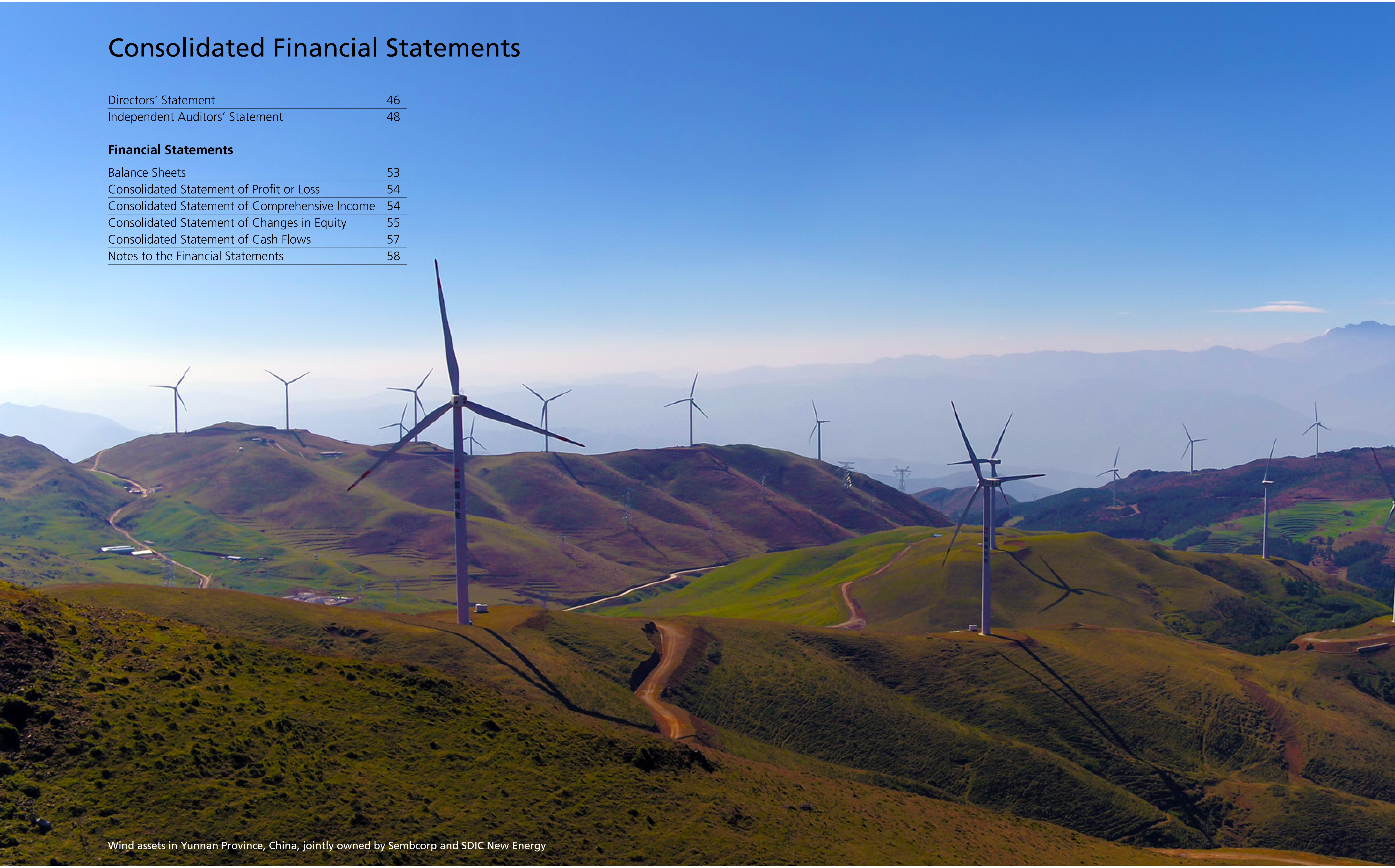
Consolidated Financial Statements



Wind assets in Yunnan Province, China, jointly owned by Sembcorp and SDIC New Energy

Directors' Statement

Year ended December 31, 2022

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended December 31, 2022.

In our opinion:

a. the financial statements set out on pages 53 to 115 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 December 31, 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date are in accordance with the provisions of the Companies Act 1967, 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 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:

Ang Kong Hua
Tow Heng Tan
Tham Kui Seng
Ajaib Haridass
Yap Chee Keong
Dr Josephine Kwa Lay Keng
Nagi Hamiyeh
Lim Ming Yan
Wong Kim Yin

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the 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 in related corporations are as follows:

Name of director and corporation in which interests held	Direct interest			Deemed interest		
	At beginning of the year	At end of the year	At 21/01/2023	At beginning of the year	At end of the year	At 21/01/2023
Ordinary shares of the Company						
Ang Kong Hua[1]	651,400	730,000	730,000	–	–	–
Tow Heng Tan[2]	–	8,700	8,700	22,715	22,715	22,715
Tham Kui Seng	145,200	162,400	162,400	–	–	–
Ajaib Haridass[3]	137,000	155,500	155,500	–	–	–
Yap Chee Keong[1]	97,800	116,800	116,800	–	–	–
Dr Josephine Kwa Lay Keng	42,000	54,300	54,300	–	–	–
Nagi Hamiyeh	14,400	29,600	29,600	–	–	–
Lim Ming Yan	–	19,100	19,100	–	–	–
Wong Kim Yin	78,677	395,188	2,829,688	–	–	–

Name of director and corporation in which interests held	Direct interest		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Conditional share award				
Wong Kim Yin				
PSP 2021-2022 (Note 1a)	377,900	377,900	–	–
PSP 2021-2023 (Note 1b)	998,900	998,900	–	–
PSP 2022-2024 (Note 1c)	–	521,300	–	–
PSP-TI 2021-2025 (Note 1d)	1,824,000	1,728,200	–	–
PSP-TI 2022-2025 (Note 1e)	–	1,751,000	–	–
RSP 2020 (Note 2a)	157,353	78,676	–	–
RSP 2021 (Note 2b)	–	284,066	–	–

[1] All shares are held in the name of DBS Nominees Pte Ltd
[2] Deemed interest in the shares registered in the name of his wife
[3] Of the 155,500 SCI shares, 5,000 shares are held in the name of Bank of Singapore and 100,000 shares are held in the name of Bank Julius Baer & Co Ltd

Note 1: The actual number delivered will depend on the achievement of set targets over the performance period as indicated below. No performance shares will be delivered if achievement of targets is below threshold level. Based on the achievement of performance targets:

a. Period from 2021 to 2022 (PSP 2021-2022)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

b. Period from 2021 to 2023 (PSP 2021-2023)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

c. Period from 2022 to 2024 (PSP 2022-2024)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

d. Period from 2021 to 2025 (PSP-TI 2021-2025)
In FY2022, 95,800 SCI shares were vested on May 31, 2022. The remaining shares could be vested between 2023 to 2025

e. Period from 2022 to 2025 (PSP-TI 2022-2025)
For this period, 0% to 140% of the conditional performance shares awarded could be delivered

Note 2: With effect from FY2019, restricted shares were granted based on the financial performance and corporate objectives achieved in the preceding year.

a. RSP 2020
In FY2022, 78,677 SCI shares (2nd release of the 1/3 of 236,030 shares) were vested on April 1, 2022. The remaining shares will be vested in Year 2023.

b. RSP 2021
In FY2022, 142,034 SCI shares (1st release of the 1/3 of 426,100 shares) were vested on April 1, 2022. The remaining shares will be vested in Year 2023 and 2024.

Directors' Statement

Year ended December 31, 2022

Directors' Interests *(cont'd)*

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

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 B4(a) and G4(d) 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 / she is a member, or with a company in which he / she has a substantial financial interest.

Share-based Incentive Plans

The Company's Performance Share Plan 2020 (SCI PSP 2020) and Restricted Share Plan 2020 (SCI RSP 2020) (collectively, the 2020 Share Plans) were approved and adopted by the shareholders at an Annual General Meeting of the Company held on May 21, 2020.

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

Ang Kong Hua *(Chairman)*
Tow Heng Tan *(Appointed on April 21, 2022)*
Tham Kui Seng
Lim Ming Yan

The 2020 Share Plans aim to strengthen the Company's competitiveness in attracting, retaining and motivating talented key senior management and senior executives, to incentivise superior performance and sustainable growth, and to align the interests of participants and shareholders. Under the 2020 Share Plans, the Group President & CEO and top management are required to hold shares equivalent to a multiple of the individual participant's annual base salaries.

Details of 2020 Share Plans are disclosed in Note B6 to the financial statements.

a. Performance Share Plan (PSP)

The details of the performance shares of Sembcorp Industries Ltd awarded during the financial year since commencement of the PSP (aggregate) are as follows:

		Movements during the year				
Performance shares participants	At January 1	Conditional performance shares awarded	Conditional performance shares lapsed	Performance shares lapsed arising from targets not met	Conditional performance shares released	At December 31
2022						
Key executives of the Group[1]	14,297,428	12,103,400	(505,994)	(2,106,243)	(1,076,800)	22,711,791

[1] Includes PSP for Group President & CEO of Sembcorp Industries Ltd

The Committee reviews achievement of the performance targets annually. In 2022, 2,106,243 (2021: 3,604,282) performance shares lapsed for under-achievement of the performance targets for the performance period 2019 to 2021 (2021: 2018 to 2020).

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

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

Subsequent to December 31, 2022 and up to the date of this report, as a result of achievement of performance targets, a total of 8,224,400 shares was released to employees of the Group including a director of the Company under the Sembcorp Industries Performance Share Plan 2020.

b. Restricted Share Plan (RSP)

The details of the restricted shares of Sembcorp Industries Ltd awarded during the year are as follows:

		Movements during the year			
Restricted shares participants	At January 1	Conditional restricted shares awarded	Conditional restricted shares released	Conditional restricted shares lapsed	At December 31
2022					
Non-executive directors of the Company:					
Ang Kong Hua	–	78,600	(78,600)	–	–
Tow Heng Tan	–	8,700	(8,700)	–	–
Tham Kui Seng	–	17,200	(17,200)	–	–
Ajaib Haridass	–	18,500	(18,500)	–	–
Yap Chee Keong	–	19,000	(19,000)	–	–
Dr Josephine Kwa Lay Keng	–	12,300	(12,300)	–	–
Nagi Hamiyeh	–	15,200	(15,200)	–	–
Lim Ming Yan	–	19,100	(19,100)	–	–
Employees of the Group[1]	6,307,724	2,742,994	(4,716,332)	(262,339)	4,072,047
	6,307,724	2,931,594	(4,904,932)	(262,339)	4,072,047

[1] Includes RSP for Group President & CEO of Sembcorp Industries Ltd

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2022, was 4,072,047 (2021: 6,307,724). With the change in the remuneration structure, with effect from 2019 award, the RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 4,072,047 (2021: 6,307,724) restricted shares.

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 15% limit of the share capital of the Company on the day preceding the relevant date of the grant.

Directors' Statement

Year ended December 31, 2022

Audit Committee

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

Yap Chee Keong *(Chairman)*
Ajaib Haridass
Dr Josephine Kwa Lay Keng *(Appointed on April 21, 2022)*

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

The Audit Committee performed the functions specified in Section 201B of the Companies Act 1967, the Listing Manual of the SGX, and the Code of Corporate Governance.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- interim financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX).

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

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

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

Auditors

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

On behalf of the Board of Directors

Ang Kong Hua
Chairman

Wong Kim Yin
Director

Singapore
February 20, 2023

Independent Auditors' Report

Members of the Company
Sembcorp Industries Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sembcorp Industries Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at December 31, 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 53 to 115.

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

Basis for opinion

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

Key audit matters

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

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

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

Risk:

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

CGUs identified for impairment assessment are found in Note D3.

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

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

Independent Auditors' Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting for acquisitions of subsidiaries and associates in China
(Refer to Note D3, G1, G3 and G5 to the financial statements: Goodwill of S$126,000,000, Subsidiaries of S$2,309,000,000, Associates and Joint Ventures of S$2,287,000,000)

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

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

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

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

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

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

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

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

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

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

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

We found the disclosures surrounding new acquisitions to be adequate.

Independent Auditors' Report

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

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

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

Risk:

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

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

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

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

Our response:

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

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

Our findings:

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

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

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

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

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

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

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Independent Auditors' Report

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
February 20, 2023

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

Table of Contents

Consolidated Financial Statements

Notes to the Financial Statements

Balance Sheets

As at December 31, 2022

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

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

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

Consolidated Statement of Profit or Loss

Year ended December 31, 2022

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

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

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

Consolidated Statement of Comprehensive Income

Year ended December 31, 2022

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

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2022

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

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2022

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

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

Consolidated Statement of Cash Flows

Year ended December 31, 2022

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

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

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

Notes to the Financial Statements

A. About These Financial Statements

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

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

The financial statements of the Group as at and for the year ended December 31, 2022 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

The financial statements were authorised for issue by the Board of Directors on February 20, 2023.

A1. Basis of Preparation

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

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

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

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

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

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

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

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

A2. Summary of Significant Accounting Policies

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

i. Foreign currencies

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group entities using exchange rates at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated to the functional currency using foreign exchange rates at that date.

