgrades Pte. Ltd. (formerly known as Sembcorp Marine Repairs and Upgrades Pte. Ltd.) and Seatrium Fixed Platforms Pte. Ltd. (formerly known as Sembcorp Marine Offshore Platforms Pte. Ltd.) ("Issuing Subsidiaries"), may from time to time issue notes (the "Notes") and/or perpetual securities (the "Perpetual Securities", and together with the Notes, the "Securities") denominated in Singapore dollars and/or any other currency as the relevant Issuer and the relevant dealer may agree. The obligations in respect of Securities issued by the Issuing Subsidiaries will be unconditionally and irrevocably guaranteed by the Company.

24 INTEREST-BEARING BORROWINGS (Cont'd)

(ii) $2,000,000,000 medium term notes under Multicurrency Multi-issuer Debt Issuance Programme (Cont'd)

In 2014, Jurong Shipyard Pte Ltd issued the following medium-term notes under the Programme:

	Nominal interest rate	Year of issue	Year of maturity	Principal amount $'000
S$ medium term notes	3.85%	2014	2029	325,000

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

	Interest–bearing borrowings $'000	Lease liabilities $'000	Total $'000
Group			
Balance at 1 January 2023	3,088,696	268,689	3,357,385
Cash flows			
Cash payments*	(1,476,445)	(71,406)	(1,547,851)
Cash proceeds	459,806	–	459,806
Non-cash items			
Additions	–	49,942	49,942
Capitalised borrowing costs	14,779	27,170	41,949
Foreign exchange movement	(8,063)	6,345	(1,718)
Assumed in a business combination	938,399	291,266	1,229,665
Lease modification[1]	–	(26,962)	(26,962)
Reclassification[2]	–	(11,284)	(11,284)
Balance at 31 December 2023	3,017,172	533,760	3,550,932
Balance at 1 January 2022	3,075,809	278,744	3,354,553
Cash flows			
Cash payments*	(325,155)	(23,938)	(349,093)
Cash proceeds	325,276	–	325,276
Non-cash items			
Additions	–	1,501	1,501
Capitalised borrowing costs	16,283	12,525	28,808
Foreign exchange movement	(3,517)	(143)	(3,660)
Balance at 31 December 2022	3,088,696	268,689	3,357,385

* Cash payments include $19,367,000 (2022: $3,924,000) of interest paid for lease liabilities.

(1) During the year, the Group returned part of the land at Tanjong Kling Road to the Singapore Government ahead of expiry of lease term.

(2) The yard at Tanjong Kling Road is undergoing restoration and planned for early return to the Singapore Government by 2025. Accordingly, the remaining lease liabilities were transferred to provision for restoration costs.

25 SHARE CAPITAL

	Group and Company No. of ordinary shares 2023	2022
Issued and fully paid, with no par value:		
Balance at 1 January	31,389,105,375	31,389,105,375
Issued in business combination	36,848,072,918	–
Balance at 31 December	68,237,178,293	31,389,105,375

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

On 28 February 2023, 36,848,072,918 ordinary shares were issued to Keppel Corporation Limited and its shareholders as consideration for the acquisition of Seatrium O&M (see Note 44) (2022: Nil).

26 OTHER RESERVES

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Distributable					
Reserve for own shares	(a)	(2,693)	(1)	(2,693)	(1)
Non-distributable					
Currency translation reserve	(b)	(37,217)	(23,517)	–	–
Share-based payments reserve	(c)	(25,995)	(25,995)	(23,907)	(23,907)
Hedging reserve	(d)	11,279	29,524	–	–
Fair value reserve	(e)	(2,246)	–	–	–
Capital reserves	(f)	(2,041)	(1,683)	960	960
		(58,913)	(21,672)	(25,640)	(22,948)

(a) Reserve for own shares comprises the cost of the Company's shares held by the Company. As at 31 December 2023, the Company holds 20,102,623 (2022: 6,223) of its own shares as treasury shares.

(b) The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(c) Share-based payments reserve comprises the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance based restricted shares. The expense for service received is recognised over the performance period and/or vesting period.

(d) Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

(e) Fair value reserve comprise mainly reserves that consists of the cumulative fair value gains or losses on available for sale assets.

(f) Capital reserves comprise mainly reserves arising from acquisition and disposals of non-controlling interests that do not result in a change of control.

27 REVENUE

Revenue represents sales from various activities described in Note 1 and Note 43, including revenue recognised on contracts from rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding.

	Group 2023 $'000	Group 2022 $'000
Contract revenue	7,257,677	1,924,987
Charter hire income	31,625	18,385
Sale of goods	2,186	3,823
	7,291,488	1,947,195

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major product and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 45).

	Reportable segments			
	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding $'000	Ship chartering $'000	Others $'000	Total $'000
Primary geographical markets				
2023				
Singapore	478,968	22,550	2,186	503,704
Rest of Asia, Australia & India	599,247	–	–	599,247
Middle East & Africa	111,991	–	–	111,991
United Kingdom	189,611	–	–	189,611
Norway	325,542	–	–	325,542
The Netherlands	234,170	–	–	234,170
Rest of Europe	631,957	–	–	631,957
Brazil	3,794,703	9,075	–	3,803,778
U.S.A.	880,322	–	–	880,322
Other countries	11,166	–	–	11,166
Total	7,257,677	31,625	2,186	7,291,488
2022				
Singapore	269,135	10,182	3,823	283,140
Rest of Asia, Australia & India	115,481	–	–	115,481
Middle East & Africa	102,366	–	–	102,366
United Kingdom	257,482	–	–	257,482
Norway	274,907	–	–	274,907
The Netherlands	31,488	–	–	31,488
Rest of Europe	257,854	–	–	257,854
Brazil	215,949	8,203	–	224,152
U.S.A.	393,615	–	–	393,615
Other countries	6,710	–	–	6,710
Total	1,924,987	18,385	3,823	1,947,195

27 REVENUE (Cont'd)

(a) Disaggregation of revenue from contracts with customers (Cont'd)

	Reportable segments			
	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding $'000	Ship chartering $'000	Others $'000	Total $'000
Major product and service lines				
2023				
Ship and rig building or conversion	4,978,258	–	–	4,978,258
Repair, maintenance and related services	1,071,935	–	–	1,071,935
Offshore platforms	1,063,946	–	–	1,063,946
Specialised shipbuilding	49,713	–	–	49,713
Charter hire	–	31,625	–	31,625
Sale of goods	–	–	2,186	2,186
Others	93,825	–	–	93,825
Total	7,257,677	31,625	2,186	7,291,488
Timing of revenue recognition				
Control transferred over time	7,182,275	31,625	–	7,213,900
Control transferred at a point in time	75,402	–	2,186	77,588
Total	7,257,677	31,625	2,186	7,291,488
Major product and service lines				
2022				
Ship and rig building or conversion	1,073,430	–	–	1,073,430
Repair, maintenance and related services	506,063	–	–	506,063
Offshore platforms	282,960	–	–	282,960
Specialised shipbuilding	24,067	–	–	24,067
Charter hire	–	18,385	–	18,385
Sale of goods	–	–	3,823	3,823
Others	38,467	–	–	38,467
Total	1,924,987	18,385	3,823	1,947,195
Timing of revenue recognition				
Control transferred over time	1,919,729	18,385	–	1,938,114
Control transferred at a point in time	5,258	–	3,823	9,081
Total	1,924,987	18,385	3,823	1,947,195

27 REVENUE (Cont'd)

(b) Transaction price allocated to remaining performance obligation

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at reporting date:

	Estimated based on expected project progress			
Reportable segments	Within the next 12 months $'000	Between 1 to 5 years $'000	More than 5 years $'000	Total $'000
2023				
Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding	7,886,304	8,122,880	180,736	16,189,920
2022				
Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding	3,696,081	2,618,370	–	6,314,451

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less, as allowed by SFRS(I) 15.

28 OPERATING LOSS

Detailed below are the key amounts recognised in arriving at operating loss:

	Note	Group 2023 $'000	Group 2022 $'000
Amortisation of intangible assets	13	140,483	29,337
Audit fees paid/payable[1]			
– auditors of the Company		3,700	1,796
– other member firms of KPMG International		834	180
Non-audit fees paid/payable			
(i) Audit-related services ("ARS")			
– auditors of the Company		42	735
– other member firms of KPMG International		4	4
(ii) Non-ARS			
– auditors of the Company		175	38
– other member firms of KPMG International		21	28
Impairment losses on trade receivables and contract assets, net		4,816	8,815
Depreciation of property, plant and equipment, and right-of-use assets	4, 5	315,811	170,473
Changes in fair value of financial instruments		25,577	(34,196)
Foreign currency exchange (gain)/loss, net		(102,531)	64,595
Gain on disposal of property, plant and equipment, net		(4,875)	(2,466)
Loss on modified cash flows of receivables		–	2,884
Write-down of property, plant and equipment	4	866,647	–
Write-down of right-of-use assets	5	277,681	–
Write-down of intangible assets		87,607	–
Provision for restoration costs, net		9,421	6,318
Write-down/(reversal of write-down) of inventories, net	15	120,783	(2,853)
Property, plant and equipment written off		3,748	1
Government grants		(11,348)	(20,988)
Staff costs	(a)	1,109,459	537,770

[1] Increase in audit fees due to acquisition of Seatrium O&M and audit of Seatrium O&M group entities during 2023 (2022: $Nil).

28 OPERATING LOSS (Cont'd)

	Group 2023 $'000	Group 2022 $'000
(a) Staff costs		
Salaries and bonus	967,228	436,061
Defined contribution plan	50,040	33,522
Directors' fee	4,737	2,207
Other employee benefits	87,454	65,980
	1,109,459	537,770

29 FINANCE INCOME AND FINANCE COSTS

	Group 2023 $'000	Group 2022 $'000
Finance income		
Interest income from:		
– Trade receivables and contracts with customers	131,424	96,447
– Fixed deposits and bank balances	44,531	5,465
– Associates and joint ventures	2,206	346
Dividend income from debt and equity investments	18,074	–
	196,235	102,258
Finance costs		
Interest expense on lease liabilities	27,170	12,525
Interest paid and payable to bank and note holders	229,680	104,419
Amortisation of loans transaction costs	14,779	16,283
Unwinding of discount on site restoration costs	16,555	3,473
	288,184	136,700

30 NON-OPERATING ITEMS

		Group 2023 $'000	Group 2022 $'000
Provision for legal claims	(a)	258,930	–
Provision for corporate claims	(b)	82,430	–
Gain on liquidation of a subsidiary		–	(8)
Write-down of investment in associates	(c)	16,961	–
		358,321	(8)

(a) During the year, the Group made provision of $182,430,000 for settlement claim reached with the Brazilian Authorities in connection with a long outstanding allegation of illegal payments made by an overseas subsidiary in Brazil. In connection with this matter, the Group also made provision of $76,500,000 for settlement under the deferred prosecution agreement to be entered with the Attorney-General's Chambers (as the office of the Public Prosecutor in Singapore). Such provisions relate to a one-off settlement of historical event as described in Note 48.

(b) The Group has made provision of $82,430,000 for the KCL indemnity during the year in connection with the matter described in Note 48.

(c) After equity-accounting, the Group wrote down the investments in certain associates to $Nil, caused by loss events triggered by sustained financial losses suffered by these associates and liquidation procedure that commenced thereafter.

31 SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Note	Group 2023 $'000	Group 2022 $'000
Share of profit before tax for the year		10,289	1,621
Share of tax for the year		(3,235)	(487)
	32	7,054	1,134

32 TAX EXPENSE

	Note	Group 2023 $'000	Group 2022 $'000
Current tax expense			
Current year		45,177	3,655
Under provided in prior years		2,578	3,110
		47,755	6,765
Deferred tax (credit)/expense			
Movements in temporary differences		(28,099)	21,828
Over provided in prior years		(5,788)	(2,777)
		(33,887)	19,051
Tax expense		13,868	25,816

Reconciliation of effective tax rate

	Note	Group 2023 $'000	Group 2022 $'000
Loss for the year		(2,029,733)	(265,560)
Tax expense		13,868	25,816
Share of results of associates and joint ventures	31	(7,054)	(1,134)
Loss before share of results of associates and joint ventures, and tax expense		(2,022,919)	(240,878)
Tax calculated using Singapore tax rate of 17% (2022: 17%)		(343,896)	(40,949)
Exempt income, capital gains and tax incentives/concessions		(34,931)	(8,313)
Effect of different tax rates in foreign jurisdictions		(149,420)	(7,270)
Tax adjustment on changes in undistributed profits from foreign entities		(90,527)	(44,008)
Effect on utilisation of deferred tax assets not previously recognised		(803)	(166)
Non-deductible expenses		512,214	52,146
(Over)/under provided in prior years		(3,210)	333
Deferred tax assets on unutilised tax losses, capital allowances and deductible temporary differences not recognised		124,191	74,043
Others		250	–
Tax expense		13,868	25,816

As at 31 December 2023, certain subsidiaries have unutilised tax losses, capital and investment allowances of $3,310,292,000 (2022: $1,548,494,000) that have not been recognised and are available for set-off against future taxable income subject to the tax provisions and agreement by the relevant tax authorities of the various jurisdictions.

33 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income are set out below:

	2023			2022		
	Before tax $'000	Tax expense $'000	Net of tax $'000	Before tax $'000	Tax expense $'000	Net of tax $'000
Group						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(13,628)	–	(13,628)	(6,614)	–	(6,614)
Net change in fair value of cash flow hedges	(14,600)	11,262	(3,338)	10,070	470	10,540
Net change in fair value of cash flow hedges transferred to profit or loss	(13,020)	(1,887)	(14,907)	30,428	(5,173)	25,255
Realisation of reserve upon disposal of subsidiaries	–	–	–	(2)	–	(2)
	(41,248)	9,375	(31,873)	33,882	(4,703)	29,179
Items that may not be reclassified subsequently to profit or loss:						
Net change in fair value of equity investments at fair value through other comprehensive income (FVOCI)	(2,246)	–	(2,246)	–	–	–
Other comprehensive income	(43,494)	9,375	(34,119)	33,882	(4,703)	29,179

34 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests:

Name of company	Place of incorporation and business	Operating segment	Ownership interests held by non-controlling interests 2023 %	2022 %
Gravifloat AS	Norway	Engineering and related services	44	44
Regency Steel Japan Limited	Japan	Sourcing, fabricating and supply of specialised steel components	49	–
Seatrium Subic Shipyard, Inc.	Philippines	Shipbuilding and repairing	22	–
Fstp Brasil Ltda.	Brazil	Procurement of equipment and materials for the construction of offshore production facilities	25	–
Bintan Offshore Fabricators Pte. Ltd.	Singapore	Offshore engineering and construction business	40	–

The following summarised financial information of each of the Group's subsidiaries with material non-controlling interest, based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

34 NON-CONTROLLING INTERESTS (Cont'd)

	Gravifloat AS $'000	Regency Steel Japan Limited $'000	Seatrium Subic Shipyard, Inc. $'000	Fstp Brasil Ltda. $'000	Bintan Offshore Fabricators Pte. Ltd. $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2023								
Revenue	–	20,261	25,794	–	–			
(Loss)/profit for the year	(33,170)	925	1,568	4,215	(216)			
Other comprehensive income	(1)	(3,752)	(1,122)	5,312	–			
Total comprehensive income	(33,171)	(2,827)	446	9,527	(216)			
Attributable to non-controlling interests:								
(Loss)/profit for the year	(14,595)	454	327	1,053	(86)	(169)	–	(13,016)
Other comprehensive income	–	(1,839)	(89)	1,328	–	672	–	72
Total comprehensive income	(14,595)	(1,385)	238	2,381	(86)	503	–	(12,944)
Non-current assets	7	5,425	98,442	–	–			
Current assets	9	43,618	21,305	90,714	685			
Non-current liabilities	–	(2,369)	(635)	–	–			
Current liabilities	(47)	(5,061)	(32,330)	(5,682)	(118,396)			
Net (liabilities)/assets	(31)	41,613	86,782	85,032	(117,711)			
Net (liabilities)/assets attributable to non-controlling interests	(14)	20,390	18,910	21,257	(47,084)	7,477	–	20,936
Cash flows from operating activities	–*	(665)	4,867	(421)	8			
Cash flows from investing activities	–*	(54)	(1,449)	11,117	–			
Cash flows from financing activities	–*	–	–	–	–			
Net decrease in cash and cash equivalents	–*	(719)	3,418	10,696	8			

* *Amount is immaterial to meaningfully disclose it.*

34 NON-CONTROLLING INTERESTS (Cont'd)

	Gravifloat AS $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
31 December 2022				
Revenue	–			
Loss for the year	(10,507)			
Other comprehensive income	1			
Total comprehensive income	(10,506)			
Attributable to non-controlling interests:				
(Loss)/profit for the year	(4,623)	204	–	(4,419)
Other comprehensive income	–*	(40)	–	(40)
Total comprehensive income	(4,623)	164	–	(4,459)
Non-current assets	42,542			
Current assets	20			
Non-current liabilities	(9,373)			
Current liabilities	(50)			
Net assets	33,139			
Net assets attributable to non-controlling interests	14,581	4,455	–	19,036
Cash flows from operating activities	–*			
Cash flows from investing activities	–*			
Cash flows from financing activities	–*			
Net decrease in cash and cash equivalents	–*			

* *Amount is immaterial to meaningfully disclose it.*

35 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company of $2,016,717,000 (2022: $261,141,000) by the weighted average number of ordinary shares outstanding of 62,274,175,000 (2022: 31,389,099,000) as follows:

	Note	Group 2023 $'000	Group 2022 $'000
Loss attributable to owners of the Company		(2,016,717)	(261,141)
		No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares			
Issued ordinary shares at 1 January	25	31,389,105	31,389,105
Effect of performance shares and restricted shares released		557	2,005
Effect of own shares held		(7,296)	(2,011)
Effect of shares issued related to a business combination[1]		30,891,809	–
Weighted average number of ordinary shares during the year		62,274,175	31,389,099

[1] Weighted for the period from combination date of Seatrium O&M to the reporting date.

