

## IMPORTANT NOTICE

THE SECURITIES DESCRIBED HEREIN ARE AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) UNDER RULE 144A OF THE SECURITIES ACT (AS DEFINED BELOW) OR (2) INSTITUTIONAL ACCREDITED INVESTORS (AS DEFINED BELOW) OR (3) ADDRESSEES PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES AND, IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW), IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the offering circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR, IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR, IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

**Confirmation of your Representation:** In order to be eligible to view this offering circular or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers (**QIBs**) (within the meaning of Rule 144A under the Securities Act), (2) “accredited investors” as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act (**Institutional Accredited Investors**) or (3) addressees purchasing the securities outside the United States and, in respect of any offering of securities under Category 2 of Regulation S of the Securities Act, who are non-U.S. persons as defined under Regulation S, in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing this offering circular, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs, (b) Institutional Accredited Investors or (c) that the electronic mail address that you gave us and to which this e-mail has been delivered or being accessed is not located in the United States, and, in respect of any offering of securities under Category 2 of Regulation S of the Securities Act, you are not a U.S. person nor are you acting on behalf of a U.S. person and, to the extent you purchase the securities described in this offering circular, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to delivery of such offering circular and any amendments and supplements thereto by electronic transmission.

You are reminded that this offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this offering circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Dealers or any affiliate of any of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

This offering circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Issuers, the Guarantor, the Arrangers, the Dealers and any Agent (each as defined in this offering circular) nor any of their respective employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the offering circular distributed to you in electronic format and the hard copy version available on request.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

## OFFERING CIRCULAR



### ST ENGINEERING RHQ LTD.

(incorporated with limited liability in England under the Companies Act 1985)  
(Company number: 02334137)

### ST ENGINEERING TREASURY PTE. LTD.

(incorporated with limited liability in Singapore)  
(UEN/Company registration number: 201803324N)

### STE TRANSCORE HOLDINGS, INC.

(incorporated in the State of Delaware)

**\$S\$5,000,000,000**

### Global Medium Term Note Programme

**unconditionally and irrevocably guaranteed by**

### SINGAPORE TECHNOLOGIES ENGINEERING LTD

(incorporated with limited liability in Singapore)  
(UEN/Company registration number: 199706274H)

*This Offering Circular supersedes all previous offering circulars and any supplement thereto in connection with the Programme (as defined below). Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. The provisions described herein do not affect any notes issued under the Global Medium Term Note Programme prior to the date of this Offering Circular.*

Under this \$S\$5,000,000,000 Global Medium Term Note Programme (the **Programme**), each of ST Engineering RHQ Ltd. (**STE UK-Co**), ST Engineering Treasury Pte. Ltd. (**STE SG-Co**), STE TransCore Holdings, Inc. (previously known as ST Engineering Urban Solutions USA Inc.) (**STE US-Co**) and any New Issuer (as defined herein) (each an **Issuer** and, together, the **Issuers**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Singapore Technologies Engineering Ltd (the **Guarantor** or **STE**).

The Programme Agreement (as defined herein) and Agency Agreement (as defined in the Conditions (as defined below)) each contains provisions enabling the Guarantor to, from time to time, nominate any Subsidiary (as defined in the Conditions) of the Guarantor as an additional issuer (a **New Issuer**) under the Programme to issue Notes. It is intended that such New Issuer shall accede to the terms of the Programme by executing, new, supplemental, amended and/or restated contractual documents, as appropriate, and thereafter shall become, and be treated as, an issuer for the purpose of the Programme.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed \$S\$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the dealers specified under "Overview of the Programme" and any additional dealer appointed under the Programme from time to time by the relevant Issuer (each a **Dealer** and, together, the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Issuer** shall be to STE UK-Co, STE SG-Co, STE US-Co or such New Issuer, as the case may be, as the issuer of the Notes under the Programme as specified in the applicable Pricing Supplement (as defined herein), and references to the **relevant Dealer** shall be to the Dealer agreeing to subscribe for such Notes and, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors".**

Application has been made to the Singapore Exchange Securities Trading Limited (the **SGX-ST**) for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. There is no assurance that the application to the SGX-ST for the listing of any Notes will be approved. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the relevant Issuer, the Guarantor, the Programme or the Notes.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer. The relevant Issuer may also issue Notes that are unlisted and/or not admitted to trading on any market.

Each Tranche (as defined in the Conditions) of Notes of each Series (as defined in the Conditions) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a **Temporary Global Note**) or a permanent global note in bearer form (each a **Permanent Global Note**) and, together with the Temporary Global Note, each a **Bearer Global Note**). Notes in registered form will initially be represented by a global note in registered form (each a **Registered Global Note**) and together with any Bearer Global Notes, the **Global Notes** and each a **Global Note**). The Global Notes may be deposited on the relevant issue date with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**), or with The Central Depository (Pte) Limited (**CDP**), or may be deposited with a nominee for the Depository Trust Company (**DTC**).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. state securities laws and may not be offered or sold in the United States (or, in certain circumstances, to, or for the account or benefit of, U.S. persons) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "Form of the Notes" for descriptions of the manner in which the Notes will be issued. Notes in registered form (**Registered Notes**) are subject to certain restrictions on transfer, see "Subscription and Sale and Transfer and Selling Restrictions".

The Guarantor has been assigned an overall corporate credit rating of "Aaa" by Moody's Investors Service, Inc. (**Moody's**) and "AA+" by S&P Global Ratings, a division of The S&P Global Inc. (**S&P**). The Programme has been rated "Aaa" by Moody's.

Notes issued under the Programme may be rated or unrated. Where an issue of a certain series of Notes is rated, its credit rating will not necessarily be the same as the credit rating applicable to the Programme and (where applicable) such credit rating will be specified in the applicable Pricing Supplement. A credit rating is a statement of opinion and not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The relevant Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental Offering Circular, if appropriate, which will describe the effect of the agreement reached in relation to such Notes, will be made available.

#### Arrangers

**DBS Bank Ltd.**

**J.P. Morgan**

#### Dealers

**DBS Bank Ltd.**

**J.P. Morgan**

**BofA Securities**

**OCBC**

**Société Générale  
Corporate & Investment Banking**

**Standard Chartered  
Bank**

The date of this Offering Circular is 1 April 2025.

To the best of the knowledge of the Issuers and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuers and the Guarantor accept responsibility for the information contained in this Offering Circular accordingly.

Each Tranche of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*”, as amended and/or supplemented by the Pricing Supplement specific to such Tranche. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the applicable Pricing Supplement.

References in this Offering Circular to Conditions of Notes shall mean the Conditions set out in the “*Terms and Conditions of the Notes*”.

Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Pricing Supplement as the relevant Dealer, as the case may be.

Copies of Pricing Supplements will be available for viewing upon prior written request at the registered office of STE and each of the Issuing and Paying Agents or (in the case of Registered Notes) the Registrar (each as defined below) (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer or relevant Issuing and Paying Agent as to its holding of Notes, as the case may be, and its identity).

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference, see “*Documents Incorporated by Reference*”. This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

None of J.P. Morgan Securities Asia Private Limited and DBS Bank Ltd. (together, the **Arrangers**), the Fiscal Agent, the Issuing and Paying Agent, the CDP Issuing and Paying Agent, the Calculation Agent, the CDP Calculation Agent, the Registrar, the CDP Registrar, the Transfer Agent, the CDP Transfer Agent (each as defined in the Conditions, and together, the **Agents**) or any Dealer has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Agents or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme. None of the Arrangers, the Agents or any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuers or the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme, the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, the Arrangers, the Agents or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes is intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuers, the Guarantor, the Arrangers, the Agents or any of the Dealers that any recipient of this Offering Circular or any other information supplied in

connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit-worthiness, of the relevant Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuers or the Guarantor, the Arrangers, the Agents or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Agents and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state of the United States or of any other jurisdiction, and may not be offered or sold in or within the United States (or, in certain circumstances, to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act and all applicable state or local securities laws in the United States and any other jurisdiction, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of any offering of Notes or the accuracy or the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

This Offering Circular does not constitute an offer to sell, or the solicitation of an offer to buy, any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuers, the Guarantor, the Arrangers, the Agents or any Dealer represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor, the Arrangers, the Agents or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Japan, Hong Kong and Singapore, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

None of the Arrangers, the Agents, the Dealers, the Issuers or the Guarantor makes any representation to any investor in any Notes regarding the legality of its investment under any applicable laws. Any investor in any Notes should be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

All references in this document to **U.S. dollars**, **U.S.\$** and **\$** refer to United States dollars and to **Singapore dollars** and **S\$** refer to Singapore dollars. In addition, all references to **Sterling** and **£** refer to pounds sterling and to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

References in this document to the **Group**, **we**, **our**, or **us** shall mean the Guarantor and, unless the context otherwise requires, its consolidated subsidiaries.

### **IMPORTANT – EEA RETAIL INVESTORS**

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### **IMPORTANT – UK RETAIL INVESTORS**

If the Pricing Supplement includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 201 (**EUWA**); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

### **MiFID II PRODUCT GOVERNANCE/TARGET MARKET**

The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.



A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## **UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET**

The Pricing Supplement may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

## **NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE**

Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **IMPORTANT NOTICE TO PROSPECTIVE INVESTORS**

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme, each such offering, a **CMI Offering**, including certain Dealers, may be “capital market intermediaries” (**CMIs**) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the **SFC Code**). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (**OCs**) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant manager(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the relevant Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (**Association**) with the relevant Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the relevant Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to

Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant manager(s), such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant manager(s) or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant manager(s), such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant manager(s) when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant manager(s) and/or any other third parties as may be required by the SFC Code, including to the relevant Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

## **FORWARD-LOOKING STATEMENTS**

This Offering Circular contains forward-looking statements including, without limitation, words and expressions such as expect, believe, plan, intend, estimate, project, anticipate, may, will, would, could or similar words or statements, in particular, in the section entitled “*Description of the Issuers and the Group*” in this Offering Circular in relation to future events, the Issuers, the Guarantor, the Group, the Group’s prospects, its expected financial condition, its business strategies, the future developments of the Group’s operations and industry and the future development of the general domestic, regional and global economy.

These statements are based on numerous assumptions regarding the Group’s present and future business strategy and the environment in which it expects to operate in the future. The Group’s future results could differ materially from those expressed or implied by such forward-looking statements and although these forward-looking statements reflect its current view of future events, they are not a guarantee of future performance. In addition, the Group’s future performance may be affected by various factors and risks including, without limitation, those discussed in the sections entitled “*Risk Factors*” and “*Description of the Issuers and the Group*”. Should one or more of these or other risks or uncertainties materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of these forward-looking statements.

In this Offering Circular, statements of, or references to, intentions of the Issuers or the Guarantor or those of any of the directors of any of them are made as at the date of this Offering Circular. Any such intentions may change in light of future developments.

## U.S. INFORMATION

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs and Institutional Accredited Investors (each as defined under “*Form of the Notes*”) for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Purchasers of Definitive IAI Registered Notes (as defined in “*Form of the Notes*”) will be required to execute and deliver an IAI Investment Letter (as defined under “*Terms and Conditions of the Notes*”). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together, **Legended Notes**) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

## AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes, the Guarantor has agreed to furnish, upon the request of a holder of such Notes, or any beneficial interest therein, to such holder or to a prospective purchaser designated by them, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and the Guarantor is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the Exchange Act) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.