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

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

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

Foreign operations

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

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

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

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to the foreign currency translation reserve in the consolidated statement of comprehensive income and are released to the consolidated statement of profit or loss upon disposal of the investment as part of the gain or loss on disposal.

Notes to the Financial Statements

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

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

ii. Basis of consolidation

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

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

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

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

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

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

From January 1, 2010, changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. The difference between the change in the carrying amounts of the non-controlling interests (NCI) and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. Prior to January 1, 2010, any excess of the cost of acquisition of NCI over the carrying amount of the interest in the net assets acquired at the date of acquisition was recognised as goodwill.

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

Non-controlling interest

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

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

Associates and joint ventures

Associates and joint ventures are accounted for using the equity method of accounting from the date that significant influence commences until the date that significant influence ceases and are recognised initially at cost. The cost of investments includes transaction costs. When the Group's share of losses exceeds its interest in the associate or joint venture, the carrying amount of the investment (including any other unsecured receivables, that in substance, form part of the Group's net investment) is reduced to zero, and the recognition of further losses is discontinued unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition. Where the audited financial statements are not yet available for the purpose of statutory filing, the share of results is arrived at from management financial statements.

Impairment for associates and joint ventures

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

iii. Adoption of new accounting policies

New standards and amendments

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

Amendments to:

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

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

Notes to the Financial Statements

B. Our Performance

B1. Segments Information

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

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

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

The principal activities of key subsidiaries are as follows:

i. Renewables

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

ii. Integrated Urban Solutions

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

iii. Conventional Energy

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

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

iv. Other Businesses and Corporate

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

a. Operating Segments

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

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

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

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

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B1. Segments Information *(cont'd)*

a. Operating Segments *(cont'd)*

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

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

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

b. Geographical Segments

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

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

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

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

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

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover

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

Accounting policies

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

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

Revenue from Contracts with Customers

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

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

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

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

b. Service Concession Revenue

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

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

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

c. Construction of Infrastructure and Related Engineering Services

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

Contracts with Enforceable Right to Payment

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

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

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

d. Sales of Development Properties

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

e. Sales of Other Goods

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

Rental Income

Rental income receivable under operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of total rental income, over the term of the lease.

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

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

Key estimates and judgements

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

Performance Obligation

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

Variable Considerations

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

Percentage of Completion

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

Onerous Contracts

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

Cost Allocation Method on Long-term Land Development Contracts

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

Fulfilment Costs

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

Information regarding the turnover for continuing operations is included below:

(S$ million)	Note	2022	2021[#]
Revenue from contracts with customers	a	7,818	6,403
Rental income		7	5
		7,825	6,408

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

Revenue from Contracts with Customers

a. Disaggregation of Revenue from Contracts with Customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major product / service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

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

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

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

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

b. Transaction Price Allocated to Remaining Performance Obligations

Accounting policies

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

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

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

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

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

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

c. Assets and Liabilities Related to Contracts with Customers

Contract Assets and Contract Liabilities

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

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

Contract assets

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

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

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

Contract liabilities

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

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

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

B3. Taxation

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

a. Tax Expenses

Accounting policies

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets.

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

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

i. the initial recognition of goodwill;

ii. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

iii. differences relating to investments in subsidiaries, joint ventures and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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

Key estimates and judgements

The Group is subjected to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group takes into account current understanding and interpretations of existing tax laws and applies judgement as to whether the tax balances will be utilised and / or reversed in foreseeable future. The eventual taxes paid or received may vary, for which the differences will be charged to profit or loss in the period when determination is made.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

a. Tax Expenses *(cont'd)*

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

Reconciliation of effective tax rate

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

i. The under-provision of deferred tax expense with corresponding over-provision of current tax, was mainly related to tax optimisation through Group Tax Relief.

ii. Related to the enactment of United Kingdom (UK) corporation tax rate from 19% to 25%, which will take effect from 2023.

b. Deferred Tax Assets and Liabilities

Accounting policies

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Key estimates and judgements

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

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

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

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

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

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

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

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

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

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

Unrecognised deferred tax assets
Deferred tax assets have not been recognised where:

i. they qualify for offset against the tax liabilities of member companies within the Group under the Loss Transfer System of Group Relief, but the terms of the transfer have not been ascertained as at year-end; or

ii. it is uncertain that future taxable profit will be available against which the Group entities can utilise the benefits.

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

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

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

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

c. Other Comprehensive Income

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

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

B4. Profit for the Year

Accounting policies

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

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

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

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B4. Profit for the Year *(cont'd)*

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

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

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

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

ii. Amount in 2022 mainly related to an investment in Vietnam for project expenses incurred by the company.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B5. Earnings Per Share

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

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

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

B6. Share-based Incentive Plans

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

Accounting policies

Equity settled share-based incentive plan

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

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

At the balance sheet date, the Group revises its estimates of the number of performance-based shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense, with a corresponding adjustment to equity over the remaining vesting period.

The share-based payments reserve relating to the performance shares released is transferred to share capital when new shares are issued. When treasury shares are issued, the cost of treasury shares is transferred to share-based payments reserve.

In the Company's separate financial statements, the fair value of performance shares and restricted shares granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Cash settled share-based incentive plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the Company. The Group recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay. The liability takes into account the performance achieved for the year and the probability of achieving the performance conditions in the future.

Until the liability is settled, the Group will remeasure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

Key estimates and judgements

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

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

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

(S$ million)	2022	2021#
Equity-settled share-based	25	14
Cash-settled share-based	*	*

a. Equity-settled share-based incentive

Performance Share Plan (PSP)

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

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

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

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

3-Year PSP Performance Conditions	Final Number of Shares to be Released
1. Absolute Total Shareholders' Return (ATSR)	0% to 200% of initial grant
2. Relative Total Shareholders' Return (RTSR)	
3. Gross Renewable Energy Capacity	

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

Restricted Share Plan (RSP)

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

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

To align the interests of the non-executive directors with the interests of shareholders, up to 30% of the aggregate directors' fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards under the SCI RSP 2020. Non-executive directors were not awarded any shares except as part of their directors' fees (except for Wong Kim Yin, who is the Group President & CEO, and who does not receive any directors' fees). The awards granted comprised fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares (including shares obtained by other means) worth the value of their annual base retainer; any excess may be sold as desired, subject to SGX-ST listing rules. A non-executive director may only dispose all of his shares one year after leaving the board.

The actual number of shares awarded to each non-executive director will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange (SGX) over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the Annual General Meeting (AGM) (or, if the resolution to approve the final dividend is not approved, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. A non-executive director who steps down before the payment of the share component will receive all of his director's fees for the year (calculated on a pro-rated basis, where applicable) in cash.

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

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

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

Notes to the Financial Statements

B. Our Performance *(cont'd)*

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

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

SCI PSP

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

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

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

SCI RSP

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

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

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

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

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

[1] Fair value computed based on different performance periods.

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

C. Our Funding

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

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

C1. Capital Structure

Capital management

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

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

Capital is defined as equity attributable to the equity holders.

The Group's debt-to-capitalisation ratio as at the balance sheet date was as follows:

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

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

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

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

C2. Share Capital and Treasury Shares

Accounting policies

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects.

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

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

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

Notes to the Financial Statements

C. Our Funding *(cont'd)*

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

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

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

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

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

C3. Other Reserves

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

Type of other reserve	Nature
a. Foreign currency translation reserve	Comprises: i. foreign exchange differences arising from translation of the financial statements of foreign entities, ii. effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign entities, and iii. translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities.
b. Capital reserve	Comprises: i. acquisitions and disposals with non-controlling interests that do not result in a change of control, capitalisation of accumulated profits for the issue of bonus shares, capital reserve (net of goodwill) on consolidation and equity accounting, ii. asset revaluation reserve, capital redemption reserve, convertible loan stock reserve, iii. transfer from revenue reserve in accordance with the regulations of the foreign jurisdiction in which the Group's subsidiaries, associates and joint ventures operate, and treasury shares of a subsidiary, and iv. recognition of call options issued to non-controlling interests of subsidiaries.
c. Merger reserve	The difference between the values of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.
d. Share-based payments reserve	Represents the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance-based restricted shares.
e. Fair value reserve	Includes the cumulative net change in the fair value of equity investments designated at FVOCI until the investments are derecognised. This does not include impairment losses recognised in profit or loss prior to January 1, 2018.
f. Hedging reserve	The effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

g. As at December 31, 2022, the foreign currency translation loss and capital reserve of the disposal group were S$418 million and S$290 million, respectively. These reserves will be realised to profit or loss at the completion of the sale of SEIL shares.

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C4. Dividends

Accounting policies

Dividends

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

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

Dividend Paid / Payable

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

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

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

C5. Interest-bearing Borrowings

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

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

Effective Interest Rates and Maturity of Liabilities

	Group Effective interest rate % 2022	2021
Floating rate loans	1.05 – 10.58	0.96 – 10.81
Fixed rate loans	0.77 – 11.48	0.77 – 11.48
Bonds and notes	2.45 – 4.25	2.45 – 4.25
Debentures	9.15	9.15 – 9.65

(S$ million)	Group 2022	2021
Less than 1 year, or on demand	1,096	754
Between 1 to 5 years	3,593	4,165
More than 5 years	2,381	2,472
Total interest-bearing borrowings (measured at amortised cost)	7,070	7,391

a. Secured Term Loans

The secured term loans are collateralised by the following assets:

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

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C5. Interest-bearing Borrowings *(cont'd)*

b. Unsecured Term Loans

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

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

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

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

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

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

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

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

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C6. Net Interest Expense

Accounting policies

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

Finance costs include interest expense on borrowings and lease liabilities, unwinding of discounts on provision, amortisation of capitalised transaction costs, transaction costs written off and termination of interest rate swaps. Finance costs are expensed in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset.

In calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the impaired financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

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

C7. Contingent Liabilities

Key estimates and judgements

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, an obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Group

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

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

Estimates of the Group's and Company's obligations arising from financial guaranteed contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of the balance sheet date, there is no provision made in respect of the obligations.

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

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

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

(S$ million)	Group December 31, 2022	Group December 31, 2021
Less than 1 year	193	78
Between 1 to 5 years	*	3
	193	81

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

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C7. Contingent Liabilities *(cont'd)*

Company

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

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

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

b. The Company has provided corporate guarantees of S$159 million (2021: S$110 million) to a subsidiary, Sembcorp Cogen Pte Ltd (SembCogen) for the following:

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

C8. Commitments

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

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

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

a. The commitments in respect of the acquisitions of SDIC New Energy Investment Co., Ltd and Shenzhen Huiyang New Energy (HYNE) were completed during the year (see Note G3 and G5, respectively).

b. The amount in 2022 included the construction of a 150MW battery at Wilton International, Teesside, UK.

c. As part of the settlement relating to the discharge of off-specification wastewater by its 98.42% owned wastewater treatment company, Sembcorp Nanjing Suiwu Company Limited, the Group is committed to investments of S$45 million over four years (by December 2023) to develop projects and initiatives to support environmental protection in China. As at December 31, 2022, the Group has commenced on these investments and completed certain projects including upgrading of wastewater treatment plants in China, where the actual investment spend of completed projects is subject to audit and confirmation by the Nanjing Procuratorate and court.

Notes to the Financial Statements

D. Our Assets

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

D1. Property, Plant and Equipment

Accounting policies

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

i. Subsequent Expenditure

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

ii. Depreciation

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

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

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

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

iii. Impairment

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

iv. Reversals of impairment

Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for an asset is recognised in profit or loss.

v. Disposals

Gains or losses arising from the retirement or disposal of PPE are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Key estimates and judgements

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

Group

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

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

ii. During the year, interest and direct staff costs amounting to S$4 million (2021: S$2 million) and S$4 million (2021: S$2 million), respectively were capitalised as capital work-in-progress. The capitalised interest costs are calculated using a rate from 3.84% to 4.99% (2021: 4.04% to 4.99%).

iii. PPE arising from the acquisition of subsidiaries were stated at fair value at the acquisition date (Note G5).

iv. In 2022, the provision for restoration costs capitalised in PPE amounted to S$34 million (2021: S$16 million) (Note H2).

v. In 2022, due to more stringent emission standards that will come into force in Singapore in 2023, an assessment was performed on a woodchip boiler facility's efficiency and effectiveness in meeting the new emission standards. An impairment of S$18 million was recognised in cost of sales to reduce the carrying value of the facility to its recoverable amount as higher operating costs are expected to be incurred for the facility to meet the new emission standards. The recoverable amount was estimated based on its value-in-use, determined using a pre-tax discount rate of 5.5%.

vi. In 2022, following management's review of the economic performance of the water plant in Qinzhou, China, an impairment of S$4 million was made and recognised in cost of sales. The assessment takes into consideration current and future water tariffs and used 20 years cash flow projections, with the expected capital expenditure in accordance with the plant maintenance programme, representing the estimated remaining useful life of the plant and a pre-tax discount rate of 6.5% to determine the recoverable amount of the plant.

Change in estimates

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1.1 Right-of-Use Assets and Leases

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

Accounting policies

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

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

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

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

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

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

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

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

Adoption of the amendment to SFRS(I) 16 COVID-19-related rent concession:
Rent concessions linked to COVID-19 pandemic are not assessed and accounted for as lease modifications but are taken to profit or loss.