35 EARNINGS PER SHARE (Cont'd)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the loss attributable to owners of the Company of $2,016,717,000 (2022: $261,141,000) by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 62,274,175,000 (2022: 31,389,099,000) as follows:

	Group	
	2023 $'000	2022 $'000
Loss attributable to owners of the Company	(2,016,717)	(261,141)
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	62,274,175	31,389,099
Effect of dilutive shares	–^	–^
Weighted average number of ordinary shares during the year	62,274,175	31,389,099

^ As at 31 December 2023 and 31 December 2022, the potential ordinary shares from the Company's share-based incentive plans were excluded from the diluted weighted average number of ordinary shares calculation as the conversion to ordinary shares would decrease loss per share. As such, the effect was considered anti-dilutive.

For the purpose of calculating diluted earnings per ordinary share, the weighted average number of ordinary shares outstanding is adjusted for the effects of dilutive potential ordinary shares.

36 DIVIDENDS

No dividends had been declared or proposed in respect of the years ended 31 December 2023 and 31 December 2022.

37 SHARE-BASED INCENTIVE PLANS

In current and prior year, no amount was charged to profit or loss in relation to the Performance Share Plan and Restricted Share Plan.

38 RELATED PARTIES

(a) Related party transactions

In addition to those disclosed elsewhere in the financial statements, the Group had the following outstanding balances and significant transactions with related parties during the year:

	Outstanding balances Group		Significant transactions Group	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Related corporations				
Sales	426	415	4,781	3,534
Purchases	(144)	(4,813)	(35,356)	(65,430)
Finance income	–	586	4,583	1,825
Finance costs	–	(2,030)	(4,740)	(19,957)
Others	–	–	11	(149)
Associates and joint ventures				
Sales	–	22	1,159	10
Purchases	(641)	(872)	(26,218)	(5,604)
Rental income	–	–	211	–
Finance income	29	323	2,206	346
Others	(4,417)	(117)	248	44

(b) Compensation of key management personnel

As at 31 December 2023, the Group considers the directors of the Company (including the Chief Executive Officer), the Acting Group Finance Director, the Chief Operating Officer, the Chief Risk Officer, the Executive Vice President, Seatrium Energy, Floating Solutions and the Executive Vice President, Seatrium Energy, Fixed Solutions of the Company to be key management personnel in accordance with SFRS(I) 1-24 *Related Party Disclosures*.

As at 31 December 2022, the Group considers the directors of the Company (including the President & Chief Executive Officer of the Company), the Executive Vice President & Head of Operations, the Group Finance Director, the Senior Vice President & Head of Rigs & Floaters, the Chief Risk Officer and the Chief Human Resource Officer of the Company to be key management personnel in accordance with SFRS(I) 1-24 *Related Party Disclosures*.

These persons have the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation is as follows:

	Group	
	2023 $'000	2022 $'000
Directors' fees and remuneration	4,001	3,399
Other key management personnel remuneration		
– Short-term employee benefits	4,171	2,913

Remuneration includes salary (which includes allowances, fees and other emoluments) and bonuses (which includes AWS, discretionary bonus and performance targets bonus).

In addition to the above, the Company provides medical benefits to all employees including key management personnel.

The Group adopts an incentive compensation plan, which is tied to the attainment of company and individual performance goals for its key executives.

39 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities expose it to market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk.

As part of the Group's Enterprise Risk Management framework, the Group's treasury policies and financial authority limits are documented and reviewed periodically. The policies set out the parameters for management of Group liquidity, counterparty risk, foreign exchange and derivative transactions and financing.

The Group utilises foreign exchange contracts, interest rate swaps and various financial instruments to manage exposures to interest rate and foreign exchange risks arising from operating, financing and investment activities. Exposures to foreign currency risks are also hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount where possible. All such transactions must involve underlying assets or liabilities and no speculative transactions are allowed.

The financial authority limits seek to limit and mitigate transactional risks by setting out the threshold of approvals required for the entry into contractual obligations and investments.

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its debt obligations.

The Group's policy is to maintain an efficient and optimal interest cost structure using a mix of fixed and variable rate debts and long-term and short-term borrowings.

The Group's risk management policy is to ensure that at least 50% of its debt portfolio is at fixed interest rates. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps to hedge the variability in cash flows attributable to the floating interest rates.

The Group designates the interest rate swaps in their entirety to hedge its interest rate risk and applies a hedge ratio of 1:1. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

In these hedge relationships, the main source of ineffectiveness is the effect of the counterparties' and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in fair value of the hedged cash flows attributable to the change in interest rates.

Hedging relationships that are impacted by IBOR reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding IBOR transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

At 31 December 2023, the Group had interest rate swaps with an aggregate notional amount of $501,315,000 (2022: $708,300,000). The Group receives a variable interest rate and pays a fixed rate interest ranging from 2.13% to 6.04% (2022: 1.82% to 5.08%) per annum on the notional amount. Of the Group's interest-bearing borrowings, approximately 52% (2022: approximately 60%) were not subjected to interest rate repricing risk.

As at 31 December 2022, $300,000,000 of notional interest rate swap contracts were entered with a related corporation. There were no outstanding interest rate swap contracts with related corporations as at 31 December 2023.

39 FINANCIAL INSTRUMENTS (Cont'd)

(a) Market risk (Cont'd)

(i) Interest rate risk (Cont'd)

Sensitivity analysis

It is estimated that 50 basis points ("bp") change in interest rate at the reporting date would increase/(decrease) equity and profit before tax by the following amounts. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax		Equity	
	50 bp Increase $'000	50 bp Decrease $'000	50 bp Increase $'000	50 bp Decrease $'000
Group				
31 December 2023				
Variable rate financial instruments	(6,733)	6,733	1,062	(1,079)
31 December 2022				
Variable rate financial instruments	(1,380)	1,380	1,869	(1,882)
Company				
31 December 2023				
Variable rate financial instruments	286	(286)	–	–
31 December 2022				
Variable rate financial instruments	178	(178)	–	–

(ii) Foreign currency risk

The Group operates globally and is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company and its subsidiaries. The currencies in which these transactions are primarily denominated in are Singapore dollars ("SGD"), United States dollars ("USD"), Euros ("EUR"), Pounds sterling ("GBP") and Brazilian Real ("BRL"). Such risks are hedged either by forward foreign currency contracts in respect of actual or forecasted currency exposures which are reasonably certain or hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount.

As at 31 December 2022, $637,895,000 of notional forward foreign currency contracts were entered with a related corporation. There were no outstanding forward foreign currency contracts with related corporations as at 31 December 2023.

The Group's risk management policy is to hedge 50% to 100% of its estimated net foreign currency exposure in respect of its forecasted project cash inflows and outflows over the lifespans of the projects.

The Group designates the forward foreign currency contracts in their entirety to hedge its foreign currency risk and applies a hedge ratio of 1:1. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

In these hedge relationships, the main sources of ineffectiveness may be due to:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign currency contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

39 FINANCIAL INSTRUMENTS (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign currency risk (Cont'd)

The summary of quantitative data about the Group's exposure to foreign currency risk as provided to the management of the Group based on its risk management policy is as follows:

	SGD $'000	USD $'000	EUR $'000	GBP $'000	BRL $'000	Others $'000	Total $'000
Group							
31 December 2023							
Financial assets							
Cash and cash equivalents	2,861	302,113	395,696	1,297	18,062	3,510	723,539
Trade and other receivables	7,466	1,949,993	12,528	4,385	22,507	17,878	2,014,757
Other financial assets	–	55,350	–	–	–	513	55,863
	10,327	2,307,456	408,224	5,682	40,569	21,901	2,794,159
Financial liabilities							
Trade and other payables	(86,424)	(321,523)	(109,397)	(2,587)	(147,528)	(46,362)	(713,821)
Interest-bearing borrowings	(63)	(460,771)	–	–	–	–	(460,834)
Lease liabilities	(6,250)	(20,238)	–	–	–	–	(26,488)
	(92,737)	(802,532)	(109,397)	(2,587)	(147,528)	(46,362)	(1,201,143)
Net financial (liabilities)/ assets	(82,410)	1,504,924	298,827	3,095	(106,959)	(24,461)	1,593,016
Add: Contract assets	–	2,358,416	118,035	11,290	–	358	2,488,099
Add: Firm commitments and highly probable forecast transactions in foreign currencies	(256)	1,021,823	483,930	(46,519)	(343,306)	(133,371)	982,301
Less: Foreign currency forward contracts	–	(3,970,216)	(43,901)	–	365,105	(14,921)	(3,663,933)
Net currency exposure	(82,666)	914,947	856,891	(32,134)	(85,160)	(172,395)	1,399,483
31 December 2022							
Financial assets							
Cash and cash equivalents	3,509	411,195	48,466	179	555	9,856	473,760
Trade and other receivables	133,476	2,080,504	13,278	2,794	53,661	20,471	2,304,184
	136,985	2,491,699	61,744	2,973	54,216	30,327	2,777,944
Financial liabilities							
Trade and other payables	(94,088)	(245,843)	(20,195)	(1,529)	(55,785)	(21,108)	(438,548)
Interest-bearing borrowings	(150,000)	(435,499)	–	–	–	–	(585,499)
Lease liabilities	(9,530)	(31,057)	–	–	–	–	(40,587)
	(253,618)	(712,399)	(20,195)	(1,529)	(55,785)	(21,108)	(1,064,634)
Net financial (liabilities)/ assets	(116,633)	1,779,300	41,549	1,444	(1,569)	9,219	1,713,310
Add: Contract assets	–	192,786	1,363	1,994	–	–	196,143
Add: Firm commitments and highly probable forecast transactions in foreign currencies	(520)	1,171,994	(439,088)	(51,410)	–	(134,997)	545,979
Less: Foreign currency forward contracts	–	(2,565,111)	214,389	–	–	(15,875)	(2,366,597)
Net currency exposure	(117,153)	578,969	(181,787)	(47,972)	(1,569)	(141,653)	88,835

39 FINANCIAL INSTRUMENTS (Cont'd)

(a) Market risk (Cont'd)

(ii) Foreign currency risk (Cont'd)

The Company's gross exposure to foreign currencies is as follows:

	USD $'000	EUR $'000	Others $'000	Total $'000
Company				
31 December 2023				
Financial assets				
Cash and cash equivalents	6,659	–	–	6,659
Trade and other receivables	40	–	8,504	8,544
	6,699	–	8,504	15,203
Financial liabilities				
Trade and other payables	(13)	(3)	(12)	(28)
Net financial assets/(liabilities)	6,686	(3)	8,492	15,175
31 December 2022				
Financial assets				
Cash and cash equivalents	4	–	–	4
Trade and other receivables	54	–	8,855	8,909
	58	–	8,855	8,913
Financial liabilities				
Trade and other payables	(97)	–	(12)	(109)
Net financial (liabilities)/assets	(39)	–	8,843	8,804

Sensitivity analysis

A 10% strengthening of the following currencies against the functional currencies of the Company and its subsidiaries at the balance sheet date would have increased/(decreased) equity and profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of firm commitments (not subject to fair value hedges) and highly probable forecast transactions in foreign currencies. The analysis is performed on the same basis for 2022.