## **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

STE UK-Co is a corporation organised under the laws of England; and STE SG-Co and the Guarantor are companies incorporated under the laws of Singapore. All of the officers and directors of STE UK-Co, STE SG-Co and the Guarantor reside outside the United States and all or a substantial portion of the assets of STE UK-Co, STE SG-Co and the Guarantor are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon any of STE UK-Co, STE SG-Co, the Guarantor or such persons, or to enforce against any of them in the United States courts judgements obtained in United States courts, including judgements predicated upon civil liability provisions of the securities laws of the United States or any state or territory within the United States. Judgments of United States courts based upon the civil liability provisions of the federal laws of the United States may not be enforceable in Singapore courts, and there is doubt as to whether Singapore courts will enter judgements in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States. Furthermore, there is doubt as to the enforceability in England in original actions or in actions for enforcement of judgements of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

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**IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the most recently published audited consolidated and non-consolidated annual financial statements and, if published later, the most recently published unaudited interim consolidated financial statements of the Guarantor, if any;
- (b) (in respect of each Series of Notes) the most recently published audited non-consolidated annual financial statements and, if published later, the most recently published unaudited interim non-consolidated financial statements of the relevant Issuer, if any; and
- (c) all supplements or amendments to this Offering Circular circulated by the Issuers and/or the Guarantor from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Copies of the documents listed in (a) and (b) above which are deemed to be incorporated by reference in the Offering Circular may be obtained at the Singapore Stock Exchange's website at [www.sgx.com/](http://www.sgx.com/). The websites referenced in the Offering Circular are intended as guides as to where other public information relating to the Group may be obtained free of charge. Except as expressly stated otherwise, information appearing on such websites does not form part of the Offering Circular or any applicable Pricing Supplement and none of the Issuers, the Guarantor, the Arrangers, the Dealers, the Paying Agents, the Transfer Agents or the Registrars accepts any responsibility whatsoever that any such information is accurate and/or up-to-date. Any such information should not form the basis of any investment decision by an investor to purchase or deal in the Notes.

**Any published unaudited interim financial statements of the Issuers or the Guarantor, as the case may be, which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited or subject to review by the auditors of the Issuers or the Guarantor, as the case may be. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them, see “Risk Factors”.**

The Issuers will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Guarantor at its registered office set out at the end of this Offering Circular.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. The relevant Issuer, the Guarantor and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Offering Circular will be published.*

*Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this Overview. In addition, the term **Conditions** when used in this overview shall mean the Terms and Conditions of the Notes.*

Issuers:	ST Engineering RHQ Ltd. ST Engineering Treasury Pte. Ltd. STE TransCore Holdings, Inc. Subsidiaries of the Guarantor may become issuers under the Programme by executing an issuer accession letter and a supplemental agency agreement.
Guarantor:	Singapore Technologies Engineering Ltd
Description:	Global Medium Term Note Programme
Arrangers:	DBS Bank Ltd. J.P. Morgan Securities Asia Private Limited
Dealers:	DBS Bank Ltd. J.P. Morgan Securities Asia Private Limited Merrill Lynch (Singapore) Pte. Ltd. Oversea-Chinese Banking Corporation Limited Société Générale Standard Chartered Bank (Singapore) Limited and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time, see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”, including the following restrictions applicable at the date of this Offering Circular.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the UK Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

Fiscal Agent:	The Bank of New York Mellon, London Branch
Issuing and Paying Agent and Calculation Agent for Notes to be cleared through Euroclear and Clearstream:	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent for Registered Notes to be cleared through Euroclear and Clearstream:	The Bank of New York Mellon SA/NV, Luxembourg Branch
DTC Issuing and Paying Agent, DTC Calculation Agent, DTC Registrar, DTC Transfer Agent and Exchange Agent for Notes to be cleared through DTC:	The Bank of New York Mellon
CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Registrar and CDP Transfer Agent for Notes to be cleared through CDP:	The Bank of New York Mellon, Singapore Branch
Programme Size:	Up to S\$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Guarantee:	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor in accordance with the Conditions.
Distribution:	The Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.



Currencies:	The Notes may be denominated in, subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer(s).
Maturities:	The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
Issue Price:	The Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	<p>The Notes will be issued in bearer form (<b>Bearer Notes</b>) or in registered form (<b>Registered Notes</b>) as described in “<i>Form of the Notes</i>”. Bearer Notes will not be exchangeable for Registered Notes and <i>vice versa</i>.</p> <p>For the avoidance of doubt, STE US-Co will not issue any Notes in bearer form.</p>
Fixed Rate Notes:	Fixed interest will be payable on Fixed Rate Notes on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer(s).
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating either the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. (<b>ISDA</b>), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Notes of the relevant Series) as specified in the applicable Pricing Supplement; or</li> <li>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(c) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer(s).</li> </ul>

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer(s) may agree.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer(s).</p>
Dual Currency Notes:	Payments (whether in respect of principal, interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer(s) may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption upon Maturity:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Optional Redemption:	If so provided in the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the relevant Issuer and/or the Noteholders.

Redemption for Tax Reasons: The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (if the Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or (if the Guarantee was called) the Guarantor would be unable for reasons outside its control to procure payment by the relevant Issuer, and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative proceedings (including a decision by a court of competent jurisdiction) of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws, regulations, rulings or other administrative proceedings (including a decision by a court of competent jurisdiction) which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the relevant Issuer or the Guarantor, as the case may be, taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Interest Periods and Interest Rates:

The length of the interest periods and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Pricing Supplement.

Denomination of Notes:	<p>The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “– <i>Certain Restrictions – Notes having a maturity of less than one year</i>” above.</p> <p>Unless otherwise stated in the applicable Pricing Supplement, the minimum denomination of each Legended Note will be U.S.\$200,000 or their respective approximate equivalent in other Specified Currencies.</p>
Taxation:	<p>All payments in respect of any Notes will be made without any withholding or deduction for or on account of any present or future taxes, duties, assessments or government charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction as provided in Condition 7, unless the withholding or deduction of taxes is required by law. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of any Notes in the absence of the withholding or deduction.</p>
Events of Default (including Cross Default):	<p>The Notes will contain events of default (including a cross default provision) as further described in Condition 9.</p>
Status of the Notes and the Guarantee:	<p>The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and rank <i>pari passu</i> and without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.</p> <p>The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank <i>pari passu</i> and without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.</p>

Credit Rating:	<p>The Guarantor has been assigned an overall corporate credit rating of “Aaa” by Moody’s and “AA+” by S&amp;P. The Programme has been rated “Aaa” by Moody’s.</p> <p>Notes issued under the Programme may be rated or unrated. Where an issue of certain series of Notes is rated, its credit rating will not necessarily be the same as the credit rating applicable to the Programme and (where applicable) such credit rating will be specified in the applicable Pricing Supplement. A credit rating is a statement of opinion and not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency.</p>
Listing and admission to trading:	<p>Application has been made to the SGX-ST for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST will be approved. The Notes may also be listed or admitted to trading on or by such other or further stock exchange(s) and/or competent listing authorities as may be agreed between the relevant Issuer and the relevant Dealer(s) and specified in the applicable Pricing Supplement. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).</p> <p>For so long as any Notes issued by STE UK-Co, STE US-Co and by any foreign-incorporated New Issuer are listed on the SGX-ST and the rules of the SGX-ST so require, STE UK-Co, STE US-Co and any such New Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. An announcement of such exchange will be made by or on behalf of STE UK-Co, STE US-Co and any such New Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.</p> <p>Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Clearing Systems:	<p>Euroclear, Clearstream, CDP, DTC and/or any other clearing system as specified in the applicable Pricing Supplement, see “<i>Form of the Notes</i>”.</p>



Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, either English law or Singapore law, as specified in the applicable Pricing Supplement.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Japan, Hong Kong and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”.
United States Selling Restrictions:	Regulation S, Category 1/2. Rule 144A/Rule 144A and Section 4(a)(2) and TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

## RISK FACTORS

*Each of the Issuers and the Guarantor believes that the following factors may affect its ability to fulfil its respective obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuers nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuers or the Guarantor may not be able to pay interest, principal or other amounts on or in connection with any Notes for other reasons which may not be considered significant risks by the Issuers and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. The Issuers and the Guarantor do not represent that the risks described below of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

*Unless otherwise indicated or the context otherwise requires, in this section, references to “we”, “us”, “our”, and “the Group” are to Singapore Technologies Engineering Ltd (the **Guarantor**) and its consolidated subsidiaries. Unless otherwise stated herein, figures provided in this section “Risk Factors” are as at the Latest Practicable Date.*

### **Risk factors relating to our business**

#### ***Changes in the political and economic climate of the countries in which we operate may expose us to financial and other risks.***

We have business activities in some countries that suffer from political, social and economic instability. Such countries may be subject to high inflation, volatile exchange rates, weak bankruptcy and creditor protection laws, and may be subject to limitations on investments, on the export and import of assets and on the movement of capital. Due to such political, social and economic instability, our activity in those countries may be adversely affected in a way that is material to our business, results of operations, financial condition and prospects.

In addition, global markets experienced higher inflation, tighter labour markets and persistent supply chain issues in the financial years ended 31 December 2022, 2023 and 2024, which has adversely affected parts of our business and operations. For example, in June 2024, Airbus announced that it was facing persistent specific supply chain issues mainly in engines, aerostructures and cabin equipment and reduced its annual delivery goals. This had an adverse impact on our Aerostructures and Systems business, which produces engine nacelles and floor panels for Airbus’ platforms such as the Airbus A320neo. Sustained inflationary pressures have kept costs high for labour, raw materials and logistics which in turn resulted in higher cost of sales in financial years ended 31 December 2022, 2023 and 2024. We cannot assure you that we will not, in the future, be materially and adversely affected by these global issues.

In addition, global trade tensions and increasing protectionism have adversely impacted the world’s economy. Trade friction remains elevated among the largest trading partners in the world, with potential negative impact on global growth. For example, in March 2025, the U.S. government imposed tariffs against certain trading partners and indicated that it is considering raising tariffs against its other trading partners. Growth and financial performance in emerging markets, Asia and trade-exposed economies such as Singapore are particularly vulnerable to disruptions to global trade flows, capital flows, business investments and global supply chains in the event of an

escalation in trade tensions or a protracted slowdown. There is less fiscal and monetary policy space for policymakers in developed economies to respond to the next slowdown as compared to the last global shock. This could potentially result in a more prolonged recession if the global economy experiences another negative growth shock. Geopolitics also continues to be an area of concern, including ongoing conflict in Eastern Europe between Ukraine and Russia and in the Middle East between Hamas and Israel, threats of terrorism worldwide, instability in the Middle East and tensions in the Korean peninsula. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. As of the date of this Offering Circular, our business operations and financial conditions have not been materially and adversely affected by the conflict between Russia and Ukraine, and between Hamas and Israel. However, we cannot assure you that our business operations and financial condition will not be affected by any future developments arising from such conflict, including further escalations.

We are also subject to the risk of political and legislative/regulatory changes in the countries in which we operate which could restrict our commercial flexibility and planned business strategies.