Key estimates and judgements

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

a. Amounts recognised in the balance sheets

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

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

b. Amounts recognised in profit or loss

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

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

D2. Investment Properties

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

Accounting policies

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives ranging from 20 to 60 years or the lease period of 15 to 16 years. The assets' depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. No depreciation is provided on freehold land.

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

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions when it increases the future economic benefits, embodied in the specific asset to which it relates, and its costs can be measured reliably. The carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised as an expense when incurred.

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

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D2. Investment Properties *(cont'd)*

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

Amounts recognised in profit or loss for investment properties

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

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

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

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

D3. Intangible Assets

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

Accounting policies

a. Goodwill

Goodwill is measured at cost less accumulated impairment losses. The goodwill cost represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net amount recognised (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a negative goodwill is recognised immediately in profit or loss.

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

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

b. Service Concession Arrangements

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

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

Accounting policies *(cont'd)*

c. Long-term Contracts

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

d. Power Generation Permits

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

e. Carbon Allowances

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

f. Other Intangible Assets

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

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

Subsequent Expenditure

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

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

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

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

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

Key estimates and judgements

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

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

i. The additions during the year mainly related to the increase in carbon allowances and the disposal was for the settling of the Group's carbon obligation.

ii. Intangible assets of less than S$1 million (2021: less than S$1 million) have been pledged to secure loan facilities.

iii. The amortisation of intangible assets is analysed as follows:

(S$ million)	Group: 2022	2021#
Cost of sales	22	15
Administrative expenses	8	7
Total	30	22

a. Goodwill

Impairment Testing

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

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

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

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

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

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

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

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

a. Goodwill *(cont'd)*

Impairment Testing *(cont'd)*

Key assumptions on recoverable amounts of respective CGUs

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

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

b. Service Concession Arrangements

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

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

c. Long-term Contracts

India

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

United Kingdom (UK)

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

d. Power Generation Permits

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

e. Carbon Allowances

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

f. Other Intangible Assets

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

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

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

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

E. Our Working Capital

E1. Trade and Other Receivables

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

Accounting policies

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

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

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

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

Notes to the Financial Statements

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

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

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

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

ii. Deposits include cash collateral placed on deposits in margin accounts.

iii. Sundry receivables represent mainly GST receivables, loan receivables and miscellaneous receivables.

iv. Unbilled receivables represent revenue accrued for sale of utilities commodities and services.

v. Trade and other receivables of S$839 million (2021: S$1,325 million) have been pledged to secure loan facilities. Included in the pledged amount is S$372 million (2021: S$397 million) which relates to underlying assets of the service concession arrangements.

vi. Prepayments are charged to profit or loss on a straight-line basis over the service period. They relate primarily to:

- Connection fees prepaid under the Generation Connection and Use of System Agreement for the use of the transmission lines to a related corporation amounted to S$38 million (2021: S$20 million);
- Service fees prepaid under the Gasoil Supply and Storage Agreement for the usage of tank; and
- Capacity charges prepaid for the use of gas delivery pipelines, prepaid insurance premium, transport tariff recoverable and maintenance of plants.

vii. In 2021, the Group paid S$4 million towards share application money pending allotment to a joint venture.

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

i. Included in the Company's unbilled receivables are amounts of S$26 million (2021: S$25 million) due from related companies.

ii. Connection and capacity charges prepaid for the use of pipelines and pipe racks.

E2. Inventories

Accounting policies

a. Inventories

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

b. Development Properties

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

Key estimates and judgements

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

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

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

Amounts recognised in profit or loss

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

Notes to the Financial Statements

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

E3. Trade and Other Payables

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

Accounting policies

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

		Group		Company	
(S$ million)	Note	December 31, 2022	December 31, 2021	December 31, 2022	December31, 2021
Current liabilities					
Trade payables		163	268	4	7
Advance payments from customers		33	23	*	*
Amounts due to related parties	G4	57	4	6	2
Accrued capital and operating expenditure	i	804	923	132	141
Deposits		43	33	*	*
Accrued interest payable		29	15	–	–
Other creditors	ii	360	441	2	5
Deferred grants		–	–	*	–
Deferred consideration	G5	75	1	–	–
Contingent consideration	G5	151	–	–	–
		1,715	1,708	144	155
Non-current liabilities					
Deferred grants	iii	3	3	–	*
Amounts due to related parties	G4	–	–	1,358	1,445
Other long-term payables	iv	43	51	19	20
Deferred income		38	42	2	–
Contingent consideration		3	–	–	–
Retirement benefit obligation		6	9	–	–
		93	105	1,379	1,465

i. Included in the Company's accrued operating expenses are amounts of S$36 million (2021: S$43 million) due to related companies.

ii. Included in the Group's other creditors is an amount owing in the margin account as a result of withdrawal against net unrealised gain, driven by the high oil commodity forward price.

iii. Non-current deferred grants related to government grants for capital assets.

iv. Other long-term payables included retention monies of subsidiaries, long-term employee benefits and accrued operating and maintenance services which will be billed only after the initial payment-free period, which is more than one year.

E4. Cash and Cash Equivalents

Accounting policies

Cash and cash equivalents which comprise cash balances and bank deposits are classified as financial assets measured at amortised cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

The majority of the Group's cash is held in bank deposits or money market funds which have a maturity of three months or less to enable short-term liquidity requirements to be met.

	Group		Company	
(S$ million)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Fixed deposits with banks	398	549	–	–
Cash and bank balances	856	795	239	427
Cash and cash equivalents in the balance sheets	1,254	1,344	239	427
Restricted bank balances	(8)	(47)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	1,246	1,297	239	427
Cash and cash equivalents inclusive of placement with:				
– A subsidiary	–	–	237	426
– A related corporation	137	74	2	1

Fixed deposits with banks of the Group earn interest at rates ranging from 0.25% to 6.40% (2021: 0.12% to 8.00%) per annum.

Included in the Group's cash and cash equivalents is an amount of S$156 million (2021: S$259 million) over which banks have a first charge in the event that the respective subsidiaries do not meet the debt servicing requirements.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management

In undertaking the transformation from brown to green, the Group has carefully optimised its assets portfolio, monitored its risk exposures, and ensured that the Group is not over-leveraged.

F1. Market Risk

This note details the Group's exposure to treasury and financial risks including credit, liquidity, interest and foreign exchange risks, and the objectives and policies in place to monitor and manage these risks.

The Group has implemented the Integrated Assurance Framework (IAF) which is based on a multi-level line of defence (LOD) model. Through the IAF structure, the respective LODs work together to ensure that key financial, operational, compliance and IT risks are reviewed and tested using a robust assurance process. Under the IAF, a pragmatic and collaborative approach to risk and controls assessment has been established, with common and consistent criteria applied to assess the risks and adequacy and effectiveness of internal controls.

Under the IAF, the Group's key markets, being the first LOD, are required to work with the second LOD comprising business lines, subject matter experts and corporate functions, to perform a thorough review and assessment of their risks and internal controls.

Clear escalation procedures and key risk indicators have been established and aligned with the Group's risk appetite.

The proactive management of key risks and controls strengthens not only the Group's reporting and monitoring capabilities, but also cultivates a risk culture of accountability and ownership.

Key themes of the IAF include cyber security, plant availability and reliability, health and safety, regulatory and compliance, people and talent management, fraud risk management and governance.

Financial Risk Management Objectives and Policies

The Group's day-to-day operations, new investment opportunities and funding activities introduce financial risks, which are actively managed by management with Board oversight. These risks are grouped into the following categories:

- Market: The risk that fluctuations in commodity prices, foreign exchange and interest rates adversely impact the Group's results.
- Liquidity: The risk that the Group will not be able to meet the financial obligations as they fall due.
- Credit: The risk that a counterparty will not fulfil its financial obligations under a contract or other arrangement.

The Board has adopted the Group Treasury policies and financial authority limits to manage these risks. The Group Treasury policies set out the parameters for financing structure, liquidity, counterparty risk management, foreign exchange risk management and use of derivative transactions. Derivative transactions are permitted only if it involves underlying assets or liabilities.

a. Market Risk

Market risk is the possibility that changes in interest rates, foreign exchange rates, equity securities and commodities will adversely affect the value of the Group's assets, liabilities or expected future cash flows. The objective of market risk management is to manage and reduce the above exposures within acceptable parameters.

i. *Interest Rate Risk*

The Group's interest rate exposure is primarily in relation to its fixed-rate borrowings (fair value risk), variable-rate borrowings and cash and cash equivalents (cash flow risk).

The Group's policy is to target at least 50% of its debt portfolio with fixed interest rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at variable rates while using interest rate swaps and cross currency swaps to hedge the variability in cash flows attributable to floating interest rates.

Based on the variable rate net debt position (both issued and hedged) at balance sheet date, assuming other factors (principally foreign exchange rates and commodity prices) remained constant and that no further interest rate management action was taken, an increase in interest rate of 1% would have decreased the Group's profit before tax (PBT) by S$18 million (2021: decreased by S$29 million) and increased equity by S$5 million (2021: increased by S$6 million). At Company level, PBT would have decreased by S$10 million (2021: decreased by S$9 million) without any impact to equity (2021: no impact). A 1% decrease in interest rates would have the opposite effect for both Group and Company.

ii. *Foreign Currency Risk*

The Group is exposed to currency risk on foreign currency denominated borrowings, investments and commercial transactions.

The Group limits its exposure to changes in foreign exchange rates through forward foreign exchange contracts and cross currency interest rate swaps. In certain circumstances, borrowings are left in a foreign currency, or swapped from one foreign currency to another, to hedge expected future business cash flows in that currency. Significant foreign currency denominated transactions undertaken in the normal course of operations are managed on a case-by-case basis.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F1. Market Risk *(cont'd)*

a. Market Risk *(cont'd)*

ii. Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk (excluding the Group's net investment hedges and loan receivables that form part of the net investment in its subsidiaries and associates in the UK and China) based on its risk management policy is summarised as follows:

	Group						
(S$ million)	SGD	USD	EURO	GBP	RMB	INR	Others
2022							
Financial assets							
Cash and cash equivalents	47	66	1	*	1	–	16
Trade and other receivables	16	470	1	1	23	–	37
Other financial assets	–	53	–	–	–	–	1
	63	589	2	1	24	–	54
Financial liabilities							
Trade and other payables	45	409	3	228	9	–	24
Interest-bearing borrowings	–	30	100	–	–	–	83
Lease liabilities	4	–	–	–	–	–	*
	49	439	103	228	9	–	107
Net financial assets / (liabilities)	14	150	(101)	(227)	15	–	(53)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(184)	(6)	–	(9)	–	–
Less: Cross currency swap / Foreign exchange forward contracts	49	273	106	220	9	–	83
Net currency exposure	63	239	(1)	(7)	15	–	30
2021							
Financial assets							
Cash and cash equivalents	27	224	3	*	*	–	17
Trade and other receivables	23	404	*	1	158	*	22
Other financial assets	–	53	–	–	–	–	–
	50	681	3	1	158	*	39
Financial liabilities							
Trade and other payables	41	299	3	130	29	*	11
Interest-bearing borrowings	–	964	–	–	–	–	95
Lease liabilities	4	–	–	–	–	–	*
	45	1,263	3	130	29	*	106
Net financial assets / (liabilities)	5	(582)	–	(129)	129	*	(67)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(159)	(4)	–	(76)	–	–
Less: Cross currency swap / Foreign exchange forward contracts	24	1,043	4	129	(35)	–	95
Net currency exposure	29	302	–	*	18	*	28

The Company's gross exposure to foreign currency is as follows:

(S$ million)	Company USD
2022	
Financial assets	
Cash and cash equivalents	11
Trade and other receivables	18
	29
Financial liabilities	
Trade and other payables	18
Net financial assets	11
Net currency exposure	11
2021	
Financial assets	
Cash and cash equivalents	3
Trade and other receivables	15
	18
Financial liabilities	
Trade and other payables	24
Net financial liabilities	(6)
Net currency exposure	(6)

Sensitivity Analysis

A 10% strengthening of the following currencies against the functional currencies of the Group and Company at balance sheet date would have increased / (decreased) equity and PBT by the amounts shown below. The analysis assumed that all other variables, in particular interest rates, remain constant, ignoring any impact of firm commitments in foreign currencies and with no further foreign exchange risk management action taken.

	Group				Company	
	Equity		Profit before tax		Profit before tax	
(S$ million)	2022	2021	2022	2021	2022	2021
SGD	4	2	1	*	–	–
USD	20	15	19	27	1	(1)
EURO	*	–	*	*	–	–
GBP	–	–	(1)	*	–	–
RMB	–	–	2	9	–	–
INR	–	–	–	*	–	–
Others	–	–	3	3	–	–

A 10% weakening of the above currencies against the functional currencies of the Group and Company at the balance sheet date would have had an equal but opposite effect to the amounts shown above.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F1. Market Risk *(cont'd)*

a. Market Risk *(cont'd)*

iii. Price Risk

Mutual Funds and Equity Securities Price Risk

The Group is exposed to price risk from mutual funds and equity securities designated as FVTPL or FVOCI respectively.