	Group		Company	
	Equity $'000	Profit before tax $'000	Equity $'000	Profit before tax $'000
2023				
SGD	–	(8,241)	–	–
USD	(220,232)	267,396	–	669
EUR	(3,812)	41,686	–	–
GBP	–	1,439	–	–
BRL	30,304	(10,696)	–	–
Others	(1,163)	(2,410)	–	849
2022				
SGD	–	(11,663)	–	–
USD	(129,952)	100,562	–	(4)
EUR	17,878	4,291	–	–
GBP	–	344	–	–
BRL	–	(157)	–	–
Others	(1,272)	922	–	884

A 10% weakening of the above currencies against the functional currencies of the Company and its subsidiaries at the balance sheet date would have equal but opposite effects on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

39 FINANCIAL INSTRUMENTS (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow hedges

At the reporting date, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

			Maturity		
	Forward contract rate $	Interest rate %	Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
2023					
Foreign currency risk					
Forward foreign currency contracts (Buy/Sell)					
– SGD/USD	0.72 – 0.78	–	1,760,587	606,745	–
– EUR/SGD	1.44 – 1.47	–	143,828	–	–
– SGD/EUR	0.69 – 0.69	–	103,821	362,185	–
– EUR/USD	1.07 – 1.12	–	288,184	6,937	–
– USD/EUR	0.93 – 0.93	–	16,844	–	–
– SGD/AUD	1.05 – 1.08	–	4,711	10,210	–
– BRL/USD	0.18 – 0.19	–	269,905	95,200	–
Interest rate risk					
Interest rate swaps					
– Float-to-fixed	–	2.13 – 6.04	300,000	201,315	–
2022					
Foreign currency risk					
Forward foreign currency contracts (Buy/Sell)					
– SGD/USD	0.71 – 0.76	–	152,134	1,340,176	–
– EUR/SGD	1.43 – 1.47	–	96,473	31,497	–
– EUR/USD	1.07 – 1.08	–	86,419	–	–
– SGD/AUD	1.05 – 1.08	–	953	14,921	–
Interest rate risk					
Interest rate swaps					
– Float-to-fixed	–	1.82 – 5.08	458,300	250,000	–

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Cash flow hedge reserve for continuing hedges $'000
2023	
Foreign currency risk	
Sales receipts	45,798
Payments	6,819
Highly probable purchases	166
Interest rate risk	
Variable rate borrowings	1,669
2022	
Foreign currency risk	
Sales receipts	9,772
Interest rate risk	
Variable rate borrowings	19,752

39 FINANCIAL INSTRUMENTS (Cont'd)

(a) Market risk (Cont'd)

(iii) ***Cash flow hedges*** *(Cont'd)*

The amounts related to items designated as hedging instruments and hedge ineffectiveness were as follows:

	2023				During the year 2023				
	Nominal amount $'000	Assets $'000	Liabilities $'000	Line item in the balance sheet where the hedging instrument is included	Change in value of hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss $'000	Line item affected in profit or loss because of the reclassification
Foreign currency risk									
Forward foreign currency contracts	3,669,157	61,987	(6,647)	Other financial assets, Other financial liabilities	14,528	9,703	Other operating income, Other operating expenses	(24,393)	Other operating income, Other operating expenses
Interest rate risk									
Interest rate swaps	501,315	1,713	(72)	Other financial assets, Other financial liabilities	(17,866)	–	Other operating income, Other operating expenses	(217)	Other operating income, Other operating expenses

	2022				During the year 2022				
	Nominal amount $'000	Assets $'000	Liabilities $'000	Line item in the balance sheet where the hedging instrument is included	Change in value of hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss $'000	Line item affected in profit or loss because of the reclassification
Foreign currency risk									
Forward foreign currency contracts	1,722,573	19,455	4,855	Other financial assets, Other financial liabilities	(6,696)	30,652	Other operating income, Other operating expenses	(5,397)	Other operating income, Other operating expenses
Interest rate risk									
Interest rate swaps	708,300	20,863	89	Other financial assets, Other financial liabilities	17,236	–	Other operating income, Other operating expenses	–	Other operating income, Other operating expenses

39 FINANCIAL INSTRUMENTS (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow hedges (Cont'd)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

	$'000
Cash flow hedge reserve	
Balance at 1 January 2023	29,524
Changes in fair value:	
Foreign currency risk	4,065
Interest rate risk	(18,665)
Amount reclassified to profit or loss:	
Foreign currency risk	(12,758)
Interest rate risk	(262)
Tax on movements on reserves during the year	9,375
Balance at 31 December 2023	11,279
Balance at 1 January 2022	(6,271)
Changes in fair value:	
Foreign currency risk	(8,068)
Interest rate risk	18,138
Amount reclassified to profit or loss:	
Foreign currency risk	30,428
Tax on movements on reserves during the year	(4,703)
Balance at 31 December 2022	29,524

(b) Credit risk

The Group monitors its exposure to credit risks arising from sales to trade customers on an on-going basis, and credit evaluations are done on customers that require credit. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

The Group only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Group's counterparty risk, the Group enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating.

The Group assumes that credit risk of a financial asset has increased significantly when the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The Group's and the Company's maximum exposure to credit risk, before taking into account any collateral held, is the carrying amount of each financial asset, including derivatives, in the balance sheets.

The aggregated carrying amount of trade receivables and contract assets from the Group's two most significant customers was $2,514,621,000 as at 31 December 2023 (2022: $1,606,545,000). At the Company level, there were no concentration of credit risk with any counterparties.

39 FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

Deferment of receivables

Prior to 2020, payment on the outstanding receivables for the assets delivered to this customer was deferred and due only between November 2022 to January 2024. Interest is charged on the principal amount deferred. The receivable is secured over a right to repossess and to re-sell the assets delivered in the event of default by the customer.

In 2020, the Group entered into an amendment agreement with this customer to defer certain portions of the interest payments to January 2022, with interest being charged on the deferred interest payments. In 2021, a second amendment was entered into to further defer certain portions of the interest payments to March 2023, with the principal amount to be paid on May 2023 instead of the original agreed period of November 2022 to January 2024. Interest continues to be charged on the deferred principal and interest payments and all amounts due from the customer continue to be secured by first priority mortgages with legal rights to repossess and to re-sell the assets delivered in the event of default by this customer.

As at 31 December 2021, the Group had agreed in-principle to further defer the maturity date of the amount due from the customer to 1 May 2025 ("Deferment") if the customer managed to refinance or extend its maturities of its other credit facilities and convertible bond to 2025 or later. The customer had also agreed to pay the Group an extension fee and make earlier payments of part of the capitalised interest previously due in first quarter of 2023. The remaining capitalised interest will be repaid in quarterly instalments in 2023 and 2024 and interest will continue to be charged.

In 2022, in light of the improving oil and gas drilling market, the Company had entered into the Deferment with the customer, resulting in the customer making earlier and higher amounts of interest payments and partial principal repayments to the Company from 2022 to 2024. In 2023, this customer made a final repayment of $989,123,000 in relation to the deferment of receivables of the shipyard delivery financing arrangements.

Prior to the final settlement, the above amendments to the outstanding receivables with this customer were not expected to give a detrimental impact on the estimated future cash flows of the receivables. All amounts due from the customer were secured by first priority mortgages with legal rights to repossess and to re-sell the assets delivered in the event of default by this customer.

The Group's and the Company's maximum exposure to credit risk for financial assets at amortised cost and contract assets at the balance sheet date is as follows:

		Group		Company	
	Note	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
By business activity					
Rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding		3,424,493	1,605,455	–	–
Ship chartering		18,088	5,594	–	–
Others		577,555	600,875	2,224,286	1,561,794
		4,020,136	2,211,924	2,224,286	1,561,794
Financial assets at amortised cost and contract assets					
Non-current*	10, 12	466,927	1,507,453	1,970,000	238,000
Current	10, 12	3,553,209	704,471	254,286	1,323,794
		4,020,136	2,211,924	2,224,286	1,561,794

* *Not past due.*

39 FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

The age analysis of financial assets at amortised cost and contract assets for the Group and Company is as follows:

	Gross 2023 $'000	Impairment 2023 $'000	Gross 2022 $'000	Impairment 2022 $'000
Group				
Not past due	3,653,430	1,348	2,176,004	4,924
Past due 0 to 3 months	208,092	13	17,345	35
Past due 3 to 6 months	68,122	213	6,682	–
Past due 6 to 12 months	12,021	266	1,222	42
More than 1 year	106,016	25,705	36,827	21,155
	4,047,681	27,545	2,238,080	26,156
Company				
Not past due	2,188,853	18,000	1,555,034	–
Past due 0 to 3 months	17,600	–	6,760	–
Past due 3 to 6 months	16,402	–	–	–
Past due 6 to 12 months	19,431	–	–	–
More than 1 year	–	–	–	–
	2,242,286	18,000	1,561,794	–

Expected credit loss (ECL) assessment for customers with credit ratings (or equivalent)

The Group allocates exposure from key customers to a credit risk grade based on data that is determined to be indicative of the risk of loss (including but not limited to external ratings if available, audited financial statements to calculate the internal risk rating using the Altman Z-score method, and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from Standards and Poor's.

ECL rate is calculated based on probabilities of default and loss given default. Lifetime probabilities of default for individual customers are based on external ratings from Bloomberg L.P. adjusted for time horizon of the credit exposure, or historical data supplied by Standards and Poor's for each credit rating. The Group monitors changes in credit risk through on-going review of customer credit worthiness and by tracking published external credit ratings.

Loss rates are adjusted for current conditions and the Group's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

39 FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for financial assets at amortised cost and contract assets for customers with credit ratings (or equivalent):

	Credit impaired	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
2023				
Group				
Receivables measured at lifetime ECL				
– Trade receivables	Yes	1,528	1,528	–
– Trade receivables and contract assets	No	3,409,182	11,285	3,397,897
Company				
Receivables measured at lifetime ECL				
– Trade receivables	No	–	–	–
2022				
Group				
Receivables measured at lifetime ECL				
– Trade receivables and contract assets	No	1,511,551	15,902	1,495,649
Company				
Receivables measured at lifetime ECL				
– Trade receivables	No	–	–	–

Expected credit loss assessment for customers (allowance matrix)

The Group uses an allowance matrix to measure the ECLs of trade receivables for customers not allocated specific credit ratings, which comprises large number of small balances.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through succession stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past 5 years adjusted for current conditions and the Group's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

39 FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for financial assets at amortised cost and contract assets for customers with no credit rating or no representative credit rating or equivalent:

	Credit impaired	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
2023					
Group					
Not past due	No	0.22	555,198	1,205	553,993
Past due 0 to 3 months	No	0.07	17,838	12	17,826
Past due 3 to 6 months	No	0.05	6,049	3	6,046
Past due 6 to 12 months	No	5.59	4,558	255	4,303
More than 1 year	No	24.86	53,328	13,257	40,071
Total			636,971	14,732	622,239
Company					
Not past due	No	0.82	2,188,853	18,000	2,170,853
Past due 0 to 3 months	No	–	17,600	–	17,600
Past due 3 to 6 months	No	–	16,402	–	16,402
Past due 6 to 12 months	No	–	19,431	–	19,431
More than 1 year	No	–	–	–	–
Total			2,242,286	18,000	2,224,286
2022					
Group					
Not past due	No	0.46	712,454	3,310	709,144
Past due 0 to 3 months	No	–	2,150	–	2,150
Past due 3 to 6 months	No	–	1,537	–	1,537
Past due 6 to 12 months	No	3.31	847	28	819
More than 1 year	No	72.49	9,541	6,916	2,625
Total			726,529	10,254	716,275
Company					
Not past due	No	–	1,555,034	–	1,555,034
Past due 0 to 3 months	No	–	6,760	–	6,760
Past due 3 to 6 months	No	–	–	–	–
Past due 6 to 12 months	No	–	–	–	–
More than 1 year	No	–	–	–	–
Total			1,561,794	–	1,561,794

39 FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

Movements in the allowance for impairment of financial assets at amortised cost and contract assets are as follows:

	Group Lifetime ECL $'000
Balance at 1 January 2023	26,156
Currency translation difference	(87)
Impairment loss recognised:	
– Financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired	892
– Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired)	1,528
– Remaining financial assets	7,630
Loss allowance written back	(5,234)
Allowance utilised	(3,340)
Balance at 31 December 2023	27,545
Balance at 1 January 2022	18,187
Currency translation difference	(292)
Impairment loss recognised:	
– Financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired	15,864
– Remaining financial assets	186
Loss allowance written back	(7,235)
Allowance utilised	(554)
Balance at 31 December 2022	26,156

The total net impairment loss of $4,816,000 (2022: net impairment loss of $8,815,000) have been recognised in "general and administrative" expenses.

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of $94,989,000 (2022: $34,009,000). These balances are amounts lent to subsidiaries to satisfy short-term funding requirements. The Company uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default. There is no significant increase in credit risk for these exposures. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

39 FINANCIAL INSTRUMENTS (Cont'd)

(c) Liquidity risk

The Group manages its liquidity risk with the view to maintaining a healthy level of cash and cash equivalents appropriate to the operating environment and expected cash flows of the Group. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the Group to meet its obligations. The Group will continue to take steps to manage cost, cash flows and gearing to address its financial position. While the majority of contracts and new orders are secured on progressive payment terms, future new orders may result in increased working capital needs.

The table below analyses the maturity profile of the Group's and Company's financial instruments (including derivatives) based on contractual undiscounted cash inflows/(outflows), including estimated interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
Group					
31 December 2023					
Derivative financial liabilities					
Interest rate swaps	(72)	(148)	(148)	–	–
Forward foreign currency contracts	(16,160)				
– Inflow		1,955,923	1,811,026	144,897	–
– Outflow		(1,972,083)	(1,827,113)	(144,970)	–
Derivative financial assets					
Interest rate swaps	1,713	1,643	981	662	–
Forward foreign currency contracts	62,779				
– Inflow		2,913,871	1,979,157	934,714	–
– Outflow		(2,851,092)	(1,932,611)	(918,481)	–
Non-derivative financial liabilities					
Trade and other payables*#	(4,090,732)	(4,090,732)	(4,090,732)	–	–
Interest-bearing borrowings#	(3,034,375)	(3,330,809)	(784,676)	(2,172,373)	(373,760)
Lease liabilities	(533,760)	(1,088,597)	(63,727)	(259,992)	(764,878)
	(7,610,607)	(8,462,024)	(4,907,843)	(2,415,543)	(1,138,638)

* *Excludes deposits received, Goods and Services Tax and deferred grant income.*

\# *The carrying amount of trade and other payables excludes finance costs payable while the interest-bearing borrowings include finance costs payable, for the purposes of presentation of this liquidity table.*

39 FINANCIAL INSTRUMENTS (Cont'd)

(c) Liquidity risk (Cont'd)

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
Group					
31 December 2022					
Derivative financial liabilities					
Interest rate swaps	(89)	480	304	176	–
Forward foreign currency contracts	(6,057)				
– Inflow		824,263	302,902	521,361	–
– Outflow		(830,320)	(304,524)	(525,796)	–
Derivative financial assets					
Interest rate swaps	20,863	21,960	5,749	16,211	–
Forward foreign currency contracts	40,559				
– Inflow		2,315,574	1,316,763	998,811	–
– Outflow		(2,275,015)	(1,292,325)	(982,690)	–
Non-derivative financial liabilities					
Trade and other payables*#	(1,027,096)	(1,027,096)	(1,027,096)	–	–
Interest-bearing borrowings#	(3,108,986)	(3,332,504)	(1,722,371)	(1,260,074)	(350,059)
Lease liabilities	(268,689)	(645,912)	(30,489)	(70,506)	(544,917)
	(4,349,495)	(4,948,570)	(2,751,087)	(1,302,507)	(894,976)

* *Excludes deposits received, Goods and Services Tax and deferred grant income.*

\# *The carrying amount of trade and other payables excludes finance costs payable while the interest-bearing borrowings include finance costs payable, for the purposes of presentation of this liquidity table.*

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
Company					
31 December 2023					
Non-derivative financial liabilities					
Trade and other payables*#	(63,611)	(63,611)	(63,611)	–	–
Interest-bearing borrowings#	–	–	–	–	–
Lease liabilities	–	–	–	–	–
	(63,611)	(63,611)	(63,611)	–	–
Corporate guarantees	–	(2,796,575)	(2,796,575)	–	–
	(63,611)	(2,860,186)	(2,860,186)	–	–
31 December 2022					
Non-derivative financial liabilities					
Trade and other payables*#	(46,947)	(46,947)	(46,947)	–	–
Interest-bearing borrowings#	(50,401)	(51,111)	(51,111)	–	–
Lease liabilities	(43,170)	(48,759)	(10,808)	(26,631)	(11,320)
	(140,518)	(146,817)	(108,866)	(26,631)	(11,320)
Corporate guarantees	–	(2,417,700)	(2,417,700)	–	–
	(140,518)	(2,564,517)	(2,526,566)	(26,631)	(11,320)

* *Excludes deposits received, Goods and Services Tax and deferred grant income.*

\# *The carrying amount of trade and other payables excludes finance costs payable while the interest-bearing borrowings include finance costs payable, for the purposes of presentation of this liquidity table.*

39 FINANCIAL INSTRUMENTS (Cont'd)

(c) Liquidity risk (Cont'd)

The following table indicates the periods in which the cash flow associated with derivatives that are cash flow hedges are expected to impact profit or loss and the fair value of the related hedging instruments:

		Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000
Group				
31 December 2023				
Derivative financial liabilities				
Interest rate swaps	(72)	(148)	(148)	–
Forward foreign currency contracts	(6,647)			
– Inflow		1,218,562	1,073,665	144,897
– Outflow		(1,225,209)	(1,080,239)	(144,970)
Derivative financial assets				
Interest rate swaps	1,713	1,643	981	662
Forward foreign currency contracts	61,987			
– Inflow		2,417,094	1,482,380	934,714
– Outflow		(2,355,107)	(1,436,626)	(918,481)
	56,981	56,835	40,013	16,822
31 December 2022				
Derivative financial liabilities				
Interest rate swaps	(89)	480	304	176
Forward foreign currency contracts	(4,855)			
– Inflow		474,192	86,419	387,773
– Outflow		(479,047)	(86,860)	(392,187)
Derivative financial assets				
Interest rate swaps	20,863	21,960	5,749	16,211
Forward foreign currency contracts	19,455			
– Inflow		1,249,384	250,573	998,811
– Outflow		(1,229,929)	(247,239)	(982,690)
	35,374	37,040	8,946	28,094

39 FINANCIAL INSTRUMENTS (Cont'd)

(d) Estimation of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Fair values are measured based on quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – Fair values are measured using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices). These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties.
- Level 3 – Fair values are measured using inputs which are not based on observable market data (unobservable input).