***The Minister for Finance (Incorporated) owns a special share in the Guarantor and if it were to divest its special share or convert it into an ordinary share, it may have an impact on our performance.***

The Minister for Finance (Incorporated) (**MOF Inc.**) owns one special share in the Guarantor. The special share enjoys all the rights attached to ordinary shares in the Guarantor but, in addition, no resolution shall be passed by the Guarantor, either in general meeting or by its Board of Directors, on certain matters specified in the Guarantor's Articles of Association without the prior approval of MOF Inc. In the event that MOF Inc. divests its special share, converts the special share into an ordinary share or there is any significant deterioration in our relationship with the Singapore government, there could be an impact on our performance.

***Failure in information and technology systems may affect our business, results of operations, financial condition and prospects.***

Our information and technology systems are designed to carry out the business operations as efficiently as possible. Any failure or breakdown in these systems could interrupt our normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could significantly impact our ability to offer services to our customers, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, we are reliant on third-party vendors to supply and maintain part of our information technology. In the event that any of such third-party vendors that we engage to provide support and upgrades with respect to components of our information technology ceases operations or becomes otherwise unable or unwilling to meet our needs, there can be no assurance that we would be able to replace such vendor promptly or on commercially reasonable terms. Delay or failure in finding a suitable replacement could adversely affect our business, financial condition, results of operations and prospects.

***There is no assurance that the credit ratings given to Guarantor and/or the Programme will be maintained or that the credit ratings will not be reviewed, downgraded, suspended or withdrawn in the future.***

As of the date of this Offering Circular, the Guarantor has been assigned an overall corporate credit rating of “Aaa” by Moody’s and “AA+” by S&P. In addition, the Programme has been rated “Aaa” by Moody’s. The credit ratings assigned by Moody’s and S&P are based on the views of Moody’s and S&P only.

Credit ratings are subject to revision, downgrades, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be reviewed, downgraded, suspended or withdrawn as a result of future events or judgement on the part of the relevant rating agency. Any rating changes may impact our ability to obtain financing or increase our financing costs and may have a negative impact on the market value of the Notes.

***Corrupt practices, fraud or improper conduct may adversely affect our reputation, business and results of operations.***

Corruption, fraud or improper conduct, including bribery, theft or embezzlement by any of our employees may adversely affect our reputation, business and results of operations. In the past, some of our employees have been involved in certain corrupt practices. However, none of these past cases had a material impact on our reputation, business and results of operations. While we have in place measures and systems to prevent such corruption, fraud or improper conduct by our employees, we cannot assure you that our employees will not be involved in any such practices in the future, which in turn may have an adverse impact on our reputation, business and results of operations.

Unfavourable fluctuations in exchange rates could affect our business, results of operations, financial condition and prospects.

As a result of our substantial international sales, fluctuations in the exchange rate of the Singapore dollar, which is our reporting currency, against other currencies (most notably, the U.S. dollar and euro) may have a significant impact on our revenues and operating results. In particular, because our U.S. dollar revenues are higher than the costs incurred in those currencies, a change in the value of the U.S. dollar and/or euro may affect our margins in Singapore dollar terms. In addition, 87% of our total borrowings was denominated in U.S. dollars as of 31 December 2024. Therefore, any adverse trends in the U.S. dollar to Singapore dollar exchange rate may affect our finance costs in Singapore dollar terms.

In addition, because we incur costs in Singapore dollars with respect to activities that generate U.S. dollars and/or euro, an increase in the value of the Singapore dollar compared to the U.S. dollar and/or euro would also negatively affect our results.

In order to mitigate the foreign currency risk exposure under contracts which are denominated in currencies other than the functional currency of the entity performing the operation, we enter into forward currency transactions and swaps pursuant to our hedging policy. Our hedging policy, however, may not adequately cover our exposure to exchange rate fluctuations. There can be no assurance that future fluctuations in exchange rates will not adversely affect our business, results of operations, financial condition and prospects.

***Rises in interest rates may have an adverse effect on our results of operations.***

As of 31 December 2024, 31% of our indebtedness<sup>1</sup> was on a floating rate basis. The interest cost to be borne for our floating interest rate debts will be subject to fluctuations in interest rates. Although we have entered into some hedging transactions to partially mitigate the risk of interest rate fluctuations, our hedging policy may not adequately cover our exposure to interest rate fluctuations. As a result, our operations or financial condition could be adversely affected by interest rate fluctuations.

In addition, interest rate hedging transactions can limit gains and increase costs. Interest rate hedging activities may not have the desired beneficial impact on our operations or financial condition. Interest rate hedging could fail to protect us or adversely affect us because among others:

- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes, although unrealised, would reduce our net asset value if they are due to downward adjustments.

Interest rate hedging activities may involve risks and transaction costs, which may reduce overall returns.

***Increases in oil prices may negatively affect our business, results of operations, financial condition and prospects.***

Oil price fluctuations affect our customers in the aviation and shipping industries. Recent fluctuations in the price of oil and other fuels reduce customers' revenues and increase their costs of operations which, in turn, reduces their spending on maintenance, repair and overhaul (**MRO**) services and other services provided by us. This may negatively affect our business, results of operations, financial condition and prospects.

***Failure to comply with the special security agreements entered into by us in the United States may result in the loss of United States defence contracts.***

Some of our subsidiaries in the United States have facility security clearance from the United States' Department of Defense to enable them to undertake military contracts. Some of our subsidiaries in the United States also enter into special security agreements with the United States' Department of Defense to work on classified programs in the United States. Failure to comply with such special security agreements may result in some of our subsidiaries in the United States not being able to undertake United States defence contracts and may have an adverse effect on our business, results of operations, financial condition and prospects.

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<sup>1</sup> Indebtedness refers to current and non-current borrowings.



***We are exposed to concentration risk with respect to certain businesses in our Defence & Public Security segment.***

The nature of the products and services offered by our Defence & Public Security segment exposes it to certain customer concentration risks. Significant reductions in defence spending by our key customers for this segment could have a material adverse impact on Defence & Public Security segment. Specifically, any reductions in overall defence spending could reduce the number and scale of future defence projects. While there is also risk to ongoing business in this scenario, the impact on defence programs with funding already allocated may be more limited, unless government spending priorities were to change radically.

Due to the nature of the products and services offered by our Defence & Public Security segment and the regulatory controls to which they are subject (including, for example, export controls under which governments restrict the sale of certain defence-related products to foreign countries), it is also more difficult for our Defence & Public Security segment to diversify its customer base relative to other Group businesses. This means that Defence & Public Security segment may continue to be reliant on its key customers, even where they significantly reduce their defence spending.

***We have a substantial amount of debt, which could affect our ability to obtain future financing or pursue our growth strategy.***

As of 31 December 2024, we had S\$5.8 billion in aggregate borrowings, and our debt to EBITDA ratio for the year ended 31 December 2024 was 3.6 times. Our indebtedness could have important consequences and significant adverse effects on our business, including the following:

- our ability to satisfy our obligations under our financing agreements may be limited;
- our vulnerability to adverse general economic and industry conditions may be increased;
- we must use a substantial portion of our cash flow from operations to pay interest on our indebtedness, which will reduce the funds available to us for operations and other purposes;
- our ability to obtain additional financing for working capital, capital expenditure or general corporate purposes may be impaired;
- our indebtedness could limit our ability to borrow additional funds and increase the cost of additional financing; and
- our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate may be limited.

We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. If we do not have access to funds required, we may be required to delay or abandon some or all of our expansion plans and reduce the scale of our operations. Additionally, we may not be successful in maintaining or increasing the same growth rate while reducing our debt levels, and if we are unsuccessful in doing so, our business, results of operations and financial condition could be adversely affected.

***Terrorist attacks, other acts of violence or war, pandemics and geological occurrences may affect our business, results of operations, financial condition and prospects.***

Terrorist attacks over the last few years have resulted in substantial and continuing economic volatility and social unrest globally. Further developments stemming from these events or other similar events could cause more volatility. The direct and indirect consequences of any of these terrorist attacks or armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on the results of our business operations.

An increase in the frequency, severity or geographic reach of terrorist acts could destabilise the jurisdictions in which we operate. Any additional significant military or other response by the United States and/or its allies or any further terrorist activities could also adversely affect the international financial markets and economies in which we operate and may adversely affect our operations, revenues and profitability.

Further, endemic or pandemic outbreaks of infectious diseases or any other serious public health concerns such as COVID-19, the Ebola virus, SARS, Influenza A (H1N1), Middle East respiratory syndrome coronavirus (MERS-CoV), the Zika virus, avian influenza, Mpox could adversely impact our business, results of operations and financial condition. For instance, as a result of the COVID-19 pandemic and the associated anti-pandemic measures taken by governments across the world, global supply chains, including those on which we relied in order to continue to operate our business and provide our products and services to customers, had been disrupted. The aviation industry was badly affected and consequently, in the Commercial Aerospace segment, demand for services dipped and engine nacelle manufacturing volume dropped in financial years ended 31 December 2020 and 2021. Further, in the Urban Solutions & Satcom segment, our satellite communications business in the aviation and maritime segments were similarly impacted as there was a significant reduction in passenger aircraft and cruise ship traffic, resulting in lower demand for our solutions in financial years ended 31 December 2020 and 2021. In financial years ended 31 December 2020 and 2021, we also had shutdowns of a few of our facilities across the world for varying durations, which adversely affected our output and revenue. Other past occurrences of such phenomena, such as the outbreak of SARS in 2003, have also caused varying degrees of harm to businesses and local and international economies.

Some of the regions in which we operate are subject to the risk of climate change, earthquakes, hurricanes and tsunamis. A significant earthquake or other destructive geological occurrence in any densely populated area could severely disrupt the economy of the region and have an adverse effect on our business, results of operations, financial condition and prospects.

***If we fail to complete and manage acquisitions successfully, our business, results of operations, financial condition and prospects could be adversely affected.***

In the past, we have acquired assets and businesses which operate in the same sectors as us in order to expand our operations. As part of our business strategy, we may acquire assets or businesses, or enter into joint ventures or strategic partnerships. There is no certainty that we will be able to acquire assets or businesses, or enter into joint ventures or strategic partnerships on favourable terms. There is also a risk that not all material risks in connection with any such acquisition or the establishment of a joint venture or strategic partnership will be identified in the due diligence process and that such risks will or could not be sufficiently taken into account in the decision to acquire an asset or business and in the sale and purchase agreement, or the decision to enter into a joint venture and the joint venture agreement. These risks could materialise only after such acquisition has been completed or a joint venture or strategic partnership has been entered into, and may not be covered by the warranties and indemnities in the sale and purchase agreement or the joint venture agreement and/or by insurance policies, and may result in delays, increases in costs and expenses, disputes and/or proceedings, or other adverse consequences. Any of these factors could have an adverse effect on our business, results of operations, financial condition and prospects.

In addition, there is no assurance that we will be able to obtain the necessary authorisations and approvals to execute such acquisitions. There is also no assurance that any acquired company will be successfully integrated into our business, or that existing customer relationships and revenue levels will be maintained or synergies and economies of scale will be achieved.

Failure to achieve the expected synergies or other benefits or an increase in the integration costs may have an adverse impact on our business, results of operations, financial condition and prospects.