If prices for mutual funds and equity securities increased by 10% with all other variables held constant, equity and PBT would have increased by S$5 million and S$7 million, respectively (2021: increased by S$5 million and S$11 million, respectively). Conversely, if prices decreased by 10%, equity and PBT would have had an equal but opposite effect.

Commodity Risk

The Group hedges against fluctuations in commodity prices that affect revenue and cost. Exposures are managed via swaps and contracts for differences (CFDs).

CFDs are entered into with counterparties at a strike price, with or without fixing the quantity upfront, to hedge against adverse price movements from sale of electricity. Exposure to price fluctuations from purchases of fuel is managed via fuel oil swaps where fuel price is indexed to a benchmark index, for example Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent.

The Group designates fuel oil swaps and electricity futures in their entirety in cash flow hedges to hedge its commodity risk and applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference index of Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent, tenors, repricing dates and maturities. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

The Group did not identify any significant sources of ineffectiveness in these hedges.

Sensitivity Analysis

If prices for commodities increased by 10% with all other variables held constant, the increase in equity as a result of fair value changes on cash flow hedges would be:

	Group	
(S$ million)	2022	2021
Equity	11	19

A 10% decrease in the prices for commodities would have had an equal but opposite effect to the equity. The analysis assumed that all other variables remain constant.

F2. Hedges

The Group uses derivative instruments (derivatives) (as disclosed in Note H1) to hedge financial risks as described above. Derivatives are contracts whose value is derived from an underlying price index (or other variable) that require little or no initial net investment and are settled at a future date.

The Group designates certain derivatives as either:

i. Hedges of fair value of recognised assets, liabilities or firm commitments (fair value hedge)

ii. Hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction (cash flow hedge)

iii. Hedges of a net investment in a foreign operation (net investment hedge)

Accounting policies

Derivatives are carried on balance sheet at fair value. Movements in price of the underlying variables, which causes the value of contract to fluctuate, are reflected in the fair value of derivative. The method of recognising changes in fair value depends on whether the derivative is designated in an accounting hedge relationship. Derivatives not designated as accounting hedges are referred to as economic hedges subject to fair value through profit or loss.

Fair value gains and losses attributable to economic hedges are recognised in profit or loss while recognition of fair value gains and losses of those attributable to accounting hedges depends on the nature of item being hedged.

The effective portion of changes in fair value of derivatives designated as fair value hedge are recognised in profit or loss at the same time when all changes in fair value of the underlying item relating to the hedged risks are recognised in profit or loss. The effective portion of changes in fair value of derivatives designated as cash flow hedges are recognised in hedging reserve (in equity).

Certain determinants of fair value included in derivatives or mismatches between the timing of the instrument and the underlying item in any hedge relationship can cause hedge ineffectiveness. Any ineffectiveness is recognised immediately in profit or loss as change in fair value of derivatives.

When the underlying hedged item is sold or repaid, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in hedging reserve for a cash flow hedge is recognised immediately in profit or loss.

When the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in hedging reserve for a cash flow hedge is recognised in profit or loss when the hedged item is recognised in profit or loss, which may occur over time.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Key estimates and judgements

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities. The Group considers the critical terms in assessing if each designated derivative is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are due to:

- effects of the counterparties' and the Group's own credit risk on fair value of the swaps, which is not reflected in the change in fair value of the hedged cash flows attributable to change in interest rates; and
- changes in timing of hedged transactions.

The Group designates only the change in fair value of the spot element of forward exchange contract for funding purposes as the hedging instrument in a cash flow hedging relationship. The change in fair value of the forward element of the forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in hedging reserve within equity.

Interest Rate Benchmark Reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative nearly risk-free rates (Alternate Reference Rule).

The Audit Committee monitors the Group's transition to Alternate Reference Rule. The management evaluates and negotiates the transition into Alternate Reference Rule. The committee reports to the Board of Directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from interest rate benchmark reform.

The Group has loans and derivatives (as hedges to the loans) as well as credit facilities in LIBOR and SOR which extend beyond the anticipated cessation date of the rates on June 30, 2023. The Group has completed transitioning the GBP loans and hedges from LIBOR to SONIA and is close to completing transitioning the loans and hedges from SOR to SORA. The Group has started to engage counterparties to transition USD LIBOR to SOFR to complete the whole IBOR transition exercise for the Group. As at December 31, 2022, the Group does not expect to be significantly impacted as a result of the transition to alternate reference rates. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedge relationships directly affected by interest rate transition.

The Group considers that a contract is not yet transitioned to an Alternative Reference Rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate transition, even if it includes a fallback clause that deals with cessation of the existing IBOR (referred to as an unreformed contract).

The following table shows the total amounts of unreformed contracts as at December 31, 2022 for the Group. There is no unreformed contract for the Company. The amounts of financial liabilities shown are at their carrying amounts and derivatives at their nominal amounts.

(S$ million)	Total amount of unreformed contracts USD LIBOR
Group	
December 31, 2022	
Financial liabilities	
Secured term loans	115
Unsecured term loans	198
Derivatives	
Interest rate swaps and cross currency swaps	282

The Group's exposure to the interest rate benchmark reform as at December 31, 2022 corresponds with the interest rate swaps and cross currency swaps used to hedge LIBOR (2021: SOR and LIBOR) cash flows on the Group's bank loans maturing from 2026 to 2036 (2021: 2023 to 2036). The Group's exposure to LIBOR (2021: SOR and LIBOR) designated in a hedging relationship that is directly affected by the interest rate benchmark reform approximates a nominal amount of S$282 million (2021: S$1,110 million) as at December 31, 2022.

Cash Flow Hedges

Key estimates and judgements

For cash flow hedge relationships directly impacted by interest rate benchmark reform (i.e. hedges of LIBOR and SOR), the Group assumes that the cash flows of hedged item and hedging instrument will not be altered.

LIBOR and SOR continue to be used as reference rates in financial markets and are used in valuation of instruments with maturities that exceed the expected end date for LIBOR and SOR. Therefore, the Group believes the current market structure supports continuation of hedge accounting.

The Group designates certain forward foreign exchange contracts, interest rate swaps, cross currency interest rate swaps and fuel oil swaps in various cash flow hedges.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

At December 31, 2022, the Group held the following instruments to hedge exposures to fluctuations in foreign currencies, interest rates and commodity prices:

(S$ million)	Rate ($)	Interest rate (%)	Maturity Within 1 year	Maturity Between 1 and 5 years	Maturity More than 5 years
2022					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.70–0.75	–	49	–	–
– USD / SGD	1.33–1.42	–	258	56	–
– EUR / SGD	1.43	–	6	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	1.05–2.51	105	1,176	–
– Fixed-to-float	–	2.92	–	–	168
Foreign currency and interest rate risk					
Cross currency swaps					
– EUR / SGD	1.80	–	–	99	–
– Float-to-fixed (USD / VND)	23,085–23,185	9.08–10.24	4	13	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	253.00–641.00	–	265	29	–
– Fuel oil swap ($ per BBL)	51.28–93.92	–	88	–	–
– Fuel oil swap ($ per MMBTU)	9.30–67.50	–	209	–	–
Electricity futures market contracts	289.85–326.00	–	4	–	–

(S$ million)	Rate ($)	Interest rate (%)	Maturity Within 1 year	Maturity Between 1 and 5 years	Maturity More than 5 years
2021					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.73–0.76	–	30	–	–
– USD / SGD	1.32–1.47	–	209	21	–
– EUR / SGD	1.59	–	3	–	–
– USD / INR	75.04–78.26	–	609	–	–
– CNH / SGD	0.21	–	2	–	–
Cash					
– USD / SGD	1.35–1.36	–	56	–	–
– CNH / SGD	0.21	–	29	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	0.87–2.51	117	899	–
– Fixed-to-float	–	2.92	–	–	177
Foreign currency and interest rate risk					
Cross currency swaps					
– USD / INR	66.75	–	249	–	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	205.00–475.75	–	613	41	–
– Fuel oil swap ($ per BBL)	33.03–83.13	–	183	2	–
– Fuel oil swap ($ per MMBTU)	4.90–9.55	–	102	22	–
Electricity futures market contracts	97.59–115.85	–	11	–	–

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

The amounts at the balance sheet date relating to items designated as hedged items are as follows:

(S$ million)	Cash flow hedge reserve for continuing hedges 2022	2021
Foreign currency risk		
Highly probable purchases	(5)	3
Highly probable equity injection	(1)	1
Payments	1	1
Interest rate risk		
Variable rate borrowings	42	(28)
Other financial liabilities	16	(3)
Foreign currency and interest rate risk		
Fixed-rate borrowings	7	–
Variable rate borrowings	–	(2)
Commodity risk		
Highly probable purchases	(16)	51
Fuel oil price	24	84

The amounts related to items designated as hedging instruments and hedge ineffectiveness are as follows:

	Foreign currency risk	Interest rate risk	Foreign currency risk and interest rate risk	Commodity risk		
	Forward foreign exchange contracts / Cash	Interest rate swaps	Cross currency swaps	Fuel oil swaps	Electricity futures market contracts	Total
2022						
Nominal amount – S$ million	369	1,449	116	591	4	2,529
Quantity	–	–	–	486,404 MT, 739,123 BBL, and 4,830,000 MMBTU	–	486,404 MT, 739,123 BBL, and 4,830,000 MMBTU
Carrying amount – S$ million						
Other financial assets	1	73	4	24	1	103
Other financial liabilities	5	–	*	78	–	83
Fair value increase / (decrease) – S$ million						
Hedging instruments	(2)	106	2	201	11	318
Hedged items	2	(106)	(2)	(201)	(11)	(318)
Hedge ineffectiveness	*	–	–	–	–	*
Reconciliation of hedging reserve – S$ million						
Changes in fair value	(2)	106	2	201	11	318
Amounts reclassified to profit or loss:						
– Turnover	–	–	–	8	19	27
– Cost of goods sold	(3)	–	–	(251)	–	(254)
– Other operating income	–	–	–	(114)	–	(114)
Amount reclassified to cost of investment in a subsidiary	*	–	–	–	–	*
						(23)
Tax on above items						9
Change in hedging reserve						(14)
Share of other comprehensive income of associates and joint ventures						63
Movement during the year						**49**

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

The amounts related to items designated as hedging instruments and hedge ineffectiveness are as follows:

	Foreign currency risk	Interest rate risk	Foreign currency risk and interest rate risk	Commodity risk		
	Forward foreign exchange contracts / Cash	Interest rate swaps	Cross currency swaps	Fuel oil swaps	Electricity futures market contracts	Total
2021						
Nominal amount – S$ million	959	1,193	249	963	11	3,375
Quantity	–	–	–	1,805,648 MT, 4,015,159 BBL and 19,260,000 MMBTU	–	1,805,648 MT, 4,015,159 BBL and 19,260,000 MMBTU
Carrying amount – S$ million						
Other financial assets	1	3	26	212	–	242
Other financial liabilities	2	36	–	50	29	117
Cash	85	–	–	–	–	85
Fair value increase / (decrease) – S$ million						
Hedging instruments	(84)	54	5	212	(52)	135
Hedged items	84	(54)	(5)	(215)	52	(138)
Hedge ineffectiveness	*	–	–	(3)	–	(3)
Reconciliation of hedging reserve – S$ million						
Changes in fair value	(84)	54	5	212	(52)	135
Amounts reclassified to profit or loss:						
– Cost of goods sold	48	–	–	(75)	25	(2)
– Finance cost	47	–	–	–	–	47
Amount reclassified to cost of investment in a subsidiary	(1)	–	–	–	–	(1)
						179
Tax on above items						(31)
Change in hedging reserve						148
Share of other comprehensive income of associates and joint ventures						35
Movement during the year						183

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

(S$ million)	Cash flow hedge reserve 2022	Cash flow hedge reserve 2021
Balance at January 1	48	(133)
Movement during the year		
Changes in fair value:		
– Foreign currency risk	(2)	(84)
– Interest rate risk	106	54
– Foreign currency and interest rate risk	2	5
– Commodity risk	212	160
Amount reclassified to profit or loss:		
– Foreign currency risk	(3)	95
– Commodity risk	(338)	(50)
Amount reclassified to cost of investment in a subsidiary	*	(1)
Tax on movements on reserves during the year	9	(31)
Share of other comprehensive income of associates and joint ventures	63	35
	49	183
Share of non-controlling interests	(4)	(2)
Balance at December 31	**93**	**48**

Net Investment Hedges

The Group's investments in its UK and China (2021: UK) subsidiaries are hedged by GBP / SGD and CNH / SGD (2021: GBP / SGD) forward foreign exchange contracts (hedging instrument) respectively, which mitigate the currency risks arising from the subsidiaries' net assets. The carrying amounts of the hedging instruments of S$23 million (2021: S$6 million) and S$12 million (2021: S$9 million) are included in other financial assets and other financial liabilities respectively.

The notional amount of the contracts is S$323 million (2021: S$166 million). During the financial year, net hedging loss of S$51 million (2021: hedging loss of S$1 million) was recognised in other comprehensive income. As at December 31, 2022, the balance of foreign currency translation reserve for continuing hedges is a loss of S$20 million (2021: gain of S$32 million).

F3. Liquidity Risk

The Group manages its liquidity risk with a view to maintaining a healthy level of cash and cash equivalents that corresponds with its operating environment and expected cash flows. Liquidity requirements are maintained within the credit facilities established and are adequate to meet the Group's obligations.