Securities

The fair value of financial assets at fair value through profit or loss, and fair value through other comprehensive income, is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

Derivatives

The fair value of forward exchange contracts is accounted for based on the difference between the contractual price and the current market price.

The fair value of interest rate swaps is the indicative amount that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

Non-derivative non-current financial assets and liabilities

Fair values determined for non-derivative non-current financial assets and liabilities are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. This includes determination for fair value disclosure purpose as well.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

For financial instruments that are not actively traded in the market, the fair value is determined by independent third party or using valuation techniques where applicable. The Group may use a variety of methods and make assumptions that are based on existing market conditions at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for medium term notes for disclosure purpose. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. Where discounted cash flow techniques are used, the management will estimate the future cash flows and use relevant market rate as the discount rate at the balance sheet date.

Non-current amount due from related parties

Fair values are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date.

39 FINANCIAL INSTRUMENTS (Cont'd)

(d) Estimation of fair values (Cont'd)

Fair value hierarchy

The following table sets forth by level within the fair value hierarchy of the financial assets and liabilities that were accounted for at fair value on a recurring basis as of 31 December 2023. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Financial assets and liabilities carried at fair value

	Fair value measurement using:			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
At 31 December 2023				
Financial assets at fair value through other comprehensive income	3,020	–	25,332	28,352
Financial assets at fair value through profit or loss	–	17,690	55,350	73,040
Derivative financial assets	–	64,492	–	64,492
Derivative financial liabilities	–	(16,232)	–	(16,232)
Total	3,020	65,950	80,682	149,652
At 31 December 2022				
Financial assets at fair value through other comprehensive income	–	–	2,642	2,642
Derivative financial assets	–	61,422	–	61,422
Derivative financial liabilities	–	(6,146)	–	(6,146)
Total	–	55,276	2,642	57,918

In 2023 and 2022, there were no transfers between the different levels of the fair value hierarchy.

*Assets and liabilities not carried at fair value but for which fair values are disclosed**

	Fair value measurement using:			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
At 31 December 2023				
Interest-bearing borrowings	–	(2,245,369)	–	(2,245,369)
At 31 December 2022				
Interest-bearing borrowings	–	(1,411,545)	–	(1,411,545)

* *Excludes financial assets and liabilities whose carrying amounts measured on the amortised cost basis that approximate their fair values due to their short-term nature, frequent repricing, and/or where the effect of discounting is immaterial.*

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

39 FINANCIAL INSTRUMENTS (Cont'd)

(d) Estimation of fair values (Cont'd)

Fair value hierarchy (Cont'd)

	2023 $'000	2022 $'000
Group		
Balance at 1 January	2,642	2,642
Currency alignment	(580)	–
Fair value losses	(2,784)	–
Assumed in a business combination	81,404	–
Balance at 31 December	80,682	2,642

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

	Fair value $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Group				
At 31 December 2023				
Unquoted funds	13,546	Net asset value	Net asset value*	Not applicable
Unquoted equity shares	67,136	Discounted cash flow ("DCF")	Discount rate	9% - 20%
At 31 December 2022				
Unquoted equity shares	2,642	Net asset value	Net asset value*	Not applicable

* *Fair value of unquoted funds is determined by reference to the underlying assets value of the investee companies, which comprise mainly investments stated at fair value.*

39 FINANCIAL INSTRUMENTS (Cont'd)

(e) Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheets are as follows:

	Note	Mandatorily at FVTPL $'000	Fair value – hedging instruments $'000	FVOCI – Quoted equity shares $'000	FVOCI – Unquoted equity shares $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group									
At 31 December 2023									
Cash and cash equivalents	18	–	–	–	–	2,270,240	–	2,270,240	2,270,240
Trade and other receivables*	10	–	–	–	–	1,401,056	–	1,401,056	1,401,056
Financial assets at fair value through other comprehensive income									
– Quoted equity shares	9(b)	–	–	3,020	–	–	–	3,020	3,020
– Unquoted equity shares	9(a)	–	–	–	25,332	–	–	25,332	25,332
Cash flow hedges									
– Forward foreign currency contracts	9(a)&(b)	–	61,987	–	–	–	–	61,987	61,987
– Interest rate swaps	9(b)	–	1,713	–	–	–	–	1,713	1,713
Financial assets at fair value through profit or loss									
– Unquoted equity shares	9(a)	55,350	–	–	–	–	–	55,350	55,350
– Unquoted bonds	9(a)	17,690	–	–	–	–	–	17,690	17,690
– Forward foreign currency contracts	9(b)	792	–	–	–	–	–	792	792
		73,832	63,700	3,020	25,332	3,671,296	–	3,837,180	3,837,180
Trade and other payables**	19	–	–	–	–	–	4,107,935	4,107,935	4,107,935
Cash flow hedges									
– Forward foreign currency contracts	23(a)&(b)	–	6,647	–	–	–	–	6,647	6,647
– Interest rate swaps	23(a)	–	72	–	–	–	–	72	72
Financial liabilities at fair value through profit or loss									
– Forward foreign currency contracts	23(a)	9,513	–	–	–	–	–	9,513	9,513
Interest-bearing borrowings									
– Short-term borrowings	24	–	–	–	–	–	743,381	743,381	743,118
– Long-term borrowings	24	–	–	–	–	–	2,273,791	2,273,791	2,245,369
		9,513	6,719	–	–	–	7,125,107	7,141,339	7,112,654

* *Excludes Goods and Services Tax and grant receivables.*

** *Excludes deposits received, advance payment from customers, Goods and Services Tax and deferred grant income.*

39 FINANCIAL INSTRUMENTS (Cont'd)

(e) Fair value versus carrying amounts (Cont'd)

	Note	Mandatorily at FVTPL $'000	Fair value – hedging instruments $'000	FVOCI – Unquoted equity shares $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group								
At 31 December 2022								
Cash and cash equivalents	18	–	–	–	2,090,843	–	2,090,843	2,090,843
Trade and other receivables*	10	–	–	–	1,915,161	–	1,915,161	1,915,161
Financial assets at fair value through other comprehensive income								
– Unquoted equity shares	9(a)	–	–	2,642	–	–	2,642	2,642
Cash flow hedges								
– Forward foreign currency contracts	9(a)&(b)	–	19,455	–	–	–	19,455	19,455
– Interest rate swaps	9(a)&(b)	–	20,863	–	–	–	20,863	20,863
Financial assets at fair value through profit or loss								
– Forward foreign currency contracts	9(b)	21,104	–	–	–	–	21,104	21,104
		21,104	40,318	2,642	4,006,004	–	4,070,068	4,070,068
Trade and other payables**	19	–	–	–	–	1,047,386	1,047,386	1,047,386
Cash flow hedges								
– Forward foreign currency contracts	23(a)&(b)	–	4,855	–	–	–	4,855	4,855
– Interest rate swaps	23(b)	–	89	–	–	–	89	89
Financial liabilities at fair value through profit or loss								
– Forward foreign currency contracts	23(a)&(b)	1,202	–	–	–	–	1,202	1,202
Interest-bearing borrowings								
– Short-term borrowings	24	–	–	–	–	1,669,164	1,669,164	1,669,164
– Long-term borrowings	24	–	–	–	–	1,419,532	1,419,532	1,411,545
		1,202	4,944	–	–	4,136,082	4,142,228	4,134,241

* *Excludes Goods and Services Tax and grant receivables.*

** *Excludes deposits received, advance payment from customers, Goods and Services Tax and deferred grant income.*

39 FINANCIAL INSTRUMENTS (Cont'd)

(e) Fair value versus carrying amounts (Cont'd)

	Note	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Company					
At 31 December 2023					
Cash and cash equivalents	18	57,618	–	57,618	57,618
Trade and other receivables*	10	2,224,286	–	2,224,286	2,224,286
		2,281,904	–	2,281,904	2,281,904
Trade and other payables**	19	–	63,611	63,611	63,611
At 31 December 2022					
Cash and cash equivalents	18	615,875	–	615,875	615,875
Trade and other receivables*	10	1,561,794	–	1,561,794	1,561,794
		2,177,669	–	2,177,669	2,177,669
Trade and other payables**	19	–	47,348	47,348	47,348
Interest-bearing borrowings					
– Short-term borrowings	24	–	50,000	50,000	50,000
		–	97,348	97,348	97,348

* *Excludes Goods and Services Tax and grant receivables.*
** *Excludes deposits received, Goods and Services Tax and deferred grant income.*

(f) Capital management

The Group aims to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development and growth of its businesses, while at the same time maintaining an appropriate dividend policy to reward shareholders. The Group monitors Economic Value Added attributable to shareholders, which the Group defines as net operating profit after tax less capital charge excluding non-controlling interests. Management also monitors the level of dividends paid to ordinary shareholders.

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Capital is defined as equity attributable to the equity holders. The Group's debt to capitalisation ratio as at the balance sheet date was as follows:

	Group 2023 $'000	Group 2022 $'000
Debt	3,017,172	3,088,696
Total equity	6,415,562	3,788,391
Total debt and equity	9,432,734	6,877,087
Debt-to-capitalisation ratio	0.32	0.45

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

The Group is required to maintain consolidated net borrowings to consolidated net assets (less dividends, goodwill and other intangible assets) ratio of not more than 1.75.

39 FINANCIAL INSTRUMENTS (Cont'd)

(g) Managing interest rate benchmark reform and associated risks

A fundamental review and reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred as 'IBOR reform') as new benchmarks. All affected financial instruments that the Group held as at 31 December 2023 have effectively transitioned to the new benchmark rates or to an appropriate fallback rate.

Hedge accounting

The Group's hedged items and hedging instruments as at the reporting date are indexed to SORA and SOFR. The benchmark rates are quoted each day and the cash flows are exchanged with counterparties as usual.

Over 2022 to 2023, the Group replaced its SOR and LIBOR interest rate swaps with economically equivalent swaps referencing SORA and SOFR and modified its loans in hedging relationships indexed to SOR and LIBOR to reference SORA and SOFR.

Therefore, there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. As a result, the Group no longer applies the Phase 1 Amendments to SFRS(I) 9 on Interest Rate Benchmark Reform to those hedging relationships.

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	SOR		LIBOR	
	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000
Group				
31 December 2023				
Financial liabilities				
Secured bank loans	–	400,000	–	–
31 December 2022				
Financial assets				
Trade receivables	–	–	–	911,326
Financial liabilities				
Secured bank loans	565,000	–	680,500	–
Derivatives				
Interest rate swaps	–	–	408,300	–

40 CONTINGENT LIABILITIES

The Group is subject to various litigation, regulatory and arbitration matters in the normal course of business.

The Group rigorously defends the claims and, in the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Group.

Receipt of Notice of Arbitration

On 24 December 2021, the Company's wholly-owned subsidiary, Jurong Shipyard Pte Ltd ("JSPL") received a notice of commencement of four arbitrations from a vendor under four separate contracts for the supply of certain equipment for some of its projects.

JSPL is defending the claims made against it. The arbitration proceedings were concluded in July 2023 and the tribunal is expected to release the awards sometime in 2024.

Civil action by EIG funds

In February 2018, Seatrium O&M was served a summons by eight investment funds ("Plaintiffs") managed by EIG Management Company, LLC ("EIG"). The civil action was commenced in the United States District Court for the Southern District of New York on the basis that Seatrium O&M had allegedly violated the Racketeer Influenced and Corrupt Organizations Act ("RICO"). In April 2018, the Plaintiffs added, among other things, a state law claim for aiding and abetting fraud. In May 2020, the Court dismissed the Plaintiffs' civil RICO conspiracy claim but denied Seatrium O&M's motion to dismiss the Plaintiff's claim on aiding and abetting fraud. Consequently, the Plaintiffs sought US$221,000,000 plus punitive damages, interest, attorney's fees, costs and disbursements, based on the remaining claim for aiding and abetting fraud.

In late September 2021, the Plaintiffs and Seatrium O&M each served a motion for summary judgment, seeking judgment on the abovementioned claim which the Plaintiffs had quantified at approximately US$820,000,000 in aggregate, including approximately US$442,000,000 in punitive damages and US$157,000,000 as pre-judgment interest.

Based on the advice of Seatrium O&M's lawyers, there is low probability in the counterparty being awarded damages in a summary judgment. Owing to the uncertain outcome of the trial, the lawyers have expressed no opinion as to the likelihood of an unfavourable outcome or as to the potential amount of loss.

Separately, Keppel Corporation Limited (KCL) and Seatrium O&M had entered into an indemnity agreement in 2023, where KCL would indemnify Seatrium O&M for any liability in excess of a stipulated sum agreed by both parties.

On 21 March 2024, a summary judgement was entered in favour of Seatrium O&M, dismissing the entire case brought by EIG.

Performance guarantees

The Company has provided performance guarantees of $16,499,352,000 (2022: $4,097,553,000) to subsidiaries in respect of their performance on contracts with customers. Under SFRS(I) 17, the Company has assessed that the future cash outflows is remote and risk adjustment for non-financial risk is immaterial. No liabilities were therefore recognised in the Company's separate financial statements.

40 CONTINGENT LIABILITIES (Cont'd)

Corporate guarantees

	2023 $'000	2022 $'000
Company		
Unsecured corporate guarantees granted in respect of:		
– Term loans by subsidiaries	315,000	626,100
– Revolving credit facilities by subsidiaries	1,656,575	1,466,600
– Bonds issued by subsidiaries	825,000	325,000

The Company has provided guarantees to banks to secure banking facilities provided to its wholly-owned subsidiaries, Jurong Shipyard Pte Ltd, Estaleiro Jurong Aracruz Ltda and Seatrium Financial Services Pte. Ltd. (formerly known as Sembcorp Marine Financial Services Pte. Ltd.). These financial guarantee contracts are accounted for as financial instruments.

The principal risk to which the Company is exposed to is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantees on behalf of.

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

Estimates of the Company's obligation arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of balance sheet date, there is no provision made in respect of the obligations as the Company believes it is remote that these corporate guarantees will be called upon.

41 COMMITMENTS

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

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Approved capital commitment:				
– Approved capital expenditure commitment	27,340	19,571	8	–

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Information on other significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

(a) Impairment assessment of goodwill

During the year, the Group recognised goodwill of $3,816,181,000 on acquisition of Seatrium Offshore & Marine Limited.

Post-combination, management undertook a strategic review of its business focus, operational footprint, and assets required to support its new strategy of building a profitable and resilient business going forward ("Strategic Review"); and identified core assets (also known as "Core CGUs") for business integration to reap benefits and synergies for the Group, as well as surplus assets (or the "Non-core assets") to its operations.

Goodwill recognised is then allocated to groups of Core CGUs together with the Delayed yards that remained in operation (collectively, the "Operating CGUs") at reporting date serving the Rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding operating segment. The goodwill reflects the future benefits and synergies created within these Operating CGUs, integrating as one unit, to be centrally managed and monitored. The allocation of goodwill may however change in future periods depending on re-organisation of these Operating CGUs, as the Group continues with its business integration plans.

This goodwill, together with the carrying values of non-financial assets deployed in the Operating CGUs, (refer to Note 4) were then tested for impairment.