***We may fail to effectively compete in the highly competitive industry in which we operate, including as a result of failures or inadequacies in our research and development programmes.***

The strength of our technology product portfolio and its long-term operating results depends substantially on continuing investment in research and development (**R&D**), our ability to bring technology to aerospace and defence applications and our success in regularly developing, introducing and marketing new and innovative products and services. Many of our markets are characterised by high R&D costs, requiring significant investments with a high level of complexity and variable chances of success. We receive some of our R&D funding from the Singapore government, and also receive tax benefits in respect of certain R&D spending. For the financial year ended 31 December 2024, we recognised government grant income amounting to S\$13.9 million which was used to offset our research, design and development expenses. For the financial year ended 31 December 2024, our total R&D expenditure was S\$420 million.

Our ability to compete for contracts depends on the strength of our intellectual property rights and technical know-how, together with the effectiveness and innovation of our R&D programmes, our ability to offer better programme performance than our competitors at a lower cost to our customers, and the readiness of our facilities, equipment and personnel to successfully and efficiently execute the programmes for which we compete. We cannot be certain that our competitors will not develop competing technologies which gain market acceptance to a greater degree than our products. Our competitors may develop new technologies or offerings that cause our existing technologies and offerings to become obsolete, or which effectively reduce the price we are able to charge for our products. If we fail in our new product development efforts, or if our products or services fail to achieve market acceptance as rapidly as our competitors, our ability to procure new contracts could be negatively impacted, while obsolescence of our products as a result of the emergence of new technologies could result in substitution or reduction in the use of such products. Disruptive technologies or new entrants with alternative business models could reduce our ability to regularly obtain future business, achieve positive operating results and realise future growth opportunities. These circumstances could have a material adverse effect on our results of operations and financial condition.

Our business plans underlying our investments in R&D typically contemplate a long payback period before investments are recouped and assume a certain level of revenue over the course of this period in order to justify the initial investment. There can be no assurance that the commercial, technical and market assumptions underlying our business plans will be accurate, and consequently, the investment payback period may be significantly longer than contemplated or may not be achieved. There is also a risk that we invest significant financial resources in R&D programmes that are ultimately unsuccessful in developing new products or producing insights that lead to the improvement of existing products and/or services. Spending on R&D could divert our attention and resources from other projects and there can be no assurances such expenditures will ultimately lead to the timely development of new offerings and technologies or identification of, and expansion into, new markets. There can be no assurance that the market for our new product or service offerings will develop or continue to expand or that we will be successful in newly identified markets or that the strategic partnerships or acquisitions that we may enter into in pursuit of developing new offerings and technologies will be successful. In

addition, there can be no assurance that government support that we currently receive in relation to some of our R&D programmes will continue in the same form or at all, or that our spending on R&D will continue to receive the same tax treatment. The failure of our technology to gain market acceptance and/or reductions in governmental support for certain of our R&D programmes could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our portfolio of products and services competes internationally against the products and services of other aerospace and defence companies. The presence of large, financially-strong competitors in the majority of our markets means that we are susceptible to significant price pressure for operating expenses and services, even in markets that are mature or that have few competitors. In addition, certain competitors have formed joint ventures and other alliances in order to address specific customer requirements. Our main competitors have also previously benefited from access to significant government funding programmes as well as the ability to invest heavily in technology and industrial capability. In the defence business's markets, high levels of competition between established businesses for high-value and/or long-term government contracts may result in us expending significant resources in competing for one or more of such contracts without ultimately being successful. If we cannot compete adequately in the markets in which we operate, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, consolidations among competitors, suppliers and/or customers as well as horizontal integration across value chains could increase competitive pressure on our business, including by increasing the cost and difficulty of sourcing materials and services, reducing our market share in certain markets and/or reducing our profits. Interventions by competition authorities may also change the competitive dynamics of one or more of our markets, including by restricting our activities and/or adopting measures designed to promote increased competition, such as by facilitating participation by new market entrants. Any of these actions, whether taken by competitors, suppliers, customers and/or regulators, could have a negative impact on our competitive position in one or more markets and could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our operating results and financial performance may be adversely affected by lack of, or delays in the award of, new long-term contracts or interruption to or cancellation of contracts.***

The long-term sustainability of our economic and financial performance depends on our ability to service our existing contracts and to win new long-term contracts. Our contracts may be completed or expire, or they may be altered or terminated. We may be unable to replace these contracts with new contracts of comparable size, favourable terms or in a timely manner. The award of new contracts is subject to competition and is affected by factors outside of our control such as governmental spending decisions and administrative procedures. Any failure to secure or any delay in securing a consistent number of long-term contracts or any interruption to or termination of existing contracts may cause an insufficient workload that would adversely affect our business, results of operations, financial condition and prospects.

***We depend on the recruitment and retention of qualified personnel and any failure to attract and retain such personnel could affect our business, results of operations, financial condition and prospects.***

We rely on senior management and other key employees to generate business, maintain good customer relations and identify new opportunities. Competition for personnel is intense and we may not be successful in attracting or retaining qualified personnel. In addition, certain personnel may be required to receive security clearance and substantial training in order to work on certain programmes or perform certain tasks. The loss of key employees, our inability to attract new, qualified (in particular highly skilled engineers) or adequately trained employees, or any delay in hiring key personnel could affect our business, results of operations, financial condition and prospects.

***Attempts to disrupt or improperly access our IT systems through cyber-attacks or otherwise could result in the manipulation, corruption, or destruction of data, systems or products and could cause harm to us, our customers, suppliers and partners.***

We face certain cyber-security threats, including threats to confidentiality, as well as the availability and integrity of our data and systems. While we employ measures designed to prevent, detect and respond to unauthorised activity in our systems, the inadequacy or failure of such measures could result in certain types of attacks, including cyber-attacks causing significant financial or information losses and/or reputational harm. In June 2020, we discovered a cyber-security incident at our U.S. subsidiary, VT San Antonio Aerospace, Inc., where a sophisticated group of cyber-criminals gained unauthorised access to its IT network and deployed a ransomware attack. There is no assurance that similar incidents will not take place in the future.

Cyber-security threats are particularly persistent, as they evolve quickly and may include, but are not limited to, computer viruses, attempts to access information, denial of service and other breaches. If we are unable to protect sensitive information, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. In addition to extraction of data from our systems, cyber-attacks could involve the destruction, manipulation and/or corruption of our data, including data relating to our R&D programmes, and could also temporarily prevent us from offering products and/or providing services to customers. In addition, a cyber-attack could give rise to product safety concerns that require repairs to or replacement of certain products or parts of products and/or may result in the temporary or permanent suspension of the use of certain products, particularly in the commercial aerospace and defence markets.

We could also be subject to cyber-attacks designed to gain access to our proprietary information, including production processes and know-how. We consider ourselves to be at particular risk in this regard, given our activities in the Defence business. Loss of this sensitive information either through deliberate or accidental means could result in fines, prosecution and potential debarment from current or future government contracts. Governments also require that we put in place appropriate measures to prevent cyber-attacks and to report any significant attacks that have the potential to endanger national security. Failure to put in place the required measures and to maintain them to an acceptable standard could preclude us from tendering for new government contracts. If we fail to prevent or otherwise address cyber-attacks designed to gain access to our proprietary information, critical applications, intellectual property rights and know-how may be jeopardised. This could result in interruption of our business operations, damage to our systems and/or increased liability to customers as a result of delays in the provision of products and/or services. Such consequences could, in turn, have a material adverse effect on our financial position and reputation.



In addition, we are party to agreements allowing us to hold and/or have continuing access to the confidential information (in particular, intellectual property) of third parties, where such confidential information is used by us as part of our R&D activities, the production of our products or the provision of our services. We could face significant financial and/or reputational consequences as a result of the disclosure of such confidential information, whether such disclosure was inadvertent, as a result of the deliberate actions of an employee or external actor, or otherwise. Third parties affected by the unauthorised disclosure of their confidential information could bring claims against us, with potentially significant financial consequences. In addition, current or potential strategic partners may be less likely to cooperate with us on new projects as a result of the damage to our reputation associated with any unauthorised disclosure. Our rights to use or continue to have access to third-party confidential information could also be significantly restricted or withdrawn, which could have an adverse effect on our R&D activities and/or our ongoing business operations, resulting in a material adverse effect on our financial condition, results of operations and prospects.

Although we work cooperatively with our customers, suppliers, subcontractors and strategic partners to seek to minimise the impact of cyber-security threats, other security threats or business disruptions, we must rely on the safeguards put in place by these entities, which may affect the security of our information. The manifestations of risk to our information technology systems, including with respect to cyber-security, change rapidly and require continued focus and investment by us. The failure to adequately protect us against or prevent such breaches or failures could have a material adverse effect on our financial position and reputation.

Data protection laws worldwide (including the General Data Protection Regulation ((EU) 2016/679) (**GDPR**)) may also increase the financial and reputational implications for us following a significant breach of our IT systems or those of our third-party suppliers, with regulators imposing significant fines.

We have a disaster recovery system in place across our core business operations that is designed to enable the recovery of data and the continuation of vital IT infrastructure following disruption caused by natural disaster, human errors, technical failures or malicious third-party cyber-attacks. There can be no assurance, however, that our disaster recovery system will be successful in recovering data or ensuring the continuation of our IT infrastructure following accidental or malicious disruption. This may result in permanent loss of data or prolonged disruptions to our IT infrastructure. As a result, the failure of the disaster recovery system to mitigate the impact of a cyber-event may have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our business is dependent on the price, quality, availability and timely delivery of certain components from suppliers.***

Our business is affected by the price, quality, availability and timely delivery of the component parts that we use to manufacture our products and the services with which we are supplied by various service providers. Our business, therefore, could be adversely impacted by factors affecting our suppliers (such as the destruction of suppliers' facilities or their distribution infrastructure, a work stoppage or a strike by suppliers' employees or the failure of suppliers to provide materials of the requisite quality), or by increased costs of such components and/or services. During Covid-19, our satellite communications business was impacted by the global shortage of semi-conductor chips, which has led to delays in the production and delivery of certain products.

***Disruption to our external supply chains could have a material adverse effect on our operations.***

If our external supply chains are not sufficiently resilient to unforeseen events, such events could affect our operations, which could result in significant financial and reputational damage. For example, in financial year ended 31 December 2024, our passenger-to-freight conversion (**PTF**) business experienced feedstock constraints which moderated the production rate of our PTF business. In addition, in financial year ended 31 December 2024, supply chain disruptions adversely affected our MRO business' ability to procure spare parts and to return our customers' equipment to them in a timely manner, thereby causing certain challenges to our service delivery. Major supply chain disruption could result in delayed delivery of our products, which could, in turn, result in increased costs for our business in mitigating the effects of delays and/or compensating customers, as well as damage to our reputation that may reduce demand for our products in the future. A major disruption of our supply chain could also impede our ability to provide services under our long term service agreements (**LTSAs**), and could damage our prospects of winning future business.

Some of our products and services are delivered through the operation of complex supply chains which rely upon multiple other companies including subcontractors, suppliers and joint ventures to produce and provide raw materials and components and to perform certain of the services that we provide to our customers. Disruption to these external supply chains as a result of problems with key supplier facilities, natural disasters, pandemics, regional conflicts, financial difficulty or insolvency of a critical subcontractor, supplier or joint venture partner, scarcity of materials, export controls or other production issues or delays could reduce our ability to meet our product and service commitments to our customers, which could have a material adverse effect on our operations and financial position. Certain of our products, services and businesses are more dependent on complex external supply chains.