Maturity Profile of the Group's and Company's Financial Liabilities

The cash flows associated with the cash flow hedges of the Group are expected to occur within 1 year and between 1 and 5 years. Correspondingly, the cash flows related to the hedging instruments (foreign exchange contracts, fuel oil swaps, interest rate swaps, cross currency swaps and electricity futures) that are designated as cash flow hedges are expected to impact profit or loss within 1 year to 5 years and upon disposal, should it arise, of its investment in subsidiaries.

Approximately S$1,100 million (2021: S$750 million) of interest-bearing borrowings are due within 12 months. The Group has at least S$2,400 million (2021: S$1,900 million) in committed credit facilities with final maturity dates beyond 2022 that can be drawn down.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F3. Liquidity Risk *(cont'd)*

Maturity Profile of the Group's and Company's Financial Liabilities *(cont'd)*

The table below analyses the maturity profile of the Group's and the Company's financial assets and liabilities (including derivative financial assets and liabilities) based on contractual undiscounted cash inflows / (outflows), including estimated interest payments and excluding the impact of netting agreements:

(S$ million)	Carrying amount	Contractual cash flow	Cash flows: Less than 1 year	Cash flows: Between 1 and 5 years	Cash flows: Over 5 years
Group					
2022					
Derivatives					
Derivative financial liabilities	122				
– inflow		555	426	129	–
– outflow		(683)	(528)	(155)	–
Derivative financial assets	(132)				
– inflow		293	132	161	–
– outflow		(169)	(58)	(111)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,671	(1,672)	(1,654)	(17)	(1)
Lease liabilities	287	(427)	(29)	(91)	(307)
Interest-bearing borrowings	7,070	(8,642)	(1,325)	(4,439)	(2,878)
	9,018	(10,745)	(3,036)	(4,523)	(3,186)
2021					
Derivatives					
Derivative financial liabilities	143				
– inflow		254	152	102	–
– outflow		(386)	(260)	(126)	–
Derivative financial assets	(291)				
– inflow		415	380	35	–
– outflow		(146)	(131)	(15)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,644	(1,645)	(1,624)	(16)	(5)
Lease liabilities	258	(386)	(26)	(78)	(282)
Interest-bearing borrowings	7,391	(9,244)	(1,009)	(5,099)	(3,136)
	9,145	(11,138)	(2,518)	(5,197)	(3,423)

[1] Excludes advance payments, deferred income, Goods and Services Tax and employee benefits

(S$ million)	Carrying amount	Contractual cash flow	Cash flows: Less than 1 year	Cash flows: Between 1 and 5 years	Cash flows: Over 5 years
Company					
2022					
Non-derivative financial liabilities					
Trade and other payables[1]	1,520	(1,599)	(210)	(1,389)	–
Lease liabilities	117	(179)	(14)	(32)	(133)
	1,637	(1,778)	(224)	(1,421)	(133)
2021					
Non-derivative financial liabilities					
Trade and other payables[1]	1,618	(1,673)	(177)	(1,496)	–
Lease liabilities	115	(182)	(9)	(33)	(140)
	1,733	(1,855)	(186)	(1,529)	(140)

[1] Excludes advance payments, deferred grants, Goods and Services Tax and employee benefits

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss and fair value of the related hedging instruments:

(S$ million)	Carrying amount	Contractual cash flow	Cash flows: Less than 1 year	Cash flows: Between 1 and 5 years	Cash flows: Over 5 years
Group					
2022					
Derivative financial liabilities	83				
– inflow		212	166	46	–
– outflow		(295)	(244)	(51)	–
Derivative financial assets	(103)				
– inflow		271	106	165	–
– outflow		(169)	(58)	(111)	–
	(20)	19	(30)	49	–
2021					
Derivative financial liabilities	117				
– inflow		136	130	6	–
– outflow		(253)	(236)	(17)	–
Derivative financial assets	(242)				
– inflow		329	294	35	–
– outflow		(87)	(72)	(15)	–
	(125)	125	116	9	–

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F4. Credit Risk

The Group only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Group's counterparty risk, the Group enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating. For some customers, the Group may also obtain security in the form of deposits, guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty defaults.

For the Company's amounts due from subsidiaries, the Company considers the financial assets to have a low credit risk by taking into consideration the Group's financial ability to settle the amounts, after estimating the risk of default.

Accounting policies

The Group applies the simplified approach to provide ECL on trade and unbilled receivables as well as contract assets without significant financing component. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. To measure expected lifetime ECLs, these balances have been grouped based on common credit risk characteristics and ageing profiles.

The loss allowance for service concession receivables is measured at 12-month ECL. When credit risk has increased significantly since initial recognition, loss allowance is measured at lifetime ECL.

A receivable balance is written off to the extent that there is no realistic prospect of recovery.

For customers with credit ratings (or equivalent), the ECL rate is calculated based on probabilities of default and loss given default obtained from Standards and Poor's and Moody's. The Group monitors changes in credit risk by tracking published external credit ratings.

Customers with no credit ratings (or equivalent) are grouped based on shared credit risk characteristics and days past due, with ECL rates calculated using historical loss rates for each category of customers, adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of customers to settle the receivables.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the customer and default or significant delay in payments.

When the Group determines whether the credit risk has increased significantly, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, taking into account forward-looking information. Customer collectability is assessed on an ongoing basis and any resulting impairment losses are recognised in profit or loss.

The maximum exposure to credit risk is the carrying amount of each financial asset (including derivatives) in the balance sheet, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets, except for balances with customers where guarantees or security deposits are obtained.

ECL assessment for customers with credit ratings (or equivalent)

The Group allocates exposure to credit risk by segmenting customers based on geographic region and industry classification.

(S$ million)	Equivalent to external credit rating	Credit impaired	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2022					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BBB – B	No	582	(7)	575
– Government	AAA – BB	No	294	*	294
– Retail	A+ – B-	No	17	(2)	15
– Others	A+ – A-	No	5	*	5
Service concession receivables (Note ii)	CC	No	352	(110)	242
			1,250	(119)	1,131
Receivables measured at 12-month ECL					
Service concession receivables	AAA – BB-	No	545	(4)	541
Total			**1,795**	**(123)**	**1,672**
2021					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BBB+ – B-	No	610	(9)	601
– Government	AAA – BB	No	49	*	49
– Retail	B-	No	19	(2)	17
– Others	B+ – B-	No	2	*	2
			680	(11)	669
Receivables measured at 12-month ECL					
Service concession receivables	AAA – B	No	956	(11)	945
Total			**1,636**	**(22)**	**1,614**
Company					
2022					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BB+ – B-	No	45	(1)	44
– Government	AAA	No	4	–	4
Total			**49**	**(1)**	**48**
2021					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BB+ – B-	No	46	(1)	45
– Government	AAA	No	4	–	4
Total			**50**	**(1)**	**49**

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F4. Credit Risk *(cont'd)*

ECL assessment for customers with credit ratings (or equivalent) *(cont'd)*

i. As at December 31, 2022, 84% (2021: 84%) of service concession receivables relate to two major customers of the Group.

ii. The provision was made following management's regular assessment of credit risk under SFRS(I) 9. Although there is no default on payment, the Group has determined that the credit risk on the service concession receivables for Sembcorp Myingyan Power Company (SMPC) has increased significantly, taking into consideration forward-looking information on the risk of foreign currency shortages, a weakening economy and Myanmar being categorised as a high-risk jurisdiction by the Financial Action Task Force, with increased risk of economic and financial sanctions. Accordingly, lifetime ECL is applied on the service concession receivables of SMPC.

iii. Other than (ii) above, there were no trade and other receivables and contract assets with significant increase in credit risk since initial recognition. There were also no credit impaired receivables at balance sheet date.

ECL assessment for customers without credit ratings (or equivalent)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers with no credit rating or no representative credit rating or equivalent:

(S$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2022					
Not past due	No	2.3%	88	(2)	86
Past due 0 to 3 months	No	2.7%	37	(1)	36
Past due 3 to 6 months	No	3.3%	30	(1)	29
Past due 6 to 12 months	No	16.7%	6	(1)	5
More than 1 year	Yes	82.6%	23	(19)	4
Total			**184**	**(24)**	**160**
2021					
Not past due	No	0.6%	176	(1)	175
Past due 0 to 3 months	No	0.5%	210	(1)	209
Past due 3 to 6 months	No	0.7%	144	(1)	143
Past due 6 to 12 months	No	1.6%	183	(3)	180
More than 1 year	No	25.0%	132	(33)	99
Total			**845**	**(39)**	**806**

(S$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Company					
2022					
Not past due	No	2.2%	92	(2)	90
Past due 0 to 3 months	No	–	20	–	20
Past due 3 to 6 months	No	–	*	–	*
Past due 6 to 12 months	No	–	2	–	2
More than 1 year	No	–	3	–	3
Total			**117**	**(2)**	**115**
2021					
Not past due	No	1.2%	82	(1)	81
Past due 0 to 3 months	No	–	19	–	19
Past due 3 to 6 months	No	–	3	–	3
Past due 6 to 12 months	No	–	3	–	3
More than 1 year	No	–	3	–	3
Total			**110**	**(1)**	**109**

For the remaining financial assets at amortised cost amounting to S$377 million (2021: S$351 million) which include deposits in margin accounts, long-term fixed deposits with financial institutions, convertible loan, dividends receivables and GST receivables, the Group considered the risk that a credit loss may occur, and recognised a loss allowance of S$16 million (2021: S$16 million).

Movements in loss allowances

		2022			2021		
(S$ million)	Note	12-month ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Total
Group							
Balance at January 1		11	66	77	11	46	57
Currency translation difference		*	(7)	(7)	*	1	1
Impairment loss recognised		*	113	113	–	26	26
Allowance written back		–	(16)	(16)	*	(7)	(7)
Transfer to assets held for sale		–	(3)	(3)	–	–	–
Loss allowance utilised		–	(1)	(1)	–	–	–
Transfer to lifetime ECL		(7)	7	–	–	–	–
Balance at December 31	E1	**4**	**159**	**163**	**11**	**66**	**77**
Company							
Balance at January 1		–	1	1	–	*	*
Impairment loss recognised		–	1	1	–	1	1
Balance at December 31	E1	**–**	**2**	**2**	**–**	**1**	**1**

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments

Accounting policies

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 – Using quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – Using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 – Using inputs not based on observable market data (unobservable input).

Securities

The fair value of financial assets is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

Derivatives

Derivatives are used by the Group for hedging. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures.

1. The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current forward market price.
2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.
3. The fair value of fuel oil swaps and electricity futures is accounted for based on difference between the contractual strike price with the counterparty and the current forward market price.
4. CFDs are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The fair value of the CFDs would need to be adjusted to reflect the illiquidity. However, there have been minimal trades made in the electricity future market. There is also no fixed quantity stated in the agreement. As such, the fair value of the CFDs cannot be measured reliably. Upon settlement, the gains and losses for CFDs are taken to profit or loss.

Non-derivative non-current financial assets and liabilities

Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining non-derivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the balance sheet date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, which is the fair value of the consideration given or received. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

For financial instruments not actively traded in the market, fair value is determined by an independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

a. Fair Value Hierarchy

Financial assets and financial liabilities carried at fair value

	Fair value measurement			
(S$ million)	Level 1	Level 2	Level 3	Total
Group				
At December 31, 2022				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	37	–	32	69
Derivative financial assets	–	132	–	132
	37	132	85	254
Financial liabilities at FVTPL	–	(3)	(151)	(154)
Derivative financial liabilities	–	(122)	–	(122)
	–	(125)	(151)	(276)
	37	7	(66)	(22)
At December 31, 2021				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	85	–	28	113
Derivative financial assets	–	291	–	291
	85	291	81	457
Derivative financial liabilities	–	(143)	–	(143)
	85	148	81	314

There have been no transfers between the different levels of the fair value hierarchy at December 31, 2022 and December 31, 2021.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances of Level 3 financial instruments measured at FVOCI and FVTPL:

	Financial assets at FVOCI	
(S$ million)	2022	2021
Group		
Balance at January 1	53	71
Net change in fair value recognised in OCI	*	(18)
Balance at December 31	53	53

	Financial assets at FVTPL	
(S$ million)	2022	2021
Group		
Balance at January 1	28	26
Addition	10	5
Disposal[1]	(2)	(10)
Net change in fair value recognised in profit or loss	(4)	7
Balance at December 31	32	28

[1] FY2021 disposal included the Group's divestment of its interests in SJW

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments *(cont'd)*

a. Fair Value Hierarchy *(cont'd)*

Level 3 fair values (cont'd)

(S$ million)	Financial liabilities at FVTPL 2022	Financial liabilities at FVTPL 2021
Group		
Balance at January 1	–	–
Addition	(141)	–
Translation adjustment	9	–
Net change in fair value recognised in profit or loss	(19)	–
Balance at December 31	(151)	–

Level 3 financial asset at FVOCI includes unquoted equity shares. The fair value of the unquoted equity shares are determined by reference to the investment's adjusted net asset values as stated in the unaudited financial statements. The estimated fair value would increase / decrease if the net asset values for unquoted equity shares were higher / lower.