The recoverable amount is determined based on value-in-use calculation using cash flow projections derived from the most recent financial budgets approved by the Board of Directors for the next five years, and extrapolated at a terminal value growth rate thereafter.

The estimated recoverable amount of the Operating CGUs is in excess of its carrying amount and no impairment of goodwill was necessary at reporting date.

The key assumptions used in the estimation of recoverable amount are as follows:

Discount rate

The discount rate was 8.2%. The discount rate was estimated based on weighted-average cost of capital, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the Operating CGUs and weighted the Group's cost of debt and equity to reflect its capital structure.

The discount rate applied for impairment testing will be re-assessed each year based on management's current best estimate.

Terminal value growth rate

Terminal value growth rate determined at 3.25% is benchmarked against the long-term projected nominal GDP growth rate of developed countries, and Singapore's long-term inflation rate and long-term nominal GDP growth rate.

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Key sources of estimation uncertainty *(Cont'd)*

(a) Impairment assessment of goodwill (Cont'd)

Cash flows

The cash flows are projected based on the Group's past experience, estimate of pipeline revenue, market observable data surrounding the state-owned and international oil majors' capital commitments and projected capital expenditures in oil and gas production and exploration activities, market expectations and developments for contract order prices, and demands for production solutions (or the "forecast order book"). The Group is also pivoting to focus on floating oil and LNG solutions and offshore renewable projects.

Forecasted margins are projected with reference to historical experience and took into account planned recoveries of many economies in the World from Covid-19, projects becoming more efficient with repeated project types, and the synergies arising from capability and labour pool efficiencies.

Capital expenditure was estimated based on the Group's past experience and planned maintenance and replacement of existing assets. Management assumes replacement capital expenditure throughout the cash flow periods.

Sensitivity to changes in assumptions

Management has identified that a reasonably possible change in the following key assumptions could cause the carrying amount to exceed the recoverable amount.

	Change required for carrying amount to equal the recoverable amount 2023
Group	
Discount rate; or	1.9%; or
Terminal value growth rate; or	2.8%; or
Terminal year gross margin	2.8%.
Assuming all things remain constant	

(b) Recoverable amounts of non-financial assets (excluding goodwill) for write-down

During the Group's strategic review, judgement was applied in considering the technological, market, economic or legal environment in which the Group operates, and evidence of obsolescence or physical damage and changes to the expected usage of the Group's assets as a result of change in business focus.

Information about the write-downs of surplus non-core assets, and separate impairment allowance of Delayed yards together with assumptions applied thereto are included in Note 4.

(c) Acquisition of subsidiary

During the year, the Group made a significant acquisition, as disclosed in Note 44. In accounting for a business combination, estimates were required in performing the purchase price allocation of the fair values of identifiable assets acquired and liabilities (including contingent liabilities) assumed, and consideration transferred. The Group has used provisional amounts of purchase price allocation for the accounting of acquisition of subsidiary, and has a one year measurement period from acquisition date to complete the acquisition accounting. Fair value adjustments may arise on the completion of final purchase price allocation due to the estimation uncertainty involved.

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Key sources of estimation uncertainty *(Cont'd)*

(d) Taxes

Current tax

The Group is subject to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The Group believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxes and deferred tax provisions in the period in which such determination is made. The tax expense is disclosed in Note 32.

Deferred tax assets

Certain subsidiaries of the Group have tax benefits arising from unutilised tax losses, tax credits and deductible temporary differences, which are available for set-off against future taxable profits. Of these, the utilisation of these tax benefits, for which deferred tax asset was recognised, is presumed on the ability of the Group's subsidiaries to generate taxable profits in the foreseeable future.

(e) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 65 years. The carrying amounts of the Group's property, plant and equipment are set out in Note 4. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

(f) Provisions and contingent liabilities

Estimates of the Group's obligations arising from contracts that exist as at balance sheet date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on management's knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Warranty

The provision for warranty is based on estimates from known and expected warranty work and contractual obligations for further work to be performed after completion. The warranty expense incurred could be higher or lower than the provision made. Movements in provision for warranty are detailed in Note 22.

Site restoration costs

The provision for site restoration costs arising from operating leases is based on best estimate of the costs to be incurred beyond the 12 months period provided by external consultants and the scope of works to be agreed with the lessors. Given the complexities involved in carrying out the restoration work on certain sites in the longer run, the actual costs may vary from the estimate.

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Key sources of estimation uncertainty *(Cont'd)*

(f) Provisions and contingent liabilities (Cont'd)

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Disclosure of contingent liabilities is detailed in Note 40.

(g) Determination of net realisable value of inventories

The net realisable value of inventories is estimated by reference to contract prices. However, such net realisable value may not be the actual realisable value, arising from contract modifications, if any, which may result in other variable considerations. Such contract modifications may significantly affect the eventual realisable value of inventories; and there is a significant risk of resulting in a material adjustment to the carrying amounts of inventories in future periods.

(h) Determination of the appropriate rate to discount lease payments

The Group is required to exercise considerable judgement in determining the discount rate by taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and the effective date of any lease modification.

(i) Impairment assessment of the Company's investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimate of the recoverable amount of the subsidiaries. Estimating the recoverable amount requires the Company to make an estimate of the future cash flows expected from its investment and of an appropriate discount rate in order to calculate the present value of these cash flows. The forecasts used to estimate the future cash flows are subject to the risks noted in the impairment assessments of the Group's shipyards operated by these subsidiaries.

Arising from the Group's Strategic Review as described in Note 4, assets of certain investees were written-down on basis of being surplus or damaged or obsolete. Accordingly, the cost of investment in these investees were assessed for impairment and the Company recognised a write-down of $64,534,000 during the year.

Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

(a) Revenue recognition and assessment of risk of foreseeable losses on long term construction contracts

The Group has assessed its contracts relating to services for ship and rig repair, building, conversion and overhaul as a single performance obligation due to the inter-dependence of services provided in these contracts.

Significant judgement is required in determining whether the performance obligations are distinct. Such considerations include the Group's assessment of whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customers and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contracts.

For contracts with variable considerations (such as liquidated damages and discounts), the Group has applied judgement in determining the transaction price for the recognition of revenue. Such judgement includes assessment of the evaluation of any potential risks and factors which may affect the timely completion of the project as well as the quality of the output delivered to the customer.

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Critical accounting judgements in applying the Group's accounting policies *(Cont'd)*

(a) Revenue recognition and assessment of risk of foreseeable losses on long term construction contracts (Cont'd)

The Group has recognised revenue on construction contracts, rigs & floaters, repairs & upgrades and offshore platforms based on the percentage of completion method in proportion to the stage of completion. The percentage of completion is assessed by reference to surveys of work performed. Significant judgement is required in determining the appropriate stage of completion for revenue recognition; and likewise, judgement is required in determining the triggering point of suspension of revenue recognition when it is no longer probable that inflow of economic benefits associated with the contracts will occur. Such considerations include the Group's assessment of the credit-worthiness of customers and an evaluation of the contract performance obligations discharged by the customers.

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

(b) Contract costs – fulfilment costs

For ship and rig building contracts with customers, the costs incurred during the construction phase are recognised as an asset (i.e. contract costs – fulfilment). Upon fulfilment of the performance obligation and recognition of revenue, these costs will be recognised in profit or loss. Significant judgement is required to determine if the contract costs recognised are expected to be recovered. Such judgement includes assessment of the evaluation of any potential risks and factors which may affect the customer ability to take delivery of the ship and rig. The review also encompasses the analysis of the industry outlook and the customers' financial health.

(c) Impairment of financial assets and contract assets

The Group follows the guidance of SFRS(I) 9 *Financial Instruments* in recognising loss allowances for expected credit losses on financial assets and contract assets.

The loss allowances for financial assets and contract assets are based on assumptions about risk of default and expected loss rates to be applied for the respective category of the financial assets and contract assets. The Group uses judgement in making these assumptions and selecting the input to the impairment calculation including credit default ratings, evaluation of the Group's past history of loss rate, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group also evaluates, among other factors, financial restructuring (where relevant), credit-worthiness and financial health of and near-term business outlook of its customers, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

For certain financial assets and contract assets, the Group has a right to repossess or retain title, and to re-sell the assets delivered in the event of default by the customer. The Group has assessed and considered the value of the repossessed assets and applied a range of probability weighted possible outcomes in determining the expected credit loss.

In assessing the segmenting of the customers for the loss allowance, judgement is involved in determining the credit-worthiness and financial health of its customers whose conditions are subject to changes, which may require changes in the customers' segmentation, which in turn may affect the level of loss allowance in future periods.

The carrying amounts of financial assets and contract assets are disclosed in the following notes:

- Note 9 – Other financial assets
- Note 10 – Trade and other receivables
- Note 12 – Contract assets

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

***Critical accounting judgements in applying the Group's accounting policies** (Cont'd)*

(d) Exercise of extension option, purchase option and termination option

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, purchase option or option to terminate. Extension options (or periods after an optional termination date) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows are not included in the lease liability if it is not reasonably certain that the leases will be extended (or not terminated) or that purchase options will be exercised. The assessment is reviewed if a significant event or a significant change in circumstances that is within the control of the lessee occurs and affects this assessment.

(e) Hedging accounting relationships

The Group determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate or foreign currency. The Group further supports this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item.

(f) Capitalisation of development costs

Significant managerial judgement and detailed evaluation is required to determine whether it is appropriate to capitalise or to continue to carry costs associated with the development of engineering designs for offshore solutions on the balance sheet. Such costs remain on the balance sheet while additional review and feasibility studies are performed on the designs. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop. Where there is no longer an intention to continue the development, the costs are immediately expensed. The Group remains committed to developing the engineering designs and expects to carry the capitalised costs on its balance sheet.

The carrying amount of engineering designs under development is included in Note 13. When available for use, the costs capitalised will be reclassified within intangible assets and commence amortisation.

43 GROUP ENTITIES

Details of the Group's subsidiaries, associates and joint ventures are as follows:

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group 2023 %	2022 %
Subsidiaries				
Dolphin Shipping Company Private Limited.(4)	Singapore	Amalgamated with Seatrium Marine Services Pte. Ltd. on 31 January 2023	–	100
Gravifloat AS(2)	Norway	Engineering and related services	56	56
Joint Shipyard Management Services Pte Ltd(1)	Singapore	Managing dormitories	56	32
Jurong Shipbuilders Private Limited(1)	Singapore	Investment holding	100	100
Jurong Shipyard Pte Ltd(1)	Singapore	Ship and rig repair, building, conversion and related services	100	100
Marine Housing Services Pte. Ltd.(1)	Singapore	Provision of dormitory housing services	100	50
Nantong Seatrium Technology and Trading Development Co., Ltd(4)	People's Republic of China	Trade facilitation, distribution of goods, provision of services, and consultancy across diverse industries and markets	100	–

43 GROUP ENTITIES (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group 2023 %	Effective equity held by the Group 2022 %
***Subsidiaries** (Cont'd)*				
PPL Shipyard Pte Ltd[1]	Singapore	Rig building, repair and related services	100	100
Seatrium (SG) Pte. Ltd. (fka. Sembcorp Marine Integrated Yard Pte. Ltd.)[1]	Singapore	Ship and rig repair, building, conversion, offshore engineering and related services	100	100
Seatrium Financial Services Pte. Ltd. (fka. Sembcorp Marine Financial Services Pte. Ltd.)[1]	Singapore	Acting as the finance and treasury centre for the Group	100	100
Seatrium Offshore & Marine Limited (fka. Keppel Offshore & Marine Ltd)[1]	Singapore	Investment holding company	100	–
SML Shipyard Pte Ltd[1]	Singapore	Ship repair and related services	100	100
Subsidiaries of Jurong Shipyard Pte Ltd				
Dolphin Rig 1 Pte. Ltd.[1]	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 2 Pte. Ltd.[1]	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 3 Pte. Ltd.[1]	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 4 Pte. Ltd.[1]	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 5 Pte. Ltd.[1]	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 6 Pte. Ltd.[1]	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Dolphin Rig 7 Pte. Ltd.[1]	Singapore	Provision of marine/offshore engineering and shipbuilding services	100	100
Estaleiro Jurong Aracruz Ltda[3]	Brazil	Ship and rig repair, building, conversion and related services	100	100
Jurong do Brasil Prestacao de Servicos Ltda[3]	Brazil	Ship and rig repair, building, conversion and related services	100	100
Jurong Marine Contractors Private Limited[4]	Singapore	Struck off on 4 September 2023	–	100
Jurong Netherlands B.V.[4]	Netherlands	Investment holding	100	100
Jurong Offshore Pte. Ltd.[1]	Singapore	Investment holding	100	100
Polar 1 Construcao Naval SPE Ltda[3]	Brazil	Construction of large vessels, maintenance and repair of vessels and floating structures, shipping activities and engineering services	100	100
Seatrium Engineering Penang Sdn. Bhd. (fka. JED Centre Sdn. Bhd.)[2]	Malaysia	Render services for engineering	100	100
Seatrium SSP Inc[4]	United States of America	In the business of engineering design, research and development, marketing and client services support centre	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

43 GROUP ENTITIES (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group 2023 %	Effective equity held by the Group 2022 %
Subsidiaries of PPL Shipyard Pte Ltd				
Baker Marine Pte Ltd[4]	Singapore	Amalgamated with Seatrium Offshore Technology Pte. Ltd. on 21 February 2024	100	100
Baker Marine Services (HK) Limited[2]	Hong Kong	Provision of rig designs	100	100
Baker Marine Technology Inc.[4]	United States of America	Engineering design, research and development, marketing and client services support centre	100	100
Subsidiaries, associates and joint ventures of Seatrium (SG) Pte. Ltd.				
Aquarius Brasil B.V.[3]	Netherlands	Shipowner	100	100
Aragon AS[2]	Norway	Process design and engineering	50	50
Bayberry Limited[4]	Singapore	Struck off on 29 November 2023	–	100
Bulk Trade Pte Ltd[4]	Singapore	Amalgamated with Seatrium (SG) Pte. Ltd. on 12 January 2024	100	100
HiLoad LNG AS[2]	Norway	Design, development and engineering of LNG related offshore solutions	100	100
JPL Concrete Products Pte Ltd[4]	Singapore	Amalgamated with JPL Industries Pte Ltd on 29 December 2023	–	85.8
JPL Industries Pte Ltd[1]	Singapore	Processing and distribution of copper slag	85.8	85.8
Karimun Shiprepair & Engineering Pte Ltd[1]	Singapore	Investment holding	100	100
LMG Marin AS[2]	Norway	Ship design and engineering	100	100
LMG Marin France[3]	France	Ship design and engineering	60	60
LMG Oilcraft AS[4]	Norway	Ship design and engineering	100	100
Midcon Designer Sp. z o.o.[4]	Poland	Ship design and engineering	72.4	72.4
Pegasus Marine & Offshore Pte. Ltd.[1]	Singapore	Marine services	100	100
P.T. Karimun Sembawang Shipyard[3]	Indonesia	Ship repair and related services	100	100
PT SMOE Indonesia[2]	Indonesia	Engineering, construction and fabrication of offshore structures	90	90
Seatrium-Eco Pte. Ltd (fka. Semb-Eco Pte. Ltd.)[1]	Singapore	Investment holding	100	100
Seatrium-Eco R&D Pte. Ltd. (fka. Semb-Eco R&D Pte. Ltd.)[1]	Singapore	Research and development, holding of patents	100	100
Seatrium-Eco Technology Pte. Ltd. (fka. Semb-Eco Technology Pte. Ltd.)[1]	Singapore	Manufacturing and commercialisation of patents	100	100
Seatrium Contractor Pte. Ltd. (fka. Sembcorp Marine Contractors Pte. Ltd.)[1]	Singapore	Provision of contract services	100	100
Seatrium Fixed Platforms Pte. Ltd. (fka. Sembcorp Marine Offshore Platforms Pte. Ltd.)[1]	Singapore	Engineering, construction and fabrication of offshore structures	100	100
Seatrium Marine Services Pte. Ltd. (fka. Jurong Marine Services Pte Ltd)[1]	Singapore	Provision of tugging and sea transportation services	100	100
Seatrium O&G (International) Pte. Ltd. (fka. Sembcorp Marine Rigs & Floaters Pte. Ltd.)[1]	Singapore	Ship and rig building, conversion and related services	100	100
Seatrium Offshore Renewable Services Ltd (fka. Sembmarine SLP Limited)[3]	United Kingdom	Design, engineering, fabrication and installation of offshore platforms, modules and structures for the oil, gas and renewable energy industry	100	100