In addition, the specialised nature of our products supplied by certain of our suppliers, as well as the quantities of components required by us in some cases, results in a heightened risk that we may not be able to substitute suppliers quickly, easily or at all if one or more of our current suppliers become unable or unwilling to supply us. This could result in increased costs and/or delays in finding alternative suppliers capable of meeting our requirements.

We rely on efficient inventory management. Certain products and components necessary to our business activities are typically easily available and, as a result, we typically maintain a limited inventory of such items. However, if there is widespread disruption to our external supply chains and/or to global supply chains as a whole, there is a risk that low inventory levels of such items may result in disruption to our ability to carry out our business if we are unable to acquire such products and components within expected timeframes. By contrast, certain other products and components necessary to our business activities are typically difficult to source and, as a result, we usually maintain a larger inventory of such products and components. These items are recorded as inventory on our consolidated balance sheet. If there is a sudden or unexpected decline in our order backlog and we no longer require the same number of such products and components to carry out our business activities, then there is a risk that we may be unable to make economic use of our inventory, which may lose value when such inventory becomes unusable and/or unsellable and, therefore, may have an adverse effect on our balance sheet.

The potential for such disruptions to our external supply chains could be heightened by pandemics or endemics, such as the COVID-19 pandemic, and government restrictions introduced in response. Any extensive nature of government restrictions may result in further difficulties in our ability to substitute our suppliers where our suppliers and alternative suppliers are concentrated in particular geographic markets that are subject to similar government restrictions. In such circumstances, we may be unable to mitigate the impacts of supply chain issues and, therefore, may be subject to a heightened risk of supply disruption.

***Our business is dependent on the contractors and independent third-party service providers that it engages.***

We engage contractors and independent third-party service providers in connection with our business. There is no assurance that the services rendered by any contractors or independent service providers engaged by us will always be satisfactory or match the level of quality expected by us or required by the relevant contractual arrangements, or that such contractual relationships will not be breached or terminated. Furthermore, there can be no assurance that our contractors and service providers will always perform to contractual specifications or that such providers will continue their contractual relationships with us under commercially reasonable terms, if at all, and we may be unable to source adequate replacement services in a timely or cost-efficient manner.

There is also a risk that our major contractors and service providers may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of their work in connection with our ordinary business or development projects and may result in additional costs for us. The timely performance of these contractors and service providers may also be affected by natural and human factors, such as natural disasters, calamities, outbreak of wars and strikes, which are beyond our control. Any of these factors could adversely affect our business, financial condition or results of operations.

***Certain of our customers depend on government spending. Reductions in government spending could adversely affect our business, results of operations, financial condition and prospects.***

A substantial portion of our revenues are generated from customers consisting of governments, public institutions and companies that rely on government spending to purchase our products and services. We expect that defence spending, in particular, by these customers will continue to make up a significant portion of our revenue. In times of financial crisis, governments in some countries may increase spending to stimulate their respective economies and soften the impact of the financial turmoil on their nations.

However, government programmes may be cancelled, delayed or amended. Accordingly, we often face uncertainties in preparing plans and managing our resources. Terms and risk sharing agreements can also be amended. In addition, government spending programmes, even if previously approved, are generally subject to yearly review and adjustments and may therefore be cancelled at any time. Changes in political or public support for security and defence programmes may also affect related government programmes.

Our business, results of operations, financial condition and prospects may be materially adversely affected by these developments.

***A failure of one or more of our products could have a material long-term adverse financial and reputational impact.***

A failure in quality control or an unsafe design could cause our products to fail to meet the safety expectations of our customers and/or regulatory requirements regarding safety. If our products are found to be, or perceived to be, subject to safety issues, this could result in significant remediation, replacement and/or compensation costs, including recalls and/or additional testing requirements. In addition, product liability and warranty claims may arise if our products do not meet customers' quality expectations, if products fail to fully comply with regulations, or if we fail to provide care and support in the required form in response to any problems. We could also be subject to financial penalties for product issues and/or delays under contractual arrangements with customers. These consequences could, in turn, result in financial penalties and/or reputational damage for us. In addition, if a large number of units of a particular product have already been supplied to customers and are in operation, the emergence of any safety concerns affecting that product could result in significant costs for us and have a material adverse effect on our results of operations.

A major product failure in service could result in loss of life and significant financial and reputational damage for us. The potential consequences of any such failure are likely to be significant and wide ranging. The immediate financial consequences would likely include compensation payments and/or penalty payments to those affected and costs associated with investigating a major product failure in order to identify its root cause. The reputational damage suffered by us, particularly where a major product failure in service results in loss of life, could substantially reduce future demand for our products and/or require significant spending in order to restore our reputation. Damage to our reputation may also result in reduced use of our products already in service, which may be driven by customer perceptions concerning safety, as well as by identified safety issues. In addition, such safety concerns could result in order cancellations or postponements, which could have a material adverse effect on our order backlog. Extensive regulatory consequences may also result from any failure of our products. These consequences could include financial penalties, the suspension or revocation of the regulatory authorisations that we require to operate elements of our business and/or the withdrawal of certain of our products from some or all of the markets in which they are offered.

A significant safety or performance issue affecting the equipment of one or more of our customers could also have a negative impact on us if such customers are restricted or prevented from operating equipment that incorporates our products. Even if such issues are completely unrelated to our products, we could still experience a material adverse effect on our revenue, for example by reducing our ability to sell further products and/or reducing the revenue that we derive from LTSAs.

Either as a result of smaller safety issues with our products that affected multiple customers, or due to a single major failure in service, product failures could potentially materially reduce the demand for our products and/or restrict our ability to offer those products for a sustained or indefinite period. This could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our ability to borrow from banks or capital markets may be materially adversely affected by a financial crisis in a particular geographic region, industry or economic sector.***

Our ability to borrow from banks or capital markets to meet our financial requirements is dependent on favourable market conditions. In particular, we have issued bonds that mature in April 2025, May 2026, May 2027 and May 2032, respectively. We cannot assure you that we will be able to timely repay the principal on or refinance these bonds on acceptable terms. Financial crises in particular geographic regions, industries or economic sectors have, in the recent past, led, and could in the future lead, to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, in turn threatening affected companies, financial systems and economies.

In recent years, credit and financial markets worldwide have experienced periods of significant volatility, including a reduction in liquidity levels and increasing costs for credit protection. Dislocations, market shifts, increased volatility and instability in the global credit and financial markets have in recent years affected the availability of credit and at times led to an increase in the cost of financing. There is a risk that inflation will increase further or that the recent high inflation rates will become persistent, increasing the risk that more conservative central bank monetary policy, in the form of raising interest rates, will continue, which could result in slower economic growth and an increase in our net finance costs. We may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. If sufficient sources of financing are not available in the future for these or other reasons, we may not be able to meet our financial requirements. There can be no assurance that we will be able to raise financing on favourable terms or at all. We may also be subject to solvency risks of our banks and of our counterparties in our financial investments and arrangements. This could materially and adversely affect our business, results of operations, financial condition and prospects.

***The Guarantor relies on its investment income, including dividends and distributions from its subsidiaries, associated companies and joint ventures and proceeds from divestments, to meet its obligations, including obligations under the Guarantee.***

The Guarantor is a holding company incorporated for the purpose of holding investments, both in Singapore and abroad, which are generally made through joint ventures and direct equity. The Issuers may rely on funding and credit support from the Guarantor and the Guarantor will rely on its investment income, including dividends and distributions from its subsidiaries, associated companies and joint ventures and proceeds from divestments, to meet their respective obligations, including obligations under the Notes and the Guarantee. The ability of the Guarantor's subsidiaries, associated companies and joint ventures to pay dividends and other distributions and, to the extent that the Guarantor relies on dividends and distributions to meet its obligations, the ability of the Guarantor to make payments, are subject to applicable laws and restrictions (contractual or otherwise) on the payment of dividends and distributions contained in the relevant financing and other agreements of such companies.

If there is a decrease in the dividends and distributions paid to the Guarantor by its subsidiaries, associated companies and joint ventures, it may adversely affect the Guarantor's business, results of operations, financial condition and prospects.

***Changes in governmental policies, legislation and regulations or the failure to comply with existing legislation and regulations may adversely affect our results.***

We operate in highly regulated business sectors. In order to sell certain products and services, we and our suppliers must be approved by government agencies in the countries in which we do business.

Authorisations and licences obtained by us may be cancelled or more stringent requirements may become applicable, which may reduce revenues or increase our costs.

In addition, the interpretation of laws in the jurisdictions in which we operate may be subject to policy changes, such as those which reflect domestic policy changes. Further, as legal systems in such jurisdictions develop, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may require additional expenses or may have a material adverse effect on our business, results of operations, financial conditions and prospects.

The Commercial Aerospace segment is also highly regulated. The Civil Aviation Authority of Singapore is the principal regulator in Singapore, the European Aviation Safety Agency is the principal regulator in Europe and the Federal Aviation Administration is the principal regulator in the United States. Those authorities establish requirements and grant licences for maintenance, repair and overhaul of airframe, engines and components.

Should we fail to comply with applicable legislation and regulations or to obtain the necessary licences, this may adversely affect our business, results of operations, financial condition and prospects.

***Our business segments are dependent on certain principal customers and the loss of, or a significant reduction in, purchases by or contracts with such customers could adversely affect us.***

Our business segments are dependent on certain principal customers. The loss of any significant customer could have an adverse effect on our business. Our customers, including those with links to governments, often undertake reviews of suppliers with a view to reducing costs. Since certain of our businesses depend on certain key customers, the loss of any one of such customers or a significant reduction in demand from some of our customers could have a material adverse effect on our business, results of operations, financial condition and prospects.



In addition, delays in payment by our major customers for products and/or services already supplied to such customers, or any fault in contract execution (including as a result of delays or breaches by our customers), may negatively affect our business, results of operations, financial condition and prospects.

***Our operating and financial performance may be adversely affected as a consequence of breaches in our contractual commitments.***

The timely and satisfactory execution of our contractual commitments depends upon numerous factors, including our ability to develop the technologies necessary to provide, directly or through third parties, the products and services required by our customers.

Our failure to deliver, in a timely fashion or at all, the products and services we are obliged to deliver, or any fault in contract execution (including as a result of delays or breaches by our suppliers), may lead to higher costs or penalties or the calling on performance bonds. This may negatively affect our operating and financial performance.

***Our business segments derive significant revenue from medium and long-term contracts and programmes. Differences between estimated costs and actual costs may affect our operating results, as may disputes over the performance of such contracts.***

Our business activities depend to a large extent upon medium and long-term contracts and programmes. Under many of our medium and long-term contracts, revenues to be paid by the customer are typically established based on an estimate of costs made when the contract is awarded. Differences between the estimated costs and actual costs can have a substantial negative effect on our business, financial condition, results of operations and prospects. These differences may arise from a number of factors including production delays, cost overruns and other items. Cost overruns may continue to occur in the future.