Financial liabilities at FVTPL in Level 3 relate to the contingent consideration on acquisition of HYNE (Note G5).

Assets and liabilities not carried at fair value

The following table shows assets and liabilities not carried at fair value but for which fair values are disclosed, except financial assets and financial liabilities measured at amortised cost since the carrying amounts approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

(S$ million)	Fair value measurement Level 1	Level 2	Level 3	Total
Group				
At December 31, 2022				
Investment properties	–	–	187	187
Associate	88	–	–	88
Service concession receivables	–	1,644	–	1,644
Long-term interest-bearing borrowings	–	(5,776)	–	(5,776)
At December 31, 2021				
Investment properties	–	–	186	186
Associate	99	–	–	99
Service concession receivables	–	1,501	–	1,501
Long-term interest-bearing borrowings	–	(6,654)	–	(6,654)
Company				
At December 31, 2022				
Amounts due to related parties	–	(1,356)	–	(1,356)
At December 31, 2021				
Amounts due to related parties	–	(1,451)	–	(1,451)

b. Fair Value versus Carrying Amount

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts, except for the following:

(S$ million)	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Group				
At December 31, 2022				
Service concession receivables	897	–	897	1,644
Interest-bearing borrowings:				
Non-current borrowings	–	(5,974)	(5,974)	(5,776)
At December 31, 2021				
Service concession receivables	956	–	956	1,501
Interest-bearing borrowings:				
Non-current borrowings	–	(6,637)	(6,637)	(6,654)
Company				
At December 31, 2022				
Amounts due to related parties	–	(1,358)	(1,358)	(1,356)
At December 31, 2021				
Amounts due to related parties	–	(1,445)	(1,445)	(1,451)

Notes to the Financial Statements

G. Our Group Structure

This section provides key information on the Group's interests in joint arrangements, controlled entities and transactions with non-controlling interests. It also provides information on business acquisitions and disposals made during the year as well as information relating to Group's related parties, including related party transactions.

During the year, the Group made three significant acquisitions, requiring the purchase price to be allocated to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed.

Judgement is required in determining the classification of the acquisitions as asset acquisitions or business combinations. There is judgement and inherent uncertainty involved in the valuation of the assets and liabilities as well as settlement of any existing litigations between the parties.

The Group has used provisional amounts of purchase price allocation for the accounting of these acquisitions and has a one-year measurement period from the acquisition date to complete the accounting for the acquisitions. Fair value adjustments may arise on the completion of respective final purchase price allocations due to the estimation uncertainty involved.

G1. Subsidiaries

Accounting policies

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

Investment in Subsidiaries

(S$ million)	Company December 31, 2022	Company December 31, 2021
At cost and carrying value:		
Unquoted equity shares	2,016	2,016
Preference shares	288	288
Share-based payments reserve	5	5
	2,309	2,309

Subsidiaries

Details of key subsidiaries of the Group are as follows:

Name of key subsidiary	Country of incorporation	Effective equity held by the Group 2022 %	Effective equity held by the Group 2021 %
Sembcorp Utilities Pte Ltd (SCU)[1]	Singapore	100	100
Sembcorp Cogen Pte Ltd[1]	Singapore	100	100
Sembcorp Gas Pte Ltd[1]	Singapore	100	100
Sembcorp Environment Pte. Ltd.[1]	Singapore	100	100
SembWaste Pte Ltd[1]	Singapore	100	100
Sembcorp Development Ltd[1]	Singapore	100	100
Singapore Precision Industries Pte Ltd[1]	Singapore	100	100
Singapore Technologies Industrial Corp Ltd[1]	Singapore	100	100
Vietnam Singapore Industrial Park Pte Ltd[1]	Singapore	96.59	96.59
Sembcorp Utilities (UK) Limited[2]	United Kingdom	100	100
Sembcorp Energy UK Limited[2]	United Kingdom	100	100
Nanjing Riverside Quay Co., Ltd[2]	China	100	100
Sembcorp Myingyan Power Company Limited[2]	Myanmar	100	100
Sembcorp North-West Power Company Ltd.[2]	Bangladesh	71	71
Sembcorp Energy India Ltd (SEIL)[3,4]	India	100	100
Sembcorp Green Infra Limited (SGI)[3]	India	100	100
Sembcorp Huiyang New Energy (Shenzhen) Co., Ltd[2]	China	98	–

[1] Audited by KPMG LLP, Singapore
[2] Audited by member firms of KPMG International
[3] Audited by PricewaterhouseCoopers, India
[4] With the shareholders' approval of its divestment on November 8, 2022, SEIL has been classified as held for sale

G2. Non-controlling Interests

There are no subsidiaries with material NCI for the financial year ended December 31, 2022 and December 31, 2021.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures

Accounting policies

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies of these entities.

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

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has joint control over the entity.

(S$ million)	Note	Group December 31, 2022	Group December 31, 2021
Associates and joint ventures	i	2,526	1,846
Loan to associate	ii	58	70
		2,584	1,916
Less: Allowance for impairment		(297)	(316)
	a, b	2,287	1,600

i. During the year, the Group acquired two associates in the renewable power business, namely SDIC New Energy Investment Co. Ltd (SDIC) and Hunan Xingling New Energy Co., Ltd.

ii. The loan to an associate is unsecured, bears interest at 8.5% per annum and has no fixed terms of repayment. The settlement of the amount is neither planned nor likely to occur in the foreseeable future and hence the loan is recognised within investment in associate. Allowance for impairment on this loan is insignificant.

iii. In 2022, the Group received dividends of S$93 million (2021: S$77 million) from its investments in associates and joint ventures.

iv. The carrying value includes goodwill on acquisition as follows:

(S$ million)	Group 2022	Group 2021
Balance at January 1	*	*
Addition	4	–
Impairment	(2)	–
Balance at December 31	2	*

a. Associates

Details of the Group's key associates are as follows:

Name of key associate	Nature of relationship with the Group	Country of incorporation	Effective equity held by the Group 2022 %	Effective equity held by the Group 2021 %
Renewables				
SDIC New Energy Investment Co., Ltd[1]	Project investment; investment management; technology development, transfer, training and promotion; technical, economic and trade consultation and services; and renewable power generation	China	35.11	–
Hunan Xingling New Energy Co., Ltd.[2]	Renewable power generation, power transmission and distribution businesses	China	45.30	–
Integrated Urban Solutions				
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd[3]	First-grade land development including building infrastructure and public amenities	China	21.50	21.50
Conventional Energy				
Sembcorp Salalah Power and Water Company SAOG[4]	Generation of electric energy	Oman	40.00	40.00

[1] Audited by ShineWing Certified Public Accountants
[2] Audited by Baker Tilly Certified Public Accountants Co., Ltd, China
[3] Audited by Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd, China
[4] Audited by member firms of KPMG International

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures *(cont'd)*

a. Associates *(cont'd)*

There is one (2021: nil) individual associate that is considered to be material to the Group as at December 31, 2022. Summarised financial information of the associates is presented as follows:

(S$ million)	SDIC New Energy Investment Co., Ltd 2022
Revenue	353
Profit for the year	123
Other comprehensive income	–
Total comprehensive income	**123**
Attributable to non-controlling interests	4
Attributable to investee's shareholders	119

(S$ million)	SDIC New Energy Investment Co., Ltd December 31, 2022
Non-current assets	1,971
Current assets	755
Non-current liabilities	(1,281)
Current liabilities	(504)
Net assets	**941**
Attributable to non-controlling interests	24
Attributable to investee's shareholders	917

(S$ million)	SDIC New Energy Investment Co., Ltd	Individually immaterial associates	Total
Group's interest in net assets of investees at January 1, 2022	–	516	516
Group's share of:			
Profit from continuing operations	38	39	77
Other comprehensive income	–	35	35
Total comprehensive income	38	74	112
Dividends received during the year	–	(11)	(11)
Translation during the year	(33)	(49)	(82)
Addition during the year, net of disposal	384	201	585
Carrying amount of interest in investees at December 31, 2022	389	731	1,120

The fair value of the equity interest of a listed associate amounted to S$88 million (2021: S$99 million) based on the last transacted market price on the last transaction day of the year.

On January 28, 2022, the Group acquired 35% interest in SDIC New Energy Investment Co., Ltd (SDIC) for total consideration of S$320 million. On June 17, 2022, the Group injected an additional S$64 million into SDIC.

On December 16, 2022, the Group acquired 45.3% interest in Hunan Xingling New Energy Co., Ltd for total consideration of S$205 million.

b. Joint Ventures

Details of the Group's key joint ventures are as follows:

Name of key joint venture	Nature of relationship with the Group	Country of incorporation	Effective equity held by the Group 2022 %	Effective equity held by the Group 2021 %
Renewables				
Guohua AES (Huanghua) Wind Power Co., Ltd[1]	Development, construction and operation of wind farms as well as provision of wind power technical consultation and services, training and research, development and engineering support services	China	49.00	49.00
Integrated Urban Solutions				
Vietnam Singapore Industrial Park J.V. Co., Ltd.[2]	Development of industrial parks, residential areas and commercial areas for sale and lease	Vietnam	49.26	49.26
Conventional Energy				
Shanghai Cao Jing Co-generation Co. Ltd[3]	Production of electricity and steam, supply of steam to customers, supply of electricity to the power grid and production and sale of other relevant products	China	30.00	30.00
Emirates Sembcorp Water & Power Company P.J.S.C[4]	Development, possession, operation and maintenance of production, power generation and water desalination projects	United Arab Emirates	40.00	40.00

[1] Audited by Baker Tilly Certified Public Accountants Co., Ltd, China
[2] Audited by member firms of KPMG International
[3] Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company
[4] Audited by Ernst & Young, Abu Dhabi

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures *(cont'd)*

b. Joint Ventures *(cont'd)*

The Group has two (2021: two) joint ventures that are material and a number of joint ventures that are individually immaterial to the Group. All are equity accounted. Summarised financial information of the joint ventures is presented as follows:

	Vietnam Singapore Industrial Park JV Co., Ltd.		Guohua AES (Huanghua) Wind Power Co., Ltd.	
(S$ million)	2022	2021	2022	2021
Revenue	523	469	117	131
Profit for the year[1]	131	106	40	51
Other comprehensive income	(37)	26	–	–
Total comprehensive income	**94**	**132**	**40**	**51**
Attributable to non-controlling interests	10	14	–	–
Attributable to investee's shareholders	84	118	40	51

[1] Includes depreciation and amortisation of S$56 million (2021: S$51 million), finance income of S$15 million (2021: S$4 million), finance cost of S$25 million (2021: S$18 million) and income tax expense of S$42 million (2021: S$24 million).

	Vietnam Singapore Industrial Park JV Co., Ltd.		Guohua AES (Huanghua) Wind Power Co., Ltd.	
(S$ million)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Non-current assets	239	231	587	690
Current assets[1]	1,184	1,055	241	250
Non-current liabilities[2]	(261)	(267)	(267)	(278)
Current liabilities[3]	(351)	(306)	(119)	(170)
Net assets	**811**	**713**	**442**	**492**
Attributable to non-controlling interests	117	102	–	–
Attributable to investee's shareholders	694	611	442	492

[1] Includes cash and cash equivalents of S$485 million (2021: S$314 million)

[2] Includes non-current financial liabilities (excluding trade and other payables and provisions) of S$440 million (2021: S$458 million)

[3] Includes current financial liabilities (excluding trade and other payables and provisions) of S$211 million (2021: S$242 million)

(S$ million)	Vietnam Singapore Industrial Park JV Co., Ltd.	Guohua AES (Huanghua) Wind Power Co., Ltd.	Individually immaterial joint ventures	Total
Group's interest in net assets of investees at January 1, 2022	311	237	536	1,084
Group's share of:				
Profit from continuing operations	62	20	89	171
Other comprehensive income	–	–	29	29
Total comprehensive income	62	20	118	200
Dividends received during the year	–	(22)	(60)	(82)
Translation during the year	(19)	(22)	(33)	(74)
Addition during the year, net of disposal and impairment	–	–	39	39
Carrying amount of interest in investees at December 31, 2022	**354**	**213**	**600**	**1,167**
Group's interest in net assets of investees at January 1, 2021	251	201	707	1,159
Group's share of:				
Profit from continuing operations	48	24	77	149
Other comprehensive income	–	–	14	14
Total comprehensive income	48	24	91	163
Dividends received during the year	–	–	(65)	(65)
Translation during the year	12	12	16	40
Impairment during the year	–	–	(212)	(212)
Addition during the year, net of disposal	–	–	*	*
Transfer to assets held for sale	–	–	(1)	(1)
Carrying amount of interest in investees at December 31, 2021	**311**	**237**	**536**	**1,084**

i. The Group's share of the capital commitments of the joint ventures at the balance sheet date amounted to S$83 million (2021: S$73 million).

ii. The Group's interest in joint ventures with a total carrying amount of S$124 million (2021: S$96 million) as at balance sheet date has been pledged to banks to secure credit facilities granted to the joint venture entities.

iii. The impairment in 2022 pertained to an investment in UK. The amount mainly related to project expenses incurred by the company.