43 GROUP ENTITIES (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group 2023 %	Effective equity held by the Group 2022 %
Subsidiaries, associates and joint ventures of Seatrium (SG) Pte. Ltd. *(Cont'd)*				
Seatrium Repairs & Upgrades Pte. Ltd. (fka. Sembcorp Marine Repairs & Upgrades Pte. Ltd.)(1)	Singapore	Ship repair and related services	100	100
Seatrium Solutions Pte. Ltd. (fka. Sembcorp Marine Solutions Pte. Ltd.)(1)	Singapore	Provision of management and technical services	100	100
Seatrium Specialised Shipbuilding Pte. Ltd. (fka. Sembcorp Marine Specialised Shipbuilding Pte. Ltd.)(1)	Singapore	Shipbuilding, ship repair and related services	100	100
Sembawang Shipyard (S) Pte Ltd(1)	Singapore	Investment holding	100	100
Sembmarine Kakinada Limited(3)	India	In process of liquidation	35.8	35.8
SES Marine Services (Pte) Ltd(1)	Singapore	Marine services	100	100
Sevan SSP AS(2)	Norway	Design, development, engineering and consulting related to offshore solutions	100	100
Shenzhen Chiwan Offshore Petroleum Engineering Company Ltd(3)	People's Republic of China	Equipment inspection, repair and maintenance services for oil reconnoiter and exploitation in South China Sea	35	35
Straits Overseas Pte. Ltd.(1)	Singapore	Investment holding and engineering, construction and fabrication of offshore marine structures	100	100
Subsidiaries and associates of Seatrium Offshore & Marine Limited				
Asian Lift Pte Ltd(3)	Singapore	Provision of heavy-lift equipment and related services	50	–
Atwin Offshore & Marine Pte Ltd(3)	Singapore	Investment holding company	30	–
FELS Offshore Pte Ltd(1)	Singapore	Holding of long-term investments	100	–
Green Scan Pte Ltd(1)	Singapore	Trading and installation of hardware, industrial, marine and building-related products, leasing and provision of services	100	–
Hygrove Investments Limited(4)	British Virgin Islands	In the process of liquidation	100	–
Keppel FELS Energy Manila, Inc.(4)	Philippines	In the process of liquidation	100	–
KS Investments Pte Ltd(1)	Singapore	Holding of long-term investments	100	–
Seatrium Housing Pte. Ltd. (fka. Keppel Housing Pte Ltd)(1)	Singapore	Provision of staff housing	100	–
Seatrium Marine & Deepwater Technology Pte. Ltd. (fka. Keppel Marine & Deepwater Technology Pte Ltd)(1)	Singapore	Research and experimental development on deepwater engineering	100	–
Seatrium New Energy Limited (fka. Keppel FELS Limited)(1)	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities	100	–
Seatrium O&G (Americas) Limited (fka. Keppel Shipyard Limited)(1)	Singapore	Ship repairing, shipbuilding and conversion	100	–

43 GROUP ENTITIES (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group 2023 %	2022 %
Subsidiaries and associates of Seatrium Offshore & Marine Limited *(Cont'd)*				
Seatrium Offshore & Marine Technology Centre Pte. Ltd. (fka. Keppel Offshore & Marine Technology Centre Pte Ltd)(1)	Singapore	Research and development on marine and offshore engineering	100	–
Seatrium Offshore Technology Pte. Ltd. (fka. Offshore Technology Development Pte Ltd)(1)	Singapore	Production of jacking systems	100	–
Seatrium Sea Scan Pte. Ltd. (fka. Keppel Sea Scan Pte Ltd)(1)	Singapore	Trading and installation of hardware, industrial, marine and building related products, leasing and provision of services	100	–
Subsidiaries of FELS Offshore Pte Ltd				
Angra Propriedades & Administracao Ltda(2)	Brazil	Holding of long-term investments and property management	100	–
AzerFELS Pte Ltd(1)	Singapore	Holding of long-term investments	68	–
Benniway Pte Ltd(1)	Singapore	Holding of long-term investments	100	–
Bintan Offshore Fabricators Pte Ltd(3)	Singapore	Offshore engineering and construction business	60	–
Caspian Shipyard Company LLC(4)	Azerbaijan	In the process of liquidation	51	–
Delporton Navegacao e Participacoes Ltda(4)	Brazil	Engineering, construction, manufacturing and repair of offshore platforms and vessels	100	–
Estaleiro BrasFELS Ltda(2)	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities	100	–
FSTP Brasil Ltda(2)	Brazil	Procurement of equipment and materials for the construction of offshore production facilities	75	–
FSTP Pte Ltd(1)	Singapore	Project management, engineering and procurement	75	–
Greenwood Pte Ltd(1)	Singapore	Holding of long-term investments	100	–
Guanabara Navegacao Ltda(2)	Brazil	Ship owning	100	–
Seatrium AmFELS Mexico Engineering, SA de CV(4)	Mexico	Provision of engineering and drafting services	100	–
Seatrium AmFELS, Inc. (fka. Keppel AmFELS, Inc.)(4)	United States of America	Construction and repair of offshore drilling rigs and offshore production facilities	100	–
Seatrium FELS Brasil Investments Ltda (fka. Keppel FELS Brasil Investments Ltda)(4)	Brazil	Holding of long-term investments	100	–
Seatrium FELS Brasil Navegacao Ltda (fka. Keppel FELS Brasil Navegacao Ltda)(4)	Brazil	Ship owning	100	–
Seatrium FELS Brasil SA (fka. Keppel FELS Brasil SA)(2)	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry	100	–
Seatrium Engineering Shenzhen Co., Ltd (fka. Keppel FELS Engineering Shenzhen Co. Ltd)(3)	China	Marine and offshore engineering services	100	–

43 GROUP ENTITIES (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group 2023 %	2022 %
Subsidiaries of FELS Offshore Pte Ltd *(Cont'd)*				
Seatrium Engineering Wuhan Co., Ltd (fka. Keppel FELS Engineering Wuhan Co. Ltd)(3)	China	Marine and offshore engineering services	100	–
Seatrium Letourneau Middle East FZE(2)	United Arab Emirates	Oilfield equipment trading, service and repair	100	–
Seatrium Letourneau USA, Inc (fka. Keppel Letourneau USA, Inc.)(4)	United States of America	Design and license of various offshore rigs and platforms	100	–
Keppel MexFELS, SA de CV(4)	Mexico	Construction and repair of offshore drilling rigs and offshore production facilities	100	–
Seatrium Engineering Kuala Lumpur Sdn. Bhd. (fka. Keppel Offshore & Marine Engineering Services Kuala Lumpur Sdn Bhd)(3)	Malaysia	Marine and offshore engineering services	100	–
Seatrium Engineering Mumbai Private Limited (fka. Keppel Offshore & Marine Engineering Services Mumbai Private Limited)(3)	India	Marine and offshore engineering services	100	–
Seatrium Offshore & Marine USA, Inc (fka. Keppel Offshore & Marine USA, Inc)(4)	United States of America	Offshore and marine-related services	100	–
Seatrium Singmarine Brasil Ltda (fka. Keppel Singmarine Brasil Ltda)(2)	Brazil	Shipbuilding	100	–
KV Enterprises B.V.(3)	Netherlands	Holding of long-term investments	100	–
KV Ventus B.V.(3)	Netherlands	Investment holding company	100	–
KVE Administradora de Bens Imoveis Ltda(2)	Brazil	Holding of long-term investments and property management	100	–
KVE Investments B.V.(3)	Netherlands	Project management services	100	–
Lindel Pte Ltd(1)	Singapore	Project management, engineering and procurement	100	–
Navegantes Administracoes de Bens Moveis e Imoveis Ltda(4)	Brazil	Shipbuilding	100	–
Northstar Investments Pte Ltd(4)	Singapore	Struck off on 4 September 2023	–	–
Offshore Wind 1 Pte Ltd(1)	Singapore	Chartering of ships, barges and boats with crew	100	–
OWEC Tower As(4)	Norway	Offshore engineering and construction	100	–
Prismatic Services Limited(4)	British Virgin Islands	Project procurement	100	–
PT Bintan Offshore(3)	Indonesia	Offshore engineering and construction	60	–
Regency Steel Japan Limited(3)	Japan	Sourcing, fabricating and supply of specialised steel components	51	–
Renewables Assets Partners Pte Ltd(1)	Singapore	Chartering of ships, barges and boats with crew	100	–
Seatrium ACE Pte. Ltd. (fka. KOM ACE Pte. Ltd.)(1)	Singapore	Chartering of ships, barges and boats with crew	100	–

43 GROUP ENTITIES (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group 2023 %	Effective equity held by the Group 2022 %
Associates of FELS Offshore Pte Ltd				
Blue Tern Holding AS(2)	Norway	Owning and leasing of multi-purpose self-elevating platforms	49	–
BPP Cables Limited(4)	United Kingdom	Design and supply of subsea power cables and consultancy service for deepwater cables	30	–
Deepwater Marine Technology LLC(4)	Cayman Islands	Acquiring and holding of intellectual property rights relating to offshore structures	50	–
FloaTec de Mexico SA de CV(4)	Mexico	Procurement	50	–
FloaTEC LLC(4)	United States of America	Development and marketing of offshore floating production facilities	50	–
Floatec Offshore Servicos de Petroleo Do Brasil Ltda(4)	Brazil	Operating of oil rigs	50	–
FloaTEC Singapore Pte Ltd(3)	Singapore	Manufacturing and repair of oil rigs	50	–
				–
Subsidiaries of KS Investments Pte Ltd				
Alpine Engineering Services Pte Ltd(1)	Singapore	Marine contracting	100	–
Batangas Topside Fabricators, Inc.(4)	Philippines	In the process of dissolution	100	–
Blastech Abrasives Pte Ltd(1)	Singapore	Painting, blasting, shot blasting, process and sale of slag	100	–
Blue Ocean Solutions Pte Ltd(4)	Singapore	Manufacture and repair of marine engines and ship parts	70	–
Gas Technology Development Pte Ltd(1)	Singapore	Engineering design, procurement and construction of gas-related project	100	–
Kagp Bauan Inc.(4)	Philippines	In the process of dissolution	62.5	–
Kagp Bauan Land Inc.(4)	Philippines	In the process of dissolution	100	–
Keppel Batangas Shipyard, Inc(2)	Philippines	Shipbuilding and ship repair	98.8	–
Seatrium Nantong Heavy Industry Co., Ltd (fka. Keppel Nantong Heavy Industry Co. Ltd)(2)	People's Republic of China	Engineering and construction of specialised vessels	100	–
Seatrium Nantong Shipyard Co., Ltd (fka. Keppel Nantong Shipyard Co. Ltd)(2)	People's Republic of China	Engineering and construction of specialised vessels	100	–
Seatrium Philippines Marine, Inc (fka. Keppel Philippines Marine, Inc)(2)	Philippines	Shipbuilding and repairing	99	–
Seatrium Subic Shipyard, Inc (fka. Keppel Subic Shipyard, Inc)(2)	Philippines	Shipbuilding and repairing	78	–
KSI Production (2017) Pte Ltd(4)	Singapore	Struck off on 7 August 2023	–	–
Seatrium Singmarine Pte. Ltd. (fka. Keppel Singmarine Pte Ltd)(1)	Singapore	Shipbuilding and repairing	100	–

43 GROUP ENTITIES (Cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective equity held by the Group 2023 %	2022 %
Associates and joint venture of KS Investments Pte Ltd				
Arab Heavy Industries PJSC[3]	United Arab Emirates	In the process of liquidation	33	–
Consort Land, Inc.[2]	Philippines	Property owners	24	–
Dyna-Mac Keppel Philippines Inc[4]	Philippines	In the process of liquidation	40	–
FueLNG Pte Ltd[3]	Singapore	Provide end-to-end LNG bunkering supply solution	50	–
Nakilat - Keppel Offshore & Marine Ltd[2]	Qatar	Ship repairing	20	–
PV Keez Pte Ltd[3]	Singapore	Chartering of ships, barges and boats with crew	20	–

(1) Audited by KPMG LLP, Singapore
(2) Audited by member firms of KPMG International in the respective countries
(3) Audited by other firms and not significant
(4) These companies are not required to be audited under the laws of their country of incorporation and not significant

44 ACQUISITION OF SUBSIDIARIES

(i) Acquisition of Seatrium O&M

On 28 February 2023, the Group acquired 100% of the shares and voting interests in Seatrium O&M from Keppel Corporation Limited ("KCL").

As consideration for its acquisition of Seatrium O&M, the Group issued new shares to KCL and its shareholders representing 54% of the shares in the Group.

For the ten months ended 31 December 2023, Seatrium O&M contributed revenue of $3,880,629,000 and loss of $980,373,000 to the Group's results. If the acquisition had occurred on 1 January 2023, management estimates that the consolidated revenue and loss for twelve months ended 31 December 2023 would have been $7,921,954,000 and $2,308,743,000 respectively.

44 ACQUISITION OF SUBSIDIARIES (Cont'd)

(i) Acquisition of Seatrium O&M (Cont'd)

Details of the consideration transferred, the fair values of the assets acquired and liabilities (including contingent liabilities) assumed, the non-controlling interests recognised and the effects on cash flows of the Group, at the acquisition date, are as follows:

	$'000
Purchase consideration	
Equity instruments issued (36,848,072,918 ordinary shares)	4,679,705
Consideration transferred for the businesses	4,679,705
Effect on cash flows of the Group	
Cash paid	–
Cash and cash equivalents in subsidiaries acquired	742,854
Cash inflow on acquisition	742,854
Identifiable assets acquired and liabilities assumed[1]	
Property, plant and equipment	1,161,678
Right-of-use assets	697,212
Intangible assets	452,241
Interests in associates and joint ventures	204,142
Other financial assets	126,589
Trade and other receivables[2]	445,395
Deferred tax assets	67,920
Inventories	262,410
Contract assets	2,066,958
Tax recoverable	1,571
Assets held for sale	20,043
Cash and cash equivalents	742,854
Total assets	6,249,013
Trade and other payables	2,252,885
Contract liabilities	703,671
Provisions	1,033,998
Other financial liabilities	745
Current tax payable	7,229
Interest-bearing borrowings	938,399
Lease liabilities	291,266
Deferred tax liabilities	143,001
Total liabilities	5,371,194
Total identifiable net assets	877,819
Less: Non-controlling interests	(14,295)
Add: Goodwill on consolidation	3,816,181
Consideration transferred for the businesses	4,679,705

[1] The above fair values of identifiable assets acquired and liabilities assumed have been determined on provisional basis as of 31 December 2023.

[2] Trade and other receivables comprise gross contractual amounts due of $528,470,000, of which $83,075,000 was expected to be uncollectible at date of acquisition.

44 ACQUISITION OF SUBSIDIARIES (Cont'd)

(i) Acquisition of Seatrium O&M (Cont'd)

Equity instruments issued

An equity value exchange ratio as advised by external joint financial advisors to parties of the transaction was applied in determining the number of new ordinary shares issued as share capital for the purchase consideration. For this purpose, fair value of $0.127 per ordinary share premised on listed share price of the Company at 27 February 2023.