***Any write-down of intangible amounts may adversely affect our business, results of operations, financial condition and prospects.***

Our balance sheet includes significant amounts recorded as intangible assets. Assets of indefinite life are subject to an “impairment test” at least once a year. Equally, for items subject to amortisation, the impairment tests are carried out whenever there are indications that there may have been a loss in value. These evaluations are based on estimates of future cash flows and applicable discount rates. Any significant discrepancies between the estimates and actual developments may have a material adverse effect on our business, results of operations, financial condition and prospects.

***Our profitability may be affected by changes in tax regimes.***

Our operations in various countries are subject to different tax regimes. Changes in local tax regulations may adversely affect our profitability.

***We are not insured against all risks that we face and losses or claims exceeding the insurance coverage that is maintained, or which are not covered by our insurance policies, could have a material adverse effect on our business, financial condition, results of operations and prospects.***

We maintain insurance coverage that our management deems prudent and customary for the businesses in which we operate and to the extent insurance is available on reasonable terms. We have insurance coverage to protect our assets and employees with insurance limits which our management believes are adequate, including insurance to cover a number of operating hazards, protection and indemnity insurance, directors’ and officers’ liability insurance, terrorism risk



insurance, product liability and general liability insurance. There are, however, certain types of losses (such as those from wars or acts of God) that generally are not insured against, either because such insurance is not available or not economically viable. The occurrence of a significant event or adverse claim in excess of the insurance coverage that we maintain, or that is not covered by our insurance, could result in us having to pay compensation or damages and/or incur loss of revenue and could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, any accident, failure, incident or liability, even if fully insured, could negatively affect our reputation among our customers and the public, thereby making it more difficult for us to compete effectively and could significantly impact the cost and availability of adequate insurance in the future.

***Changes in environmental regulations and liabilities associated with existing or new regulations could require increased capital expenditures and lead to losses.***

We are subject to numerous national, regional and local environmental laws and regulations concerning, among others, emissions into the environment, discharges to surface and subsurface water, the disposal and treatment of waste materials and noise pollution. Pursuant to such laws and regulations, for certain activities, we require and must obtain authorisation and licences. We cannot anticipate whether, and to what extent, environmental regulations may become stricter over time, nor can we give any assurance that the cost of future compliance with existing environmental regulations will not increase. Substantial increases in environmental compliance costs could adversely affect our business, results of operations, financial condition and prospects. Those costs and any fines which could be imposed may materially adversely affect our business, results of operations, financial condition and prospects.

***If we fail to protect, or incur significant costs in defending, our intellectual property and other proprietary rights, our business, results of operations, financial condition and prospects could be adversely affected.***

Our success depends, in part, on our ability to protect our intellectual property and other proprietary rights. We rely primarily on patents, trademarks, copyrights, trade secrets and unfair competition laws, as well as licence agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. However, patent applications may be rejected and in any event patent protection does not prevent competitors from developing equivalent or superior products without violating our intellectual property rights. Moreover, our intellectual property rights may be challenged by third parties and should we not prevail, we may be required to give or obtain licences, cease the production of a product, transfer the intellectual property rights or may be liable for significant damages.

If we fail to protect our intellectual property and other proprietary rights, then our business, results of operations, financial condition and prospects could be adversely affected.

***Restrictions on the export of our products and other regulations could adversely affect our business and its prospects.***

We design and manufacture many defence products considered to be of national strategic interest.

The export of such products outside our domestic markets is subject to licensing and export controls. To the extent that exports include technologies obtained from other countries, we may also be adversely affected by export control regulations from those countries. Failure to comply with these regulations and requirements could result in contract modifications or termination and the imposition of penalties and fines, which could negatively affect our business and prospects.

Authorisations can be revoked and general export controls may change in response to international conflicts or other political or geopolitical factors. Reduced access to military export markets could have an adverse effect on our business and its prospects.

***Several of our business segments operate in mature industries characterised by rapid technological innovation and which are experiencing heightened competition and industry consolidation. We may experience pricing pressure as a result.***

The industries in which we are active are characterised by rapid technological innovation, keen global competition, consolidation through mergers, joint ventures and alliances and limited access to markets with local dominant players. It is incumbent on us to offer a range of products that accords with the markets in which we operate. In the event of technological advances to which we are not a party and there being a significant shift in the character of the market's demand, or if the products which we sell are or become technologically obsolete, this could have a significant and material adverse effect on our future financial performance and condition.

We are subject to significant competition in each of the three segments in which we operate. With respect to certain products and programmes, we compete with one or more companies, many of which are multinational companies with substantial resources and capital.

We have continuously placed emphasis on product and service development through external and in-house research and development efforts as unless we are able to succeed in such research and development efforts to produce technologically superior products and maintain a competitive cost structure, we will not be able to compete effectively on a global scale, which would adversely affect our business, results of operations, financial condition and prospects. Investments in research and development activities for the development of products and technologies are subject to considerable uncertainty, given that such costs may not be recovered should the research prove incapable of industrial application or otherwise unfeasible. While we seek to develop new products and services in existing and new markets, new technologies may not be developed or implemented according to anticipated schedules or may not achieve commercial acceptance in the markets. Any failure to develop and implement technologies in a timely manner could delay the implementation of new services, reduce the quality and functionality of our services, increase our operational costs, reduce our actual and potential market share and hinder us from realising our revenue streams. The failure of a technology to achieve commercial acceptance could result in additional capital expenditure or a reduction in profitability due to the recognition of the impairment of assets.

***We are subject to business cycle volatility which could affect our results.***

The cyclical nature of some of the markets in which we operate is an inherent sensitivity. For example, defence budgets are determined, in part, by the cyclical nature of countries' defence requirements. Business cycles bring volatility to the earnings in different business sectors. We will continue to be subject to global economic and political trends which may adversely affect our results.

***If our members experience labour union problems, our profitability could be negatively affected.***

As of the date of this Offering Circular, we have approximately 27,000 employees worldwide. Some of our employees are members of trade unions. Although we believe that we enjoy good relations with our employees, there can be no assurance that relations with our employees will not be disrupted as a result of future disputes. In the event of such a dispute, our profitability could be negatively affected.

***Temasek is the majority shareholder of the Guarantor.***

The Guarantor is a subsidiary of Temasek Holdings (Private) Limited (**Temasek**). Temasek is a Singapore government-linked diversified portfolio investor with businesses in, among other areas, telecommunications, real estate, financial services, transportation and industrials. Consequently, Temasek's strategic goals may not be aligned with those of ours.

***We are a minority shareholder in certain joint ventures and there is no guarantee that majority shareholders will not act in a manner which is detrimental to our interest and our performance may be impaired.***

We are involved in consortia, exercising varying and evolving degrees of control within the consortia, joint ventures and entities in which such members hold non-controlling equity holdings. While we seek to participate only in joint ventures in which our interests are aligned to those of our partners, the risk of disagreement is inherent in any jointly controlled entity, and particularly in those entities that require unanimous consent of all members with regard to major decisions and those that specify limited exit rights. Where we are a minority shareholder, there is no guarantee that majority shareholders will not act in a manner which is detrimental to our interest and our performance may be impaired in the event majority shareholders act in such a manner.

***We may be involved in legal and other proceedings arising from our operations from time to time.***

We may be involved from time to time in disputes with various parties such as our agents, suppliers, purchasers and other partners involved in our operations. These disputes may lead to legal and other proceedings, and may cause us to incur additional costs and delays. In addition, our employees, agents and/or affiliates may be subject to administrative proceedings and unfavourable orders, directives or decrees by regulatory bodies (including but not limited to environmental, planning and workplace health and safety regulators) in the course of their operations which could adversely affect our reputation and business, results of operations, financial condition and prospects.

There can be no assurance that we will succeed in defending the claims made against us by counterparties in any legal and/or other proceedings. Should an award or judgement be made against us, there can be no assurance that our insurance coverage will cover or will be sufficient to cover all payments that we may be ordered to make as a result of such legal and other proceedings and accordingly, our business, results of operations, financial condition and prospects may be materially and adversely affected.

***Changes in accounting principles or financial reporting standards relating to financial instruments may negatively affect our financial results.***

Changes in accounting principles or financial reporting standards, new accounting pronouncements or varying interpretation of current accounting pronouncements may negatively affect our financial results. Further, such changes could potentially affect our reporting of transactions completed before such changes are effective. Adoption of new standards and any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

***Occupational health and safety is a key risk area in our operations.***

We are subject to legislation concerning the health and safety of our employees and contractors. We will incur compliance costs and any failure in our compliance with the health and safety regimes to which we are subject may result in us being subject to fines, damages and criminal or civil sanctions. In addition, an actual or alleged violation arising under any health and safety laws may cause interruptions to our business, results of operations, financial condition and prospects and adversely affect our reputation.

**Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme.**

***The Notes may not be a suitable investment for all investors.***

Each potential investor in the Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement to this Offering Circular;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless he/she has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### ***Risks related to the structure of a particular issue of Notes.***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features:

*The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”*

Interest rates and indices which are deemed to be “benchmarks” (including the euro interbank offered rate (**EURIBOR**)) are the subject of national and international regulatory guidance and reform aimed at supporting the transition to robust benchmarks. Most reforms have now reached their planned conclusion, and “benchmarks” remain subject to ongoing monitoring. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union (**EU**). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates. On 4 December 2023, the group issued its final statement, announcing completion of its mandate.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Terms and Conditions) occurs in respect of the relevant Reference Rate or other relevant reference rate (which could include, without limitation, a mid-swap rate) and/or any page on which such benchmark may be published (or any other successor service) becomes unavailable. The IBA announcement and FCA announcement referred to above each constitutes such a Benchmark Event. This will have triggered certain of the fallback arrangements although, the consequences of such fallbacks being triggered are not immediately effective under the Terms and Conditions. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Benchmark Replacement, Successor Rate or an Alternative Rate (each term as defined in the Terms and Conditions), with the application of an adjustment spread (which could be positive, negative or zero), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the new benchmark, all as determined by the relevant Issuer (acting in good faith and in consultation with an Independent Adviser) and as more fully described at Condition 4.4. However, the relevant Issuer will not be required to implement a Benchmark Replacement, Successor Rate or Alternative Rate or any adjustment spread or make any amendments to the Terms and Conditions of any Notes if and to the extent that, in its determination, the same could reasonably be expected to impact adversely the treatment of the Notes under the prudential or loss-absorption regulations in certain respects, and in such case the relevant Issuer may, subject to certain conditions, be able to apply the provisions of Condition 4.4 on an adjusted basis to avoid that outcome, all as more fully described under Condition 4.4. It is possible that the adoption of a Benchmark Replacement, Successor Rate or Alternative Rate, including any adjustment spread, may result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant Reference Rate were to continue to apply in its current form. There is also a risk that the relevant fallback provisions may not operate as expected or intended at the relevant time.

Furthermore, in certain circumstances, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

*The market continues to develop in relation to risk free rates (including overnight rates) as reference rates for Floating Rate Notes*

Investors should be aware that the market continues to develop in relation to risk free rates as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. Please refer to the risk factor entitled “*The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”*” for further details of the recent interest rates and benchmarks reform.