In 2021, the Group fully impaired the carrying value of S$212 million interest in Chongqing Songzao Sembcorp Electric Power Co., Ltd (CSZ). The business was severely impacted by significantly higher coal costs, with the loss of its mine-mouth advantage and escalating market coal prices due to supply-demand imbalance consequent to a government directive for coal mines and the partner's decision to close all its Chongqing-based coal mines.

Post impairment, the Group no longer equity accounts the results of CSZ as the Group's cumulative share of losses exceeds its interests in CSZ. As at December 31, 2022, the Group's share of the unrecognised losses of CSZ was S$22 million (2021:S$25 million).

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Related Party Information

a. Amounts Due from Related Parties

(S$ million)	Note	Associates December 31, 2022	Associates December 31, 2021	Joint ventures December 31, 2022	Joint ventures December 31, 2021	Related companies December 31, 2022	Related companies December 31, 2021	Total December 31, 2022	Total December 31, 2021
Group									
Trade		7	5	1	5	60	19	68	29
Non-trade		4	3	14	12	3	*	21	15
Loans		*	*	1	1	–	–	1	1
	E1	11	8	16	18	63	19	90	45
Loss allowance		(1)	(1)	(10)	(12)	(1)	–	(12)	(13)
		10	7	6	6	62	19	78	32
Amount due within 1 year		(10)	(7)	(3)	(6)	(62)	(19)	(75)	(32)
Amount due more than 1 year		–	–	3	*	–	–	3	*

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

In 2022 and 2021, loss allowance mainly pertained to a dividend receivable from a joint venture which was impaired (see G3(b)(iii)).

(S$ million)	Note	Subsidiaries December 31, 2022	Subsidiaries December 31, 2021
Company			
Current:			
– Trade		40	35
– Non-trade		–	*
	E1	40	35

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

b. Amounts Due to Related Parties

(S$ million)	Note	Holding company December 31, 2022	Holding company December 31, 2021	Associates December 31, 2022	Associates December 31, 2021	Joint ventures December 31, 2022	Joint ventures December 31, 2021	Related companies December 31, 2022	Related companies December 31, 2021	Total December 31, 2022	Total December 31, 2021
Group											
Current:											
– Trade		*	*	*	*	*	*	6	*	6	*
– Non-trade		–	–	*	*	45	*	6	4	51	4
	E3	*	*	*	*	45	*	12	4	57	4

The non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Related Party Information *(cont'd)*

b. Amounts Due to Related Parties *(cont'd)*

(S$ million)	Note	Subsidiaries December 31, 2022	Subsidiaries December 31, 2021
Company			
Current:			
– Trade		*	*
– Non-trade		6	2
	E3	6	2
Non-current:			
– Loans	E3	1,358	1,445
		1,364	1,447

The non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

The loans from a related party of S$1,358 million (2021: S$1,445 million) bear interest rates ranging from 1.36% to 5.81% (2021: 1.36% to 3.72%) per annum and are unsecured.

c. Related Party Transactions

In addition to the above, the Group had the following significant outstanding balances and transactions with related parties during the year:

(S$ million)	Outstanding balances December 31, 2022	Outstanding balances December 31, 2021	Transactions 2022	Transactions 2021
Related Corporations				
Sales	60	19	357	177
Purchases including rental	6	*	392	428
Finance income	3	–	5	1
Finance expense	6	4	20	8
Associates and Joint Ventures				
Sales	8	10	42	32
Finance income	1	–	5	–
Payment on behalf	–	–	4	4
Loans due from	1	1	–	–

d. Compensation of Key Management Personnel

The Group considers the Directors of the Company (including the Group President & CEO of the Company) and other personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group to be key management personnel in accordance with SFRS(I) 1-24 Related Party Disclosures.

As of December 31, 2022, the key management personnel are Wong Kim Yin, Eugene Cheng, Robert Chong, Koh Chiap Khiong, Vipul Tuli, Andrew Koss, Alex Tan and Kelvin Teo.

The compensation of the eight (2021: eight) key management personnel is included in the table below:

(S$ million)	Group 2022	Group 2021
Directors		
Directors' fees paid / payable	2	2
Key Management Personnel		
Salary, bonus and other benefits	22	8
Share-based compensation expenses	23	4

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added (EVA), as well as attainment of individual and Group performance goals for its key executives. "A bonus bank" is used to hold incentive compensation credited in any year. Typically, one-third of the available balance is paid out in cash each year, with the balance being carried forward to the following year. The balances of the bonus bank will increase or decrease by the yearly EVA performance achieved and the payouts made from the bonus bank.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G5. Acquisition of Subsidiaries

Acquisition of Significant Subsidiaries

On June 1, 2022, the Group acquired a 98% equity stake in Shenzhen Huiyang New Energy Group (HYNE), which consists of a portfolio of operational wind and solar photovoltaic assets. The acquisition will enable the Group to scale its renewables capacity towards meeting its targets by 2025, as part of the brown to green transformation.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(S$ million)	Note	2022
Purchase consideration		
Cash paid		445
Deferred consideration	i	78
Contingent consideration	ii	157
Consideration transferred for the business		680
Effect on cash flows of the Group		
Cash paid		445
Less: Cash and cash equivalents in subsidiaries acquired		(95)
Cash outflow on acquisition		350
		At fair value
Identifiable assets acquired and liabilities assumed[1]		
Property, plant and equipment	D1	918
Right-of-use Assets	D1	14
Intangible assets	D3	415
Deferred tax assets		*
Trade and other receivables	iv	434
Cash and cash equivalents		95
Total assets		1,876
Trade and other payables		168
Borrowings		881
Lease liabilities		11
Current tax payable		3
Deferred tax liabilities		104
Total liabilities		1,167
Total net identifiable assets		**709**
Less: Non-controlling interest measured on proportionate basis		(62)
Add: Goodwill acquired	D3	33
Consideration transferred for the businesses		680

[1] The above fair values of identifiable assets acquired, and liabilities assumed have been determined on provisional basis as of December 31, 2022.

i. The deferred consideration is payable at the earlier of obtaining the necessary subsidy financing for certain assets or two years from the acquisition date and was presented within trade and other payables in the balance sheet as at December 31, 2022.

ii. The contingent consideration arrangement was for payment of a defined quantum upon obtaining the necessary operating permits, securing subsidy financing and admission into the National Subsidy Catalog for certain projects within an agreed period.

In determining the fair value of the contingent consideration, the Group has applied judgement in evaluating the probability and timing of fulfilment, taking into consideration past experiences and changes to market, economic or legal environment in China.

The contingent consideration was presented within trade and other payables in the balance sheet as at December 31, 2022.

iii. Measurement of fair values
The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique	Key assumptions
Property, plant and equipment	Depreciated replacement cost method	Accounting useful life approximates the economic useful life of the property, plant and equipment
Intangible assets	Multi-period excess earnings method	Cash flows attributed to the power generation permits from June 1, 2022, to the end of the useful life of the respective generation plants of each project
		Remaining permits tenure of 23 to 25 years
		Discount rate of 8.2%

The assets acquired and liabilities assumed are determined on provisional basis, and are subject to the outcome of a nationwide audit on the subsidy mentioned in (iv).

iv. Included in trade and other receivables are receivables which pertained mainly to the renewable energy subsidy tariff due from the Chinese authorities.

v. The goodwill recognised is not expected to be deductible for tax purposes.

vi. Acquisition-related costs amounting to S$2 million have been excluded from the consideration transferred and have been recognised within general & administrative expenses in profit or loss.

vii. HYNE contributed turnover of S$86 million and profit of S$18 million to the Group's results for the period from June 1, 2022 to December 31, 2022.

If the acquisition had occurred on January 1, 2022, management estimated that the consolidated turnover and profit for the full year ended December 31, 2022, would have increased from S$7,825 million to S$7,904 million and from S$871 million to S$900 million, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition and related amortisation charges for the year would have been the same if the acquisition had occurred on January 1, 2022.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G6. Discontinued Operation and Disposal Group Held For Sale

Accounting policies

Assets or disposal groups are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs to sell if they are expected to be recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale.

Any impairment losses on initial classification and subsequent gains or losses on re-measurement are recognised in profit or loss. Subsequent increases in fair value less costs to sell are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

On September 5, 2022, the Group publicly announced the decision of its Board of Directors to sell Sembcorp Energy India Limited (SEIL), a wholly-owned subsidiary. On November 8, 2022, the shareholders of the Company approved the sale. The sale of SEIL was completed on January 19, 2023. The final consideration is settled by way of a Deferred Payment Note (DPN) which bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield, less a greenhouse gas emissions intensity reduction incentive rate. The DPN will be classified as a financial asset and measured at fair value with changes in fair value recognised in profit or loss.

In determining the fair value of the DPN, it is assumed that the purchaser settles the DPN from agreed portions (as set out in the sales and purchase agreement) of distribution including dividends declared by SEIL. Management performed a forecast of distributable dividends available from discounted cash flows of SEIL, taking into consideration cash flows from various power purchase agreements secured with an average remaining duration of 15 years and cash flows from contract renewals and spot markets. A discount rate is applied to the DPN to reflect the cash flow risks associated with the forecasted distributed dividends from SEIL and credit default risk of the purchaser. The DPN will be re-measured at future reporting periods. Subsequent fair value changes, arising from change in the assumptions initially applied, will be taken to profit or loss.

As at December 31, 2022, SEIL was classified as a disposal group held for sale and as a discontinued operation.

i. Result of the discontinued operation

	Group	
(S$ million)	2022	2021
Turnover	1,570	1,387
EBITDA	379	403
Depreciation and amortisation	(89)	(133)
Other non-cash (expenses) / income	(1)	1
Finance income	17	5
Finance cost	(134)	(128)
Profit before tax	172	148
Tax (expense) / credit	(28)	1
Profit from discontinued operation, net of tax	**144**	**149**
Basic earnings per share – cents	8.08	8.35
Diluted earnings per share – cents[1]	7.91	8.25

[1] Earnings per share is computed using a weighted average number of shares and an adjusted weighted number of shares disclosed in Note B5(b).

ii. Cash flows of the discontinued operation

	Group	
(S$ million)	2022	2021
Net cash from operating activities	256	362
Net cash from investing activities	42	915
Net cash used in financing activities	(299)	(1,292)
Net decrease in cash and cash equivalents	(1)	(15)

iii. Assets and liabilities of disposal group classified as held for sales

The consideration, initially measured from the fair value of DPN, exceeds the carrying amount of the related net assets and accordingly no impairment loss has been recognised on classification of this disposal group as held for sale.

The assets and liabilities of the disposal group were classified as held for sale when the sale of SEIL was approved by the Company's shareholders on November 8, 2022. As at December 31, 2022, the assets and liabilities held for sale comprised the following major classes and were translated at year-end exchange rate. The difference in amount between these two periods included currency translation.

(S$ million)	Carrying amount at December 31, 2022
Assets held for sale	
Property, plant and equipment	2,406
Other financial assets	58
Trade and other receivables	719
Intangible assets	76
Inventories	137
Cash and cash equivalents	36
	3,432
Liabilities held for sale	
Trade and other payables	270
Lease liabilities	*
Provisions	2
Deferred tax liabilities	50
Borrowings[1]	1,172
	1,494
Excess of assets over liabilities held for sale	1,938

[1] The borrowings include secured loan of S$99 million. As at December 31, 2022, net assets and equity shares, property, plant and equipment, and other assets with aggregate book value of S$3,306 million collaterised to the previous secured lenders are in the process of being fully discharged.

As at December 31, 2022, the Group has given S$1,263 million of corporate guarantees for the total aggregate principal amount of SEIL's facilities. These corporate guarantees will continue to be in force post-completion of the disposal.

iv. Cumulative (loss) / gain of disposal group recognised in OCI

Cumulative (loss) / gain recognised in other comprehensive income relating to the disposal group classified as held for sale were as follows:

(S$ million)	2022
Foreign currency translation reserve	(418)
Capital reserve and other reserves	290
	(128)

Notes to the Financial Statements

H. Other Disclosures

H1. Other Financial Assets and Liabilities

Accounting policies

Classification and Measurement

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies financial liabilities as measured at amortised cost or FVTPL.

Equity Investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The Group's equity investments are classified as FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in the OCI and are never reclassified to profit or loss.