Acquisition-related costs

The Group incurred acquisition-related costs amounting to $33,000,000, of which $17,000,000 was recognised in 2023 and $16,000,000 in prior years. These costs have been included in general and administrative expenses.

Goodwill

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Seatrium O&M into the Group's existing businesses, arising from greater economies of scale, combined technical and engineering ability, as well as leverage on in-house design and R&D know-how to expand the Group's suite of technological capabilities. Together with the assembled workforce of Seatrium O&M acquired, the Group expects to reap future economic benefits as the Group positions itself to pursue expanded opportunities for growth in the areas of renewables, new energy and cleaner O&M solutions. Collectively, these are future economic benefits the Group expects to reap from capitalising the goodwill on acquisition on balance sheet but within current accounting standards, none of these can be individually recognised and measured.

The goodwill is not deductible for tax purposes.

Contingent Liabilities

With reference to status and circumstances surrounding the outstanding litigation claims and contingencies (the "cases") that prevailed on acquisition date, the fair value of the contingent liabilities assumed from acquisition of Seatrium O&M has been assessed to be not material. Depending on how the outstanding cases evolve or settle in future periods, there could be significant financial effects in profit or loss in future periods.

44 ACQUISITION OF SUBSIDIARIES (Cont'd)

(ii) Consolidation of Marine Housing Services Pte. Ltd. ("MHS") and Joint Shipyard Management Services Pte Ltd ("JSMS")

Arising from the acquisition of Seatrium O&M, the Group has obtained control and holds 100% and 56% equity interest in MHS and JSMS, respectively. Prior to the combination of Seatrium O&M, MHS and JSMS were equity-accounted investees of Seatrium Limited and Seatrium O&M, respectively. With the combined interest held in these investees by Seatrium Limited and Seatrium O&M, these investees have become subsidiaries of the Group from the combination date of Seatrium O&M, and accordingly consolidated by the Group.

The financial effects from consolidation of individual assets and liabilities of MHS and JSMS are set out below.

	2023 $'000	2022 $'000
Property, plant and equipment	62,622	–
Trade and other receivables	3,157	–
Cash and cash equivalents	7,189	–
Total assets	72,968	–
Trade and other payables	42,588	–
Provisions	300	–
Current tax payable	1,638	–
Deferred tax liabilities	1,333	–
Total liabilities	45,859	–
Total net assets	27,109	–
Less: Non-controlling interests	(704)	–
	26,405	–

45 OPERATING SEGMENTS

(a) Business segments

The Group has two reportable segments. They are: (i) rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding; and (ii) ship chartering. The business units are managed separately because of their different business activities. The results of all projects related to shipbuilding and repairs are reviewed as a whole and form the basis for resource allocation decisions of the shipyard activities.

The accounting policies are described in Note 3. Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, intangible assets, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker, which is defined to be the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include bulk trading in marine engineering related products; provision of harbour tug services to port users; collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

45 OPERATING SEGMENTS (Cont'd)

(a) Business segments (Cont'd)

	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding $'000	Ship chartering $'000	Others $'000	Elimination $'000	Total $'000
31 December 2023					
Revenue					
Sales to external parties	7,257,677	31,625	2,186	–	7,291,488
Inter-segment sales	–	–	73,331	(73,331)	–
Total	7,257,677	31,625	75,517	(73,331)	7,291,488
Results					
Segment results	(1,553,901)	1,024	(19,772)	–	(1,572,649)
Finance income	237,047	47	189,965	(230,824)	196,235
Finance costs	(316,237)	(1,051)	(201,720)	230,824	(288,184)
Non-operating items	(341,360)	–	(16,961)	–	(358,321)
Share of results of associates and joint ventures, net of tax	3,012	–	4,042	–	7,054
(Loss)/profit before tax	(1,971,439)	20	(44,446)	–	(2,015,865)
Tax expense	(10,708)	(419)	(2,741)	–	(13,868)
Loss for the year	(1,982,147)	(399)	(47,187)	–	(2,029,733)
Assets					
Segment assets	16,833,036	267,159	3,334,457	(4,612,987)	15,821,665
Investments in associates and joint ventures	11,546	–	168,721	–	180,267
Deferred tax assets	214,999	3,399	1,654	–	220,052
Tax recoverable	5,057	–	–	–	5,057
Total assets	17,064,638	270,558	3,504,832	(4,612,987)	16,227,041
Liabilities					
Segment liabilities	10,546,673	98,149	3,650,136	(4,612,987)	9,681,971
Deferred tax liabilities	96,979	–	1,420	–	98,399
Current tax payable	24,496	2,494	4,119	–	31,109
Total liabilities	10,668,148	100,643	3,655,675	(4,612,987)	9,811,479
Capital expenditure	120,760	836	730	–	122,326
Significant non-cash items					
Depreciation and amortisation	442,585	11,045	2,664	–	456,294
Changes in fair value of financial instruments	(3,046)	–	28,623	–	25,577
Write-down of property, plant and equipment	861,488	5,159	–	–	866,647
Write-down of right-of-use assets	277,681	–	–	–	277,681
Write-down of intangible assets	87,607	–	–	–	87,607
Write-down of investment in associates	–	–	16,961	–	16,961
Provision for onerous contract	208,949	–	–	–	208,949
Provision for legal claims	258,930	–	–	–	258,930
Provision for corporate claims	82,430	–	–	–	82,430
Provision for restoration costs, net	9,421	–	–	–	9,421
Property, plant and equipment written off	3,748	–	–	–	3,748
Write-down of inventories, net	120,783	–	–	–	120,783
(Write-back)/impairment losses on trade receivables and contract assets, net	(2,351)	–	7,167	–	4,816

45 OPERATING SEGMENTS (Cont'd)

(a) Business segments (Cont'd)

	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding $'000	Ship chartering $'000	Others $'000	Elimination $'000	Total $'000
31 December 2022					
Revenue					
Sales to external parties	1,924,987	18,385	3,823	–	1,947,195
Inter-segment sales	–	–	98,887	(98,887)	–
Total	1,924,987	18,385	102,710	(98,887)	1,947,195
Results					
Segment results	(207,641)	6,304	(5,107)	–	(206,444)
Finance income	98,647	7	111,916	(108,312)	102,258
Finance costs	(185,737)	(1,389)	(57,886)	108,312	(136,700)
Non-operating income	–	–	8	–	8
Share of results of associates and joint ventures, net of tax	417	–	717	–	1,134
(Loss)/profit before tax	(294,314)	4,922	49,648	–	(239,744)
Tax expense	(21,844)	(940)	(3,032)	–	(25,816)
(Loss)/profit for the year	(316,158)	3,982	46,616	–	(265,560)
Assets					
Segment assets	8,158,076	240,556	3,257,024	(2,755,377)	8,900,279
Investments in associates and joint ventures	4,384	–	13,153	–	17,537
Deferred tax assets	167,881	1,351	–	–	169,232
Tax recoverable	14,840	–	–	–	14,840
Total assets	8,345,181	241,907	3,270,177	(2,755,377)	9,101,888
Liabilities					
Segment liabilities	6,294,596	43,235	1,706,102	(2,755,377)	5,288,556
Deferred tax liabilities	14,779	–	1,010	–	15,789
Current tax payable	4,704	1,492	2,956	–	9,152
Total liabilities	6,314,079	44,727	1,710,068	(2,755,377)	5,313,497
Capital expenditure	22,032	5,556	2,113	–	29,701
Significant non-cash items					
Depreciation and amortisation	188,511	10,818	481	–	199,810
Changes in fair value of financial instruments	(3,808)	–	(30,388)	–	(34,196)
Provision for restoration costs, net	6,318	–	–	–	6,318
Property, plant and equipment written off	1	–	–	–	1
(Reversal of write-down)/write-down of inventories, net	(2,904)	–	51	–	(2,853)
Impairment losses on trade receivables and contract assets, net	8,815	–	–	–	8,815
Gain on disposal of a subsidiary	–	–	(8)	–	(8)

45 OPERATING SEGMENTS (Cont'd)

(b) Geographical segments

The Group operates in 20 (2022: 12) countries and headquarters in the Republic of Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue from external customers $'000	Capital expenditure $'000	Non-current assets[1] $'000	Total assets $'000
31 December 2023				
Singapore	503,704	93,091	7,630,919	13,194,765
Rest of Asia, Australia & India	599,247	11,163	334,414	573,048
Middle East & Africa	111,991	34	11,683	49,513
United Kingdom	189,611	64	3,805	11,940
Norway	325,542	110	96,802	109,636
The Netherlands	234,170	–	78,049	144,149
Rest of Europe	631,957	35	116	2,980
Brazil	3,803,778	16,637	1,366,654	2,006,607
U.S.A.	880,322	1,190	49,908	134,131
Other countries	11,166	2	26	272
Total	7,291,488	122,326	9,572,376	16,227,041
31 December 2022				
Singapore	283,140	17,528	3,985,734	7,086,046
Rest of Asia, Australia & India	115,481	2,337	106,619	122,264
Middle East & Africa	102,366	–	–	–
United Kingdom	257,482	59	1,772	9,157
Norway	274,907	68	67,630	78,411
The Netherlands	31,488	5,926	82,466	95,910
Rest of Europe	257,854	65	136	3,122
Brazil	224,152	3,718	1,531,258	1,706,729
U.S.A.	393,615	–	22	249
Other countries	6,710	–	–	–
Total	1,947,195	29,701	5,775,637	9,101,888

[1] Non-current assets presented consist of property, plant and equipment, right-of-use assets, investments in associates and joint ventures, trade and other receivables and intangible assets.

(c) Major customers

In 2023, revenue from one (2022: one) customer of the Group's rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding segment represents approximately 49 per cent (2022: 12 per cent) of the Group's total revenue.

46 CHANGES IN MATERIAL ACCOUNTING POLICIES

The Group has applied the following SFRS(I)s, interpretations of SFRS(I) and requirement of SFRS(I) which are mandatorily effective from 1 January 2023:

- *Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information* (Amendments to SFRS(I) 17)
- *International Tax Reform – Pillar Two Model Rules* (Amendments to SFRS(I) 1-12)
- SFRS(I) 17 *Insurance Contracts* and Amendments to SFRS(I) 17 *Insurance Contracts*
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)

46 CHANGES IN MATERIAL ACCOUNTING POLICIES (Cont'd)

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

The Group has early adopted the following amendments to accounting standards during the year.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants **(Amendments to SFRS(I) 1-1)**

The amendments as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. This adoption did not result in changes in classification of liabilities – current and non-current shown on the balance sheets of 2023 and 2022.

47 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new accounting standards and interpretations and amendments to accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Group has not early adopted the new or amended accounting standards and interpretations in preparing these financial statements.

The following SFRS(I)s, amendments to and interpretations of SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangement*
- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*

Mandatory effective date deferred

- Amendments to SFRS(I) 1-28: *Investments in Associates and Joint Ventures* and SFRS(I) 10: *Consolidated Financial Statements – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

48 SUBSEQUENT EVENT

In-principle settlement agreements

With reference to Note 46 as disclosed in the financial statements of the Group during the year ended 31 December 2022 together with past SGX announcements made by the Company in relation to on-going investigations related to Operacao Lava Jato ("Operation Car Wash") in Brazil, the Company has been cooperating fully with the Brazilian and Singaporean authorities in their investigations related to Operation Car Wash. Whilst charges were filed in 2020 against certain individuals related to the Company's subsidiary in Brazil, those were made in their personal capacities and not against the Company nor any of the Company's subsidiary.

On 26 February 2024, the Company announced that the Company has reached in-principle settlement agreements with the authorities in Brazil, namely the Brazilian Attorney-General's Office (the "AGU"), Comptroller General of the Union ("CGU"), and Public Prosecutor's Office in Brazil (the "MPF") (collectively, "Brazilian Authorities"), in relation to the Brazilian Authorities' Operation Car Wash investigations.

Under the terms of the in-principle settlement agreements, the Company has agreed to a settlement payment totalling R$670,699,731.73 (equivalent to approximately S$182,430,000[(1)]).

The CGU and AGU will forward a communication of the in-principle settlement agreement to the Federal Court of Accounts ("TCU"), which has 90 days to consider it, to be followed by a Ministerial approval process. The in-principle settlement agreement with the MPF is subject to ratification by the Fifth Chamber for Coordination and Review of the MPF, which has no statutory period by which it must complete its process.

48 SUBSEQUENT EVENT (Cont'd)

In-principle settlement agreements (Cont'd)

Upon the formal signing of the leniency agreements, the Company does not expect there to be any further grounds for liability to the Brazilian Authorities in relation to the matters that are the subject of the leniency agreements. According to Brazilian legislation, the execution of the leniency agreements shall guarantee that the Company may participate in future public bidding processes and execute contracts in Brazil.

Pursuant to the combination of the businesses of Sembcorp Marine Ltd ("SCM") and Keppel Offshore & Marine Ltd in February 2023, the parties had agreed that for a period of up to 24 months from the completion of the proposed combination, SCM would indemnify Keppel Corporation Ltd ("KCL") for claims against SCM in respect of certain other identified contingent liabilities. These relate to SCM's discussions with the Brazilian Authorities on the Operation Car Wash investigations. Such claims by KCL against SCM can only be made if they exceed certain agreed minimum amounts and are subject to a maximum of S$100,000,000.

Following in-principle settlement reached with the Brazilian Authorities, on 28 March 2024, the Attorney-General's chambers ("AGC") (as the office of the Public Prosecutor in Singapore) is agreeable to enter into a deferred prosecution agreement (the "DPA") with the Company within the meaning of section 149A of the Criminal Procedure Code 2010 (2020 Rev Ed).

As part of the terms of the DPA, the AGC is agreeable for the DPA to impose on the Company a requirement to pay a financial penalty of US$110,000,000. The AGC is agreeable for up to a maximum of US$53,000,000 of the payments to be made by the Company to the Brazilian authorities to be credited against financial penalty. Accordingly, the amount to be payable by the Company to the Singapore authorities under the DPA will be US$57,000,000 (equivalent to approximately S$76,500,000[(2)]).

The other terms of the DPA are to be agreed between the AGC and the Company in due course and will be contained in a definitive DPA to be entered into between the Company and the AGC. Once the definitive DPA is executed, the AGC will be required to apply to the General Division of the High Court in Singapore for a declaration that the DPA is in the interests of justice and the terms of the DPA are fair, reasonable and proportionate.

The DPA remains subject to the AGC's agreement and approval of the General Division of the High Court in Singapore.

In view of the above, for the financial year ended 31 December 2023 ("FY2023"), the Company made provisions of S$182,430,000, S$82,430,000 and S$76,500,000 for the agreed Brazilian in-principle settlement, the KCL indemnity, and the financial penalty to the Singapore authorities respectively.

Whilst charges were filed by the Singapore authorities on 28 March 2024 against 2 former employees of the Company, those were made in their personal capacities and not against the Company. There is therefore no additional financial impact arising from these charges on the Company.