The market or a significant part thereof may adopt an application of risk free rates that differs significantly from that set out in the Conditions and used in relation to any that reference risk free rates issued under the Programme. The relevant Issuer may in the future also issue Notes referencing risk free rates that differ materially in terms of interest determination when compared with any previous Notes referencing the same risk free rate issued by it under the Programme. The development of risk free rates as interest reference rates for the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes issued under the Programme which references any such risk free rate from time to time.

Furthermore, the basis of deriving certain risk free rates, such as SOFR or SORA, may mean that interest on the Notes which reference any such risk free rate would only be capable of being determined after the end of the relevant observation period and immediately prior to the Interest Payment Date. It may be difficult for investors in Notes which reference any such risk free rate to accurately estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their information technology systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to securities which referenced the London interbank offered rate (**LIBOR**), if Notes referencing SOFR or SORA become due and payable as a result of an event of default under the Conditions, the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined on the date which the Notes become due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Notes.

In addition, the manner of adoption or application of risk free rates in the Eurobond markets may differ materially compared with the application and adoption of such risk free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of risk free rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk free rates.

Since risk free rates are relatively new market indices, Notes linked to any such risk free rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to any risk free rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if any risk free rate to which a series of Notes is linked does not prove to be widely used in securities like the Notes, the trading price of such Notes linked to a risk free rate may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that any risk free rate to which a series of Notes is linked will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Notes referencing such risk free rate. If the manner in which such risk free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

#### *Notes subject to optional redemption by the relevant Issuer*

Subject to the Conditions, the relevant Issuer may have the option to redeem Notes at any time or upon the occurrence of certain events, including changes in tax laws or regulations.

Any optional redemption feature of the Notes is likely to limit their market value. During any period when the relevant Issuer may elect to redeem such Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index Linked Notes and Dual Currency Notes*

The relevant Issuer may issue Notes with principal or interest payable in respect of the Notes being determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the relevant Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) the effect of any multiplier or leverage factor that is applied to the Relevant Factor that the impact of any changes in the Relevant Factor on the amounts of principal or interest payable will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

#### *Partly Paid Notes*

The relevant Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of their investment.

### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market in and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing for the relevant Issuer. If the relevant Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than the prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Risks related to Notes generally.***

Set out below is a brief description of certain risks relating to the Notes generally:

#### *Modification and waivers*

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

In respect of each particular Series of Notes, the Conditions provide that Agents, the relevant Issuer and the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons, the Deed of Guarantee, the Deeds of Covenant, the Deed Poll or the Agency Agreement which could not reasonably be expected to be prejudicial to the interests of the Noteholders; or

- (ii) any modification of any of the provisions of the Notes, the Receipts, the Coupons, the Deed of Guarantee, the Deeds of Covenant, the Deed Poll or the Agency Agreement which is of a formal, minor or technical nature or is made to cure any ambiguity or correct a manifest error or an error which is proven, or to comply with mandatory provisions of the law or is required by Euroclear, Clearstream, CDP, DTC and/or any other clearing system in which the Notes may be held.

Any determinations as to prejudice with respect to the interests of the Noteholders shall be made by the Issuers and the Guarantor, and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination.

*A Restructuring Plan implemented pursuant to Part 26A of the Companies Act 2006 may modify or disapply certain terms of the Notes or the Guarantee without the consent of the Noteholders*

Where the Issuers or Guarantor encounters, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, it may propose a Restructuring Plan (a **Plan**) with its creditors (and members, if relevant) under Part 26A of the Companies Act 2006 (introduced by the Corporate Insolvency and Governance Act 2020) to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Should this happen, creditors and members whose rights are affected are organised into creditor classes and can vote on any such Plan (subject to being excluded from the vote by the English courts for having no genuine economic interest in the Issuers or Guarantor). Providing that one class (who would receive a payment, or have a genuine economic interest in the Issuers or Guarantor) has approved the Plan, and in the view of the English courts any dissenting class(es) who did not approve the Plan are no worse off under the Plan than they would be in the event of the “relevant alternative” (such as, broadly, liquidation or administration), then the English court can sanction the Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members, regardless of whether they approved it. Any such sanctioned Plan in relation to the Issuers or the Guarantor may, therefore, adversely affect the rights of Noteholders and the price or value of their investment in the Notes, as it may have the effect of modifying or disapplying certain terms of the Notes (by, for example, writing down the principal amount of the Notes, modifying the interest payable on the Notes, the maturity date or dates on which any payments are due or substituting the Issuers) or modifying or disapplying certain terms of the Guarantee or substituting the Guarantor.

#### *Change of law*

The Conditions are based on English law or, as the case may be, Singapore law (as specified in the applicable Pricing Supplement), in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or, as the case may be, Singapore law, or administrative practice after the date of this Offering Circular.

#### *Bearer Notes where denominations involve integral multiples: definitive Bearer Notes*

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Bearer Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

*Application of Singapore insolvency and related laws to the Issuers and the Guarantor may result in a material adverse effect on the Noteholders*

There can be no assurance that the Issuers and/or the Guarantor will not become bankrupt, unable to pay its debts or insolvent or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the relevant Issuer and/or the Guarantor, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Noteholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Noteholders.

Where the relevant Issuer or the Guarantor is insolvent or close to insolvent and the relevant Issuer or Guarantor undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the relevant Issuer or the Guarantor (as the case may be). It may also be possible that if a company related to the Issuers or the Guarantor proposes a creditor scheme of arrangement and obtains an order for a moratorium, the relevant Issuer or the Guarantor (as the case may be) may also seek a moratorium even if the relevant Issuer or the Guarantor (as the case may be) is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Agents to bring an action against the relevant Issuer or the Guarantor (as the case may be), the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Noteholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Noteholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 of Singapore (the **IRD Act**) was passed in the Parliament of Singapore on 1 October 2018 and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, the Notes. However, it may apply to related contracts that are not found to be directly connected with the Notes.

*The Notes may be represented by Global Notes, and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s)*

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, or with a nominee for DTC, or CDP (each of Euroclear, Clearstream, DTC and CDP, a **Clearing System**). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive the Notes in definitive form. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes, the relevant Issuer, failing which the Guarantor, will discharge its payment obligations under the Notes by making payments to or to the order of the relevant Clearing System(s) for distribution to their account holders.

A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the relevant Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

*There is no guarantee in respect of the Notes from Temasek or the Singapore government.*

Although Temasek, which is wholly owned by the Singapore government, is our majority shareholder, neither Temasek nor the Singapore government has provided, or has expressed an intention to provide, any guarantee in respect of the Notes to be issued under the Programme. Therefore, Temasek's shareholding in our Company does not necessarily correlate to, or provide any assurance to, our financial condition. There is no statutory or legal requirement for Temasek or the Singapore government to provide us with financial support to meet our outstanding debt obligations, including the Notes. As such, the repayment obligations under the Notes remain our sole obligation. There can therefore be no assurance that in the event of non-payment under the Notes, Temasek or as the case may be, the Singapore government will make any payment of principal or distribution thereon in respect of the Notes. We believe that the fact that Temasek is our majority shareholder is reflected, amongst other factors, in our credit rating. There can be no assurance that if Temasek or the Singapore government ceases to be our majority shareholder, our credit standing would not be adversely affected.

*The Notes and the Guarantee are not secured*

The Notes of all Series constitute direct, unconditional and unsecured obligations of the relevant Issuer and rank *pari passu* without any preference among themselves (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding. Subject to the Conditions, the payment obligations of the Guarantor under the Guarantee constitute direct, unconditional and unsecured obligations of the Guarantor and rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.



Accordingly, on a winding-up of the relevant Issuer and/or the Guarantor at any time prior to maturity of any Notes, the Noteholders will not have recourse to any specific assets of the relevant Issuer, the Guarantor or their respective subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes owed to the Noteholders, and there can be no assurance that there would be sufficient value in the assets of the relevant Issuer and/or the Guarantor, after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes owed to the Noteholders.

*The Guarantee provided by the Guarantor will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability*

The guarantee given by the Guarantor provides holders of Notes with a direct claim against the Guarantor with regards to the relevant Issuer's obligations under the Notes issued by it. Enforcement of the Guarantee would be subject to certain generally available defences. Local laws and defences may vary, and may include those that relate to corporate benefit (*ultra vires*), fraudulent conveyance or transfer (*action pauliana*), voidable preference, financial assistance, corporate purpose, liability in tort, subordination and capital maintenance or similar laws and concepts. They may also include regulations or defences which affect the rights of creditors generally.

If a court were to find the Guarantee given by the Guarantor, or a portion thereof, void or unenforceable as a result of such local laws or defence, or to the extent that agreed limitations on guarantees apply, holders would cease to have any claim against the Guarantor and would be creditors solely of the relevant Issuer and, if payment had already been made under the Guarantee, the court could require that the recipient return the payment to the Guarantor.

#### *Singapore Taxation*

The Notes to be issued from time to time under the Programme, during the period from the date of this Offering Circular to 31 December 2028 are intended to be "qualifying debt securities" for the purposes of the Income Tax Act 1947 of Singapore (**ITA**), subject to the fulfilment of certain conditions more particularly described in the section "*Taxation – Singapore Taxation*".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

#### *Risks relating to non-exclusive jurisdiction*

Under the Conditions, each of the Issuer and the Guarantor irrevocably agrees for the benefit of the Noteholders, Receiptholders and Couponholders, that (i) if the Notes are specified to be governed by English law in the applicable Pricing Supplement, the courts of England are to have non-exclusive jurisdiction to settle any Disputes (as defined in the Conditions) and accordingly submits to the non-exclusive jurisdiction of the courts of England; and (ii) if the Notes are specified to be governed by Singapore law in the applicable Pricing Supplement, the courts of Singapore are to have non-exclusive jurisdiction to settle any Disputes and accordingly submits to the non-exclusive jurisdiction of the courts of Singapore. This may give rise to uncertainty for the Noteholders as the Issuer and the Guarantor may bring proceedings outside England or, as the case may be, Singapore.

In addition, in the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in multiple jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of an investor's rights. The rights of the Noteholders under the Notes will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that any

investor will be able to effectively enforce an investor's rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of the different jurisdictions may be materially different from, or be in conflict with, each other and those with which Noteholders may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect an investor's ability to enforce his/her rights under the Notes in the relevant jurisdictions or limit any amounts that any investor may receive.

### ***Risks related to the market generally.***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

#### *Exchange rate risks and exchange controls*

The relevant Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings may not reflect all risks*

One or more credit rating agencies may assign credit ratings to the Notes. The credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is a statement of opinion and not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal by the assigning rating agency at any time.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

***Risks relating to unaudited, unreviewed interim financial statements deemed incorporated by reference.***

Any published unaudited, unreviewed interim financial statements of the Issuers or of the Guarantor (whether prepared on a consolidated or a non-consolidated basis) which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited or subject to a review by the auditors of the relevant Issuer, or as the case may be, the Guarantor. Accordingly, there can be no assurance that, had an audit or a review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance on them.

## FORM OF THE NOTES

The Notes of each Series will be issued in either bearer form, with or without interest coupons and talons for further coupons if appropriate attached, or registered form, without interest coupons attached, in each case as specified in the applicable Pricing Supplement. Notes (whether in bearer or registered form) will be issued outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (**Regulation S**).