Financial assets and liabilities at FVTPL

All other financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI, as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial liability is classified as FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial assets and financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Derecognition

The Group derecognises a financial asset when a) the contractual rights to the cash flows from the financial asset expire, or b) when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or if the Group neither transfers nor retains substantially all of the risks and rewards of ownership, it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its balance sheet but retains either all or substantially all of its risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

		Assets		Liabilities	
(S$ million)	Note	Current	Non-current	Current	Non-current
2022					
At FVOCI:					
– Equity shares		–	53	–	–
At FVTPL:					
– Cross currency swaps		1	3	–	16
– Interest rate swaps		–	*	–	2
– Forward foreign exchange contracts		*	–	–	–
– Foreign exchange swap contracts		–	–	8	–
– Mutual funds	i	37	32	–	–
– Other derivatives		2	–	1	*
		40	35	9	18
Hedge of net investment in foreign operations:					
– Forward foreign exchange contracts		23	–	11	1
Cash flow hedges:					
– Forward foreign exchange contracts		1	–	4	1
– Fuel oil swaps		24	*	75	3
– Interest rate swaps		–	73	–	–
– Cross currency swaps		–	4	–	*
– Electricity futures		1	–	–	–
		26	77	79	4
At amortised cost:					
– Long-term fixed deposits		–	17	–	–
– Equity shares		–	1	–	–
		–	18	–	–
Total		89	183	99	23

i. Included in mutual funds are amounts of S$35 million (2021: S$83 million) pledged to secure loan facilities.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H1. Other Financial Assets and Liabilities *(cont'd)*

(S$ million)	Note	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current
2021					
At FVOCI:					
– Equity shares		–	53	–	–
At FVTPL:					
– Cross currency swaps		–	5	–	9
– Interest rate swaps		–	3	–	*
– Forward foreign exchange contracts		1	–	1	–
– Foreign exchange swap contracts		*	–	–	–
– Mutual funds	i	85	28	–	–
– Other derivatives		26	*	7	*
		112	36	8	9
Hedge of net investment in foreign operations:					
– Forward foreign exchange contracts		1	5	–	9
Cash flow hedges:					
– Forward foreign exchange contracts		1	*	2	*
– Fuel oil swaps		204	8	48	2
– Interest rate swaps		–	3	–	36
– Cross currency swaps		26	–	–	–
– Electricity futures market contracts		–	–	29	–
		231	11	79	38
Fair value hedges:					
– Forward foreign exchange contracts		8	–	–	–
At amortised cost:					
– Long-term fixed deposits		–	114	–	–
Total		352	219	87	56

i. Included in mutual funds are amounts of S$35 million (2021: S$83 million) pledged to secure loan facilities.

H2. Provisions

Accounting policies

A provision is an amount set aside based on reliable estimate to settle a probable legal or constructive obligation from a past event.

Key estimates and judgements

Estimates of the Group's obligations arising from contracts or regulations that exist as at balance sheet date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on management's knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Certain of the Group's subsidiaries are involved in claims, litigations, land disputes and other regulatory matters in certain countries at year-end. Due to the nature of these disputes and matters, and in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be reliably determined. Therefore, no provision has been recorded for these.

Provision for restoration cost

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the balance sheet by adjusting both the asset and provision. Such changes give rise to a change in future depreciation and interest charges.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H2. Provisions *(cont'd)*

Movements in provisions are as follows:

(S$ million)	Note	Claims (i)	Restoration costs (ii)	Remediation of legacy sites (iii)	Others (iv)	Total
Group						
2022						
Balance at January 1		8	43	32	21	104
Translation adjustments		*	(1)	(3)	(1)	(5)
Provisions made during the year		*	34	3	4	41
Provisions reversed during the year		(5)	(6)	(6)	(4)	(21)
Provisions utilised during the year		(1)	(3)	(6)	(5)	(15)
Transferred to liabilities held for sale	G6	–	–	–	(2)	(2)
Unwind of accretion on restoration costs	C6	–	2	–	–	2
Balance at December 31		2	69	20	13	104
Provisions due:						
– within 1 year		2	23	13	4	42
– after 1 year but within 5 years		–	2	7	9	18
– after 5 years		–	44	–	–	44
		2	69	20	13	104
2021						
Balance at January 1		12	29	4	19	64
Translation adjustments		*	*	(1)	*	(1)
Provisions made during the year		*	16	30	9	55
Provisions reversed during the year		(3)	(2)	–	*	(5)
Provisions utilised during the year		(1)	(1)	(1)	(7)	(10)
Unwind of accretion on restoration costs	C6	–	1	–	–	1
Balance at December 31		8	43	32	21	104
Provisions due:						
– within 1 year		8	14	10	8	40
– after 1 year but within 5 years		–	–	22	13	35
– after 5 years		*	29	–	–	29
		8	43	32	21	104

(S$ million)	Claims (i)	Restoration costs (ii)	Others (iv)	Total
Company				
2022				
Balance at January 1	4	26	1	31
Provisions made during the year	–	22	–	22
Provisions reversed during the year	(4)	(6)	(1)	(11)
Provisions utilised during the year	–	(1)	–	(1)
Balance at December 31	*	41	–	41
Provisions due:				
– within 1 year	*	17	–	17
– after 5 years	–	24	–	24
	*	41	–	41
2021				
Balance at January 1	9	13	–	22
Provisions made during the year	*	15	1	16
Provisions reversed during the year	(3)	(2)	–	(5)
Provisions utilised during the year	(2)	*	–	(2)
Balance at December 31	4	26	1	31
Provisions due:				
– within 1 year	4	14	1	19
– after 5 years	–	12	–	12
	4	26	1	31

i. Provision for claims relates to the obligations arising from contractual and commercial arrangements in the Group's and the Company's operations, based on the best estimate of the possible outflow considering both contractual and commercial factors.

ii. Restoration costs relate to cost of dismantling and removing assets and restoring the premises to the original condition as stipulated in the agreements. The liability is expected to be incurred upon fulfilment of restoration obligation or termination of the lease.

iii. This relates to remediation obligations of certain legacy sites in UK, which are expected to be utilised within one to three years. This provision has been determined with reference to external quotes from suppliers as well as management's best estimate of the costs to complete the remediation works.

iv. Others for the Group include provision for maintenance obligation based on contractual obligations to maintain the infrastructure and equipment to specified levels of serviceability under the service concession agreements. These provisions are measured at the best estimate of the expenditure required and timing of outflows, to settle the present obligation at the end of each reporting period.

Others for the Company relates to incremental costs necessary to fulfil the obligation under the contract on early termination to cease the incineration plant business.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H3. Subsequent Events

On January 11, 2023, the Group announced the completion of an acquisition of a 100% interest in a subsidiary company, Vector Green Energy Private Limited. The equity consideration was INR27.6 billion (approximately S$449.9 million). The acquisition is expected to be earning accretive for the financial year ending December 31, 2023.

On January 19, 2023, the Group announced the completion of the sale of the entire shareholding in its subsidiary, Sembcorp Energy India Limited for INR125.5 billion (approximately S$2.0 billion). The gain before realisation of reserves is S$47 million. In addition, a currency translation loss recognised in the foreign currency translation reserve and a gain in the capital reserve will be taken to profit or loss in 2023. As at December 31, 2022, the accumulated currency translation loss was S$418 million and the capital reserve was S$290 million.

H4. New or Revised Accounting Standards and Interpretations Not Yet Effective

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after January 1, 2023:

Applicable to 2023 financial statements

Amendments to:

- *SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*
- *SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)*
- *SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*
- *SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *SFRS(I) 17 Insurance Contracts*

Mandatory effective date deferred

- *Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)*

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group does not expect significant impact on the financial statements upon the adoption of these new SFRS(I)s.

I. Supplementary Information

I1. Interested Person Transactions

(Under SGX-ST Listing Manual requirements)

For the purposes of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is required for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets (NTA) or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than 5% of the Group's latest NTA. For FY2022, the 5% Group's consolidated NTA as at December 31, 2021 was S$168 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2022, the Company obtained approval for such shareholders' mandate.

Transactions under shareholders' mandate

(S$ million)	Nature of relationship	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) 2022
Sale of Goods and Services		
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	5.4
PSA International Pte Ltd and its Associates		459.3
Olam International Ltd and its Associates		41.6
SATS Ltd and its Associates		0.1
Sembcorp Marine Ltd and its Associates		45.0
CapitaLand Investment Limited and its Associates		4.7
Singapore Technologies Telemedia Pte Ltd and its Associates		368.5
Singapore Airlines Limited and its Associates		1.5
Singapore Power Limited and its Associates		2.3
Temasek Holdings (Private) Limited and its Associates		0.3
		928.7
Purchase of Goods and Services		
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	2.0
Singapore Power Limited and its Associates		6.6
Singapore Telecommunications Ltd and its Associates		0.3
Singapore Technologies Engineering Ltd and its Associates		3.8
Surbana-Jurong Private Limited and its Associates		3.8
Starhub Ltd and its Associates		0.2
Pavilion Energy Pte. Ltd. and its Associates		9.4
		26.1
		954.8

Notes to the Financial Statements

I. Supplementary Information *(cont'd)*

I2. List of Properties

Urban

Description	Type	Land tenure	Gross floor area (sq m)	Group's effective interest	Status
China					
Industrial & Business Properties					
1. International Water Hub, Nanjing	Office & exhibition centre	Leasehold 50 years from 2015	36,489[1]	100%	Completed development
2. Jiangdao Intelligent Cube, Nanjing	Office & business park	Leasehold 50 years from 2012	74,073	21.5%	Completed development
3. Jiangdao Technology Innovation Centre, Nanjing	Office & exhibition centre	Leasehold 50 years from 2012	49,340	21.5%	Completed development
4. Wuxi-Singapore Industrial Park	Ready-built factories	Leasehold 50 years from 1995	506,225	45.4%	Completed development
5. Wuxi-Singapore Industrial Park	Built-to-specs factories	Leasehold 50 years from 2011	118,202	45.4%	Completed development
6. Wuxi-Singapore Industrial Park	Dormitory	Leasehold 50 years from 1996	12,799	45.4%	Completed development
7. Wuxi-Singapore Industrial Park	Office & amenities	Leasehold 50 years from 1996	10,491	45.4%	Completed development
8. Wuxi-Singapore Industrial Park	Office	Leasehold 50 years from 1999	4,423	45.4%	Completed development
9. Wuxi-Life Science Park	Ready-built factories	Leasehold 50 years from 2022	78,000	45.4%	Under development
Commercial & Residential Properties					
1. Jiangdao Xin Tiandi, Nanjing	Retail	Leasehold 40 years from 2012	66,274	21.5%	Under development
2. Jiangdao Hua Ting, Nanjing	Residential	Leasehold 70 years from 2012	7,690	21.5%	Completed development
3. Modena by Fraser, Wuxi New District	Service apartment	Leasehold 40 years from 2008	11,056	45.4%	Completed development
4. Chengdu Innovation & Technology Centre	Office & retail	Leasehold 40 years from 2022	65,930	50.0%	Under development
Indonesia					
Industrial & Business Properties					
1. Kendal Industrial Park, Central Java	Ready-built factories	Leasehold 30 years from 2015	1,836	49.0%	Completed development
Vietnam					
Industrial & Business Properties					
1. Sembcorp Logistics Park Quang Ngai	Warehouses	Leasehold 60 years from 2022	36,762	52.5%	Under development
2. Sembcorp Logistics Park Nghe An	Warehouses	Leasehold 43 years from 2022	40,496	52.5%	Under development

[1] Gross floor area excludes carpark and basement area

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
Vietnam *(cont'd)*					
Industrial & Business Properties (cont'd)					
3. VSIP Binh Duong I	Ready-built factories	Leasehold 50 years from 1996	57,813	49.3%	Completed development
4. VSIP Binh Duong II	Ready-built factories	Leasehold 50 years from 2005	25,016	49.3%	Completed development
5. VSIP Binh Duong II-A	Ready-built factories	Leasehold 50 years from 2008	84,574	49.3%	Completed development
6. VSIP Nghe An	Ready-built factories	Leasehold 50 years from 2015	8,810	49.3%	Completed development
7. VSIP Hai Phong	Ready-built factories	Leasehold 50 years from 2008	30,051	46.5%	Completed development
8. VSIP Bac Ninh	Ready-built factories	Leasehold 50 years from 2007	37,826	46.5%	Completed development
9. VSIP Bac Ninh Flatted Factory	Flatted factory	Leasehold 50 years from 2007	16,136	46.5%	Completed development
10. Sembcorp Logistics Park Hai Phong Phase I	Warehouses	Leasehold 44 years from 2014	15,000	52.5%	Completed development
11. Sembcorp Logistics Park Hai Phong Phase II	Warehouses	Leasehold 43 years from 2016	14,279	52.5%	Completed development
12. Sembcorp Logistics Park Hai Phong Phase III	Warehouses	Leasehold 40 years from 2018	13,200	52.5%	Completed development
13. Sembcorp Logistics Park Hai Duong	Warehouses	Leasehold 38 years from 2020	13,176	52.5%	Completed development
Commercial & Residential Properties					
1. VSIP Binh Duong II-A	Retail	Leasehold 50 years from 2008	1,118	49.3%	Completed development
2. VSIP Plaza, Quang Ngai	Retail	Leasehold 50 years from 2012	3,062	49.3%	Completed development
3. VSIP Hai Phong	Retail	Leasehold 50 years from 2008	233	46.5%	Completed development
4. Hai Phong Gateway	Retail	Leasehold 50 years from 2008	598	46.5%	Completed development
5. VSIP Bac Ninh	Shophouses	Leasehold 50 years from 2007	680	46.5%	Completed development
6. Sun Casa, Binh Duong	Residential & shophouses	Leasehold 50 years from 2008	1,677	49.3%	Completed development
7. Sun Casa Central I, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	9,254	49.3%	Completed development
8. Sun Casa Central II, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	60,854	49.3%	Under development
9. The Habitat Binh Duong Phase II	Residential & retail	Leasehold 45 years from 2018	493	51.6%	Completed development
10. The Habitat Binh Duong Phase III	Residential & retail	Leasehold 44 years from 2019	60,583	51.6%	Under development

Corporate and Others

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest
Singapore				
30 Hill Street	Office	Freehold land and building	11,410	100%