(1) *The in-principle settlement amount is subject to both inflation and currency adjustment until the date of the Company's payment of the settlement amount. Conversion to S$ is based on FY2023 December book closing rate of 0.272.*

(2) *Conversion of the DPA amount to S$ is based on FY2023 December book closing rate of 1.3421.*

SUPPLEMENTARY INFORMATION

Year ended 31 December 2023

(Under SGX-ST Listing Manual requirements)

A. DIRECTORS' AND KEY EXECUTIVES' REMUNERATION EARNED FOR THE YEAR

Summary compensation table for the year ended 31 December 2023

Name of Director	Salary[1] $'000	Bonus Earned[1] $'000	Directors' Fees[2] Cash-based $'000	Directors' Fees[2] Share-based $'000
Payable by the Company:				
Mark Gainsborough	–	–	350	150
Yap Chee Keong	–	–	560	150
Chris Ong Leng Yeow	675	1,197	–	–
Nagi Hamiyeh	–	–	174	–
Jan Holm	–	–	144	61
Lai Chung Han	–	–	160	–
Ieda Gomes Yell	–	–	109	47
Sarjit Singh Gill	–	–	61	26
Astrid Skarheim Onsum	–	–	57	25
Mariel von Schumann	–	–	38	17

Name of Key Executive	Salary[1] %	Bonus Earned[1] %	Total Compensation %
$1,250,001 to $1,500,000			
Chor How Jat	44	56	100
$750,001 to $1,000,000			
Paul Tan	100	–	100
William Gu	51	49	100
$500,001 to $750,000			
Samuel Wong	59	41	100
Lim Howe Run	55	45	100
Total for Key Executives			$4,171,470

Notes:

1. The amount shown includes salary (which includes allowances, fees and other emoluments) and bonuses (which includes AWS, discretionary bonus and performance targets bonus).
2. 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 Seatrium Restricted Share Plan 2020.

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

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

Details on performance shares and restricted shares granted to the directors are set out on pages 85 to 88 of the Seatrium Annual Report 2023.

(Under SGX-ST Listing Manual requirements)

B. Interested Person Transactions

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2023 $'000	2022 $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000) 2023 $'000	2022 $'000
Transaction for the Sales of Assets					
Pavilion Energy Pte. Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	200	–	–	–
Transaction for the Sales of Goods and Services					
Pavilion Energy Singapore Pte. Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	–	–	301	–
ST Engineering Marine Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	–	–	2,110	–

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2023 $'000	2022 $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000) 2023 $'000	2022 $'000
Transaction for the Purchase of Goods and Services					
Pavilion Energy Singapore Pte. Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	–	–	5,241	–
PSA Marine (Pte) Ltd	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	–	–	–	100
ST Engineering Marine Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	–	–	1,658	–
ST Engineering Unmanned & Integrated Systems Pte. Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	–	–	110	–
Sygnia Consulting Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	–	–	231	354
Total Interested Person Transactions		**200**	**–**	**9,651**	**454**

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT

NAME OF DIRECTOR	MARK GAINSBOROUGH (“MR GAINSBOROUGH”)	NAGI HAMIYEH (“MR HAMIYEH”)
Date of appointment	28 February 2023	28 February 2023
Date of last re-appointment	26 April 2023	26 April 2023
Age (as at 9 April 2024)	65	55
Country of principal residence	United Kingdom	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process).	The Board considered Mr Gainsborough’s background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of Seatrium Limited	The Board considered Mr Hamiyeh’s background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of Seatrium Limited.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Director Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee Chairman of the Transformation Committee Member of the Corporate Social Responsibility Committee	Non-Executive and Non-Independent Director Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee Member of the Transformation Committee
Professional qualifications	Mr Gainsborough holds a Master's degree in Environmental Policy and a Bachelor of Science degree in Psychology from University College, London. He is a Fellow of the UK Energy Institute and has been accorded a Senior Accredited Director by the Singapore Institute of Directors.	Mr Hamiyeh holds a Master of Science in Civil and Environmental Engineering from Massachusetts Institute of Technology, as well as a Bachelor of Science in Civil Engineering from University of Texas.

SUPPLEMENTARY INFORMATION
Year ended 31 December 2023

IEDA GOMES YELL (MS YELL)	SARJIT SINGH GILL (MR GILL)	ASTRID SKARHEIM ONSUM (MS ONSUM)	MS MARIEL VON SCHUMANN (MS VON SCHUMANN)
1 May 2023	1 June 2023	1 September 2023	1 October 2023
N.A.	N.A.	N.A.	N.A.
67	70	53	52
Isle of Man	Singapore	Norway	Germany
The Board considered Ms Yell's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that she will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of Seatrium Limited	The Board considered Mr Gill's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that he will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of Seatrium Limited.	The Board considered Ms Onsum's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that she will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of Seatrium Limited.	The Board considered Ms von Schumann's background, knowledge, expertise and experience as well as the overall size and composition of the Board and is satisfied that she will contribute to the Board and to the combination of skills, talents, experience and diversity required on the Board in order to serve the needs and plans of Seatrium Limited.
Non-Executive	Non-Executive	Non-Executive	Non-Executive
Non-Executive and Independent Director Member of the Corporate Social Responsibility Committee Member of the Transformation Committee	Non-Executive and Independent Director Member of the Audit and Risk Committee	Non-Executive and Independent Director Member of the Audit and Risk Committee	Non-Executive and Independent Director Member of the Corporate Social Responsibility Committee Member of the Nomination and Remuneration Committee
Ms Yell holds a Bachelor of Science in Chemical Engineering from the Federal University of Bahia, a Master of Science in Energy from the University of Sao Paulo, and a Master in Environmental Engineering from the Polytechnic School of Lausanne. She is a Visiting Fellow of the Oxford Institute for Energy Studies and a Fellow of the Energy Institute. She has also obtained designation and formation in ESG by Competent Boards, and has been accorded a Senior Accredited Director by the Singapore Institute of Directors.	Mr Gill holds a Bachelor of Laws (Honours) from the National University of Singapore. He is an Advocate and Solicitor, Singapore (1977) as well as a Solicitor, England and Wales (2003).	Ms Onsum holds a Master of Science in Mechanical Engineering from The Norwegian University of Science and Technology (NTNU). She has met all the training requirements to be a board member of a company listed on the Singapore Exchange.	Ms von Schumann holds a Bachelor of Arts in Economics and Management from ICHEC Brussels Management School and a Master in Economics and International Management from ESCP Business School.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (CONT'D)

NAME OF DIRECTOR	MARK GAINSBOROUGH ("MR GAINSBOROUGH")	NAGI HAMIYEH ("MR HAMIYEH")
Working experience and occupation(s) during the past 10 years	2009 to 2020 Executive Vice President of Royal Dutch Shell 2020 to Present Chairman and Co-Founder of Low Carbon Advisors	2005 to Present Managing Director and Head of Portfolio Development Group at Temasek International (Private) Limited
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	Mr Hamiyeh is currently a Managing Director and Head of Portfolio Development Group at Temasek International (Private) Limited.
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	– Corvus Energy A.S. (Board Member) – Greenko Energy Holdings (Board Member) – Off The Line Vineyard Ltd (Director)	– Dream International BV (Director) – Lebanese International Finance Executive (Board Member) – Olam Agri Holdings Pte Ltd (Director) – Sheares Healthcare Group of Companies (Director) – Sigma Healthcare Management Pte Ltd (Director) – Tana Africa Capital Limited (Director) – Tana Africa Investment Managers Ltd (Director) – Startree Investments Pte Ltd (Director)

SUPPLEMENTARY INFORMATION

Year ended 31 December 2023

IEDA GOMES YELL (MS YELL)	SARJIT SINGH GILL (MR GILL)	ASTRID SKARHEIM ONSUM (MS ONSUM)	MS MARIEL VON SCHUMANN (MS VON SCHUMANN)
2011 to 2018 Director and Founder of Energix Strategy Ltd	2009 to Present Senior Partner with Shook Lin & Bok.	2011 to 2020 Managing Director, Chief Digital Officer and Head of Offshore Wind, Aker Solutions ASA 2020 to 2021 Chief Executive Officer, Aker Offshore Wind ASA 2021 to 2022 Chief Executive Officer, The NG (Norsk Gjenvinning ASA) Group	2009 to 2013 Head of Investor Relations, Siemens AG, Munich 2014 to 2020 Head of Transformation and Top Executive Management (including Chief of Staff), Siemens AG, Munich
Nil	741,636 Seatrium shares	Nil	Nil
None	None	None	None
None	None	None	None
Yes	Yes	Yes	Yes
– Bureau Veritas (France) (Non-Executive Director) – Exterran Corporation (USA) (Non-Executive Director) – InterEnergy Group (IFC nominee) (Nominee Non-Executive Director) – Odebrecht SA Brazil (Non-Executive Director)	– Singapore International Mediation Centre Specialist Mediator Panel (Singapore)	– The NG (Norsk Gjenvinning ASA) Group (CEO) – Aker Offshore Wind ASA (CEO) – Principle Power Inc (Director) – The Norwegian Government 2021/2022 Expert Committee on Climate Friendly Investments (Member)	– Siemens Gamesa (Member of the Supervisory Board) – Siemens India (Member of the Supervisory Board)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (CONT'D)

NAME OF DIRECTOR	MARK GAINSBOROUGH ("MR GAINSBOROUGH")	NAGI HAMIYEH ("MR HAMIYEH")
Present	– Beyond Net Zero Advisory Board (Member) – Green Mantra Recycling, Technologies Ltd (Board Member) – Husk Power Systems Inc. (Board Member) – Low Carbon Advisors Pte Ltd (Chairman) – NZE50 Consulting Ltd (Director) – United Overseas Bank Sustainability Advisory Panel (Member)	– EM Topco Limited (Director) – Kyanite Investment Holdings Pte Ltd (Director) – Kyanite Investment Holdings (I) Pte Ltd (Director) – OFI Group Ltd (Director) – Olam Group Limited (Director) – Sembcorp Industries Ltd (Director)
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

IEDA GOMES YELL (MS YELL)	SARJIT SINGH GILL (MR GILL)	ASTRID SKARHEIM ONSUM (MS ONSUM)	MS MARIEL VON SCHUMANN (MS VON SCHUMANN)
– Brazilian Chamber of Commerce in Great Britain (Member) – Business Isle of Man (Cleantech Champion) (Non-Executive Director) – Prumo Logistica (Brazil) (Non-Executive Director) – Saint Gobain (France) (Non-Executive Director & Member of the Audit & Risk Committee) – Sao Paulo Federation of Industries (Member) – The Institute of Directors (United Kingdom) (Non-Executive Director) – Women in Leadership in Latin America, Brazil (Chairperson and Founding Member)	– Heliconia Capital Management Pte Ltd (Director) – Inland Revenue Authority of Singapore (Board Member) – Life Imprisonment Review Board, the President's Pleasure Review Board and Long Imprisonment Review Board (Member) – Shook Lin & Bok (LLP) (Senior Partner) – Singapore International Arbitration Centre (SIAC) Panel of Arbitrators (Member) – Urban Redevelopment Authority (Board Member)	– Epiroc AB (Director & Audit Committee Member) – Nordic Unmanned ASA (Chairperson and Director) – Spoor AS (Director)	– Agora Strategy Group (Member) – Verti Versicherung AG (Chairperson)
No	No	No	No
No	No	No	No
No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (CONT'D)

NAME OF DIRECTOR	MARK GAINSBOROUGH ("MR GAINSBOROUGH")	NAGI HAMIYEH ("MR HAMIYEH")
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

IEDA GOMES YELL (MS YELL)	SARJIT SINGH GILL (MR GILL)	ASTRID SKARHEIM ONSUM (MS ONSUM)	MS MARIEL VON SCHUMANN (MS VON SCHUMANN)
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No

SUPPLEMENTARY INFORMATION
Year ended 31 December 2023

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT (CONT'D)

NAME OF DIRECTOR	MARK GAINSBOROUGH ("MR GAINSBOROUGH")	NAGI HAMIYEH ("MR HAMIYEH")
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

IEDA GOMES YELL (MS YELL)	SARJIT SINGH GILL (MR GILL)	ASTRID SKARHEIM ONSUM (MS ONSUM)	MS MARIEL VON SCHUMANN (MS VON SCHUMANN)
No	No	No	No
No	No	Epiroc AB is a global corporation active in 120 countries and has been investigated for various issues in some of these countries. There are no major issues in relation to these investigations.	No
No	No	No	No
No	No	No	No
No	No	No	No
No	No	No	No

MAJOR PROPERTIES

Location	Description & Approximate Land Area	Tenure	Usage
Singapore Yards			
• Admiralty Road East/ Admiralty Road West	Land area: 866,515m² Buildings, workshops, drydocks and quays	22 years leasehold	Ship repairs, ship conversion, offshore engineering, shipbuilding and rig building including drydock, berthage and workshops
• Pandan Road	Land area: 142,546m²	5 years leasehold (JTC Land)	Rig building, repairs, upgrading and fabrication including berthage and workshops
• Shipyard Road	Land area: 28,959m² Building, workshops & drydocks	2 Years Temporary Occupation License	Reinstatement works
• Tuas South Boulevard Phase I	Land area: 761,502m² Docks, quays, workshops, buildings and berthage	30 plus 30 years leasehold (JTC Land)	Ship repairs, ship conversion, offshore engineering, shipbuilding and rig building including drydocks, berthage and workshops
• Tuas South Boulevard Phase II	Land area: 357,708m²	30 plus 30 years leasehold (JTC Land)	Ship repairs, ship conversion, offshore engineering, shipbuilding and rig building including drydocks, berthage and workshops
• Tuas South Boulevard Phase IIIa	Land area: 411,407m²	30 plus 30 years leasehold (JTC Land)	Marine engineering activities including repair, conversion, upgrading and building of rigs, ships and offshore structures
• Gul Road	Land area: 293,026m²	30 plus 11 years leasehold (JTC Land)	Building of offshore structures and marine vessels, ship repairs and conversion of vessels and industrial engineering
• Benoi Road	Land area: 355,688m²	30 years leasehold (JTC Land)	Ship repairs, shipbuilding and marine construction.
• Pioneer Sector 1	Land area: 443,428m²	30 years leasehold (JTC Land)	Ship repairs and marine construction
Overseas Yards			
P.T. Karimun Sembawang Shipyard			
• Karimun Island, Indonesia	Land area: 307,657m² Buildings, workshops and wharves	30 years leasehold (extendable for 20 years and renewable for 30 years)	Ship repairs and fabrication including berthage and workshop
P.T. SMOE Indonesia			
• Batam Island, Indonesia	Land area: 815,036m² Workshops, office buildings and 547m of jetty for modules load-out	30 years leasehold	Workshops and fabrication facilities

MAJOR PROPERTIES

Location	Description & Approximate Land Area	Tenure	Usage
Overseas Yards (Cont'd)			
Estaleiro BrasFELS Ltda • Angra dos Reis, Rio de Janeiro, Brazil	Land area: 521,731m²	Leasehold land ranging from 20 to 30 years	Ship repairs, ship conversion, offshore engineering, shipbuilding including berthage and workshops
Estaleiro Jurong Aracruz • Municipality of Aracruz, State of Espirito Santo, Brazil	Land area: 825,000m² Slipways, berthing quays, drydock, ancillary steel and piping facilities	Freehold	Drill ships construction, building of semisubmersible rigs, FPSO integration, fabrication of topside modules, PSVs construction, drilling rig repairs and modification works
Seatrium Singmarine Brasil • Volta Grande. Navegantes, Brazil	Land area: 76,000m²	Freehold	Ship repairs and fabrication including berthage and workshop
Seatrium Nantong Shipyard Co. Ltd • Nantong City, People's Republic of China	Land area: 159,963m²	50 years leasehold	Workshops and fabrication facilities
Seatrium Nantong Heavy Industry Co., Ltd • Nantong City, People's Republic of China	Land area: 284,555m²	50 years leasehold	Workshops and fabrication facilities
Seatrium AmFELS Inc • Brownsville, Texas, United States of America	Land area: 553,893m²	35 years leasehold	Marine engineering activities including repair, conversion, upgrading and building of rigs, ships and offshore structures
Seatrium Subic Shipyard, Inc • Subic Zambales, Philippines	Land area: 374,193m² Graving dock, quays, buildings and facilities	2 years leasehold	Ship repairs and conversion, ship building and offshore structure fabrication including dock, berthage, workshop and fabrication facilities
Seatrium Offshore Renewable Services Ltd • Lowestoft, Suffolk, UK	Land area: 14,285m² Workshops and office building	Leasehold land ranging from 22 to 99 years	Storage, workshops, and light assembly works

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