### **Bearer Notes**

The following applies to Notes specified in the applicable Pricing Supplement to be in bearer form. For the avoidance of doubt, STE US-Co will not issue any Notes in bearer form. Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Pricing Supplement, a permanent global note (a **Permanent Global Note**) which, in either case, will be delivered on or prior to the original issue date of the relevant Tranche to The Central Depository (Pte) Limited (**CDP**) or a common depository (the **Common Depositary**) for, Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**).

Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of Notes prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and/or CDP and (in the case of a Temporary Global Note delivered to a Common Depositary for Euroclear and Clearstream) Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream and/or CDP against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means:

- (a) in the case of Notes cleared through Euroclear and Clearstream:
  - (i) an Event of Default (as defined in Condition 9) has occurred and is continuing;

- (ii) the relevant Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor or alternative clearing system is available; or
  - (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form; and
- (b) in the case of Notes cleared through CDP, that:
- (i) an Event of Default (as defined in Condition 9) has occurred and is continuing;
  - (ii) CDP has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business and no alternative clearing system is available; or
  - (iii) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the relevant Depository Agreement (as defined below), and no alternative clearing system is available.

The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, CDP and/or Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Issuing and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (a)(iii) above, the relevant Issuer may also give notice to the Issuing and Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts, interest coupons and talons relating to such Bearer Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts, interest coupons, or talons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Notes, receipts, interest coupons, or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream or CDP, as the case may be.

***Direct Rights in respect of Bearer Global Notes cleared through CDP***

Where a Bearer Global Note is cleared through CDP, if an Event of Default as provided in the Conditions has occurred and is continuing, any holder of a Note may state in a notice given to the CDP Issuing and Paying Agent and the Issuer (the **default notice**) that an Event of Default has occurred and is continuing.

Following the giving of the default notice, the holder of the Notes represented by the Bearer Global Note cleared through CDP may (subject as provided below) elect that direct rights (**Direct Rights**) under the provisions of the relevant CDP Deed of Covenant (as defined in the Conditions) shall come into effect in respect of a nominal amount of Notes up to the aggregate nominal amount in respect of which such default notice has been given. Such election shall be made by notice to the CDP Issuing and Paying Agent and presentation of the Bearer Global Note to or to the order of the CDP Issuing and Paying Agent for reduction of the nominal amount of Notes represented by the Bearer Global Note by such amount as may be stated in such notice and by endorsement of the appropriate schedule to the Bearer Global Note of the nominal amount of Notes in respect of which Direct Rights have arisen under the relevant CDP Deed of Covenant. Upon each such notice being given, the Bearer Global Note shall become void to the extent of the nominal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Bearer Note Exchange Date unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

### **Registered Notes**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which, in the case of Notes offered under Category 2 of Regulation S of the Securities Act, will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2.2 and may not be held otherwise than through Euroclear or Clearstream and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold (i) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (**QIBs**) or (ii) to Institutional Accredited Investors and who execute and deliver an IAI Investment Letter (as defined in the “*Terms and Conditions of the Notes*”) in which they agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, each a **Registered Global Note**). No sale of Legended Notes (as defined under “*U.S. Information*” above) in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount.

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (**DTC**) or (ii) be deposited with a common depositary for Euroclear and Clearstream, and registered in the name of the nominee for the Common Depositary of, Euroclear and Clearstream or (iii) be deposited with CDP or its nominee, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Registered Global Notes in definitive form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (**Definitive IAI Registered Notes**). Unless otherwise set forth in the applicable Pricing Supplement, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$200,000 and integral multiples of US\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions*”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may not elect to hold such Notes through DTC, Euroclear or Clearstream, but transferees acquiring such



Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144A under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “*Subscription and Sale and Transfer and Selling Restrictions*”. The Registered Global Notes and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5.5) as the registered holder of the Registered Global Notes. None of the relevant Issuer, (where relevant) the Guarantor, any Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising, investigating, monitoring or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5.5) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means:

- (a) in the case of Notes cleared through Euroclear and Clearstream or DTC:
  - (i) an Event of Default (as defined in Condition 9) has occurred and is continuing;
  - (ii) the relevant Issuer has been notified that both Euroclear and Clearstream or DTC have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor or alternative clearing system is available; or
  - (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form; and
- (b) in the case of Notes cleared through CDP, that:
  - (i) an Event of Default (as defined in Condition 9) has occurred and is continuing;
  - (ii) CDP has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or the relevant clearing system has announced an intention permanently to cease business and no alternative clearing system is available; or
  - (iii) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the relevant Depository Agreement, and no alternative clearing system is available.

**Depository Agreement** means the application form dated 18 March 2020, as supplemented by the notice of change in description of securities dated 18 April 2022 and signed by STE UK-Co, the application form dated 18 March 2020, as supplemented by the notice of change in description of securities dated 18 April 2022 and signed by STE SG-Co, the application form dated 18 April 2022 and signed by STE US-Co and, in respect of each New Issuer, such application form to be executed by such New Issuer, in each case accepted by CDP, together with the terms and conditions for the provision of depository services by CDP referred to therein.

The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, CDP, or DTC, or Euroclear and/or Clearstream, or as the case may be, a nominee for the Common Depository acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (a)(iii) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear, Clearstream, DTC and CDP, in each case to the extent applicable.

### ***Direct Rights in respect of Registered Global Notes cleared through CDP***

Where a Registered Global Note is cleared through CDP, if an Event of Default as provided in the Conditions has occurred and is continuing, any holder of a Note may state in a default notice given to the CDP Issuing and Paying Agent and the Issuer that an Event of Default has occurred and is continuing.

Following the giving of the default notice, the holder of the Notes represented by the Registered Global Note cleared through CDP may (subject as provided below) elect that Direct Rights under the provisions of the relevant CDP Deed of Covenant shall come into effect in respect of a nominal amount of Notes up to the aggregate nominal amount in respect of which such default notice has been given. Such election shall be made by notice to the CDP Issuing and Paying Agent and presentation of the Registered Global Note to or to the order of the CDP Issuing and Paying Agent for reduction of the nominal amount of Notes represented by the Registered Global Note by such amount as may be stated in such notice and by entry by or on behalf of the Registrar in the Register of the nominal amount of Notes in respect of which Direct Rights have arisen under the relevant CDP Deed of Covenant. Upon each such notice being given, the Registered Global Note shall become void to the extent of the nominal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Registered Note Exchange Date unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

## **General**

Pursuant to the Agency Agreement, the Issuing and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, shall arrange for, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche to be assigned a common code and ISIN and where applicable, a CUSIP number which are different from the common code and ISIN and where applicable, a CUSIP assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which, in the case of Notes offered under Category 2 of Regulation S of the Securities Act, shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream or CDP, each person (other than Euroclear and/or Clearstream or CDP or its nominee) who is for the time being shown in the records of Euroclear or of Clearstream or CDP as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream or CDP as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save, in the case of Notes not cleared through CDP, for manifest error) shall be treated by the relevant Issuer, (where relevant) the Guarantor, (in the case of Registered Global Notes) the Registrar and all other agents of the relevant Issuer as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest and, in the case of Notes cleared through CDP, premium redemption, purchase and/or any other amounts which accrue or are otherwise payable by the relevant Issuer through CDP, on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, (where relevant) the Guarantor and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, DTC and/or CDP shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

## APPLICABLE PRICING SUPPLEMENT FOR NOTES

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or [more/both]) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) or a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[./; or (iii) not a qualified investor as defined in the Prospectus Regulation.] Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or [more/both]) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA[./; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.] Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[MiFID II/UK MiFIR product governance/target market** – *[appropriate target market legend to be included]*]

**[Notification under Section 309B(1) of the Securities and Futures Act 2001 of Singapore** – The Notes are [prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and [Excluded Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>1</sup>

*[Date]*

**[ST ENGINEERING RHQ LTD.]/  
[ST ENGINEERING TREASURY PTE. LTD.]/  
[STE TRANSCORE HOLDINGS, INC.]**

**LEGAL ENTITY IDENTIFIER (LEI):  
[25490014OV6DNV4XHI25/2549006PSEWR6VB54P03/2549005ISD49W0N6WG55]**

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<sup>1</sup> For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
unconditionally and irrevocably guaranteed by  
Singapore Technologies Engineering Ltd  
under the S\$5,000,000,000  
Global Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Offering Circular dated 1 April 2025 [and the supplemental Offering Circular dated [date]] ([together,] the **Offering Circular**). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date:*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Offering Circular dated 1 April 2025. This document is the Pricing Supplement for the Notes described herein and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [●] 2025 and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circulars dated [current date] and [original date].]

*[The following language applies if the Notes are intended to be “qualifying debt securities” (as defined in the Income Tax Act 1947 of Singapore):*

Where interest, discount income, early redemption fee or redemption premium is derived from any Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 of Singapore (the **ITA**) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, early redemption fee or redemption premium derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

- |                |  |
|----------------|--|
| 1. (a) Issuer: | [ST Engineering RHQ Ltd./ST Engineering Treasury Pte. Ltd./STE TransCore Holdings, Inc.] |
| (b) Guarantor: | Singapore Technologies Engineering Ltd   |

2. (a) Series Number [●]
- (b) Tranche Number: [●]
- (c) [Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about *[date]*/Not Applicable]]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
- (a) Series: [●]
- (b) Tranche: [●]
5. [(a)] Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
- (b) [Private banking rebates: [Yes/Not Applicable] *[insert figures or estimates]*]
6. (a) Specified Denominations: [●]

*(Note – in the case of Bearer Notes, where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*

*“€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”)*

*(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)*

- (b) Calculation Amount: [●]

*(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*



7. (a) Issue Date: [●]
- (b) Trade Date: [●]
- (c) Interest Commencement Date: [*Specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8. Maturity Date: [Fixed rate – specify date/*Floating rate* – Interest Payment Date falling in or nearest to [*specify month and year*]]
9. Interest Basis: [[●] per cent. Fixed Rate]  
[[*specify Reference Rate*] +/- [●] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest] [*specify other*]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[*specify other*]
11. Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: [Senior/Not Applicable]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Rate(s) of Interest: [●] per cent. per annum payable [annually/semi annually/quarterly/other (*specify*)] in arrear]

- (b) Interest Payment Date(s): ☐ in each year up to and including the Maturity Date]/[specify other]
- (N.B. This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount(s): ☐ per Calculation Amount  
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): (Applicable to Notes in definitive form.) ☐ per Calculation Amount, payable on the Interest Payment Date falling [in/on] ☐
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (f) [Determination Date(s): ☐ in each year
- (N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA). Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration))*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
15. Floating Rate Note Provisions ☐ [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: ☐
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): [☐/Not Applicable]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/[specify other]]

- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if The Bank of New York Mellon, London Branch or, as the case may be, The Bank of New York Mellon, Singapore Branch is not appointed as the calculation agent): [●] (the **Calculation Agent**)
- (f) Screen Rate Determination:
- Reference Rate: [EURIBOR/SOFR/SORA/other (*give details*)]
  - Index Determination: [Applicable/Not Applicable]
  - Interest Determination Date(s): [●]  
(*Second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR*)  
  
(*The [U.S. Government Securities Business Day/ Singapore Business Day [immediately following/ falling [●] after] the end of [each Observation Period/ the Cut-off Date]] if SOFR or SORA. Note that Interest Determination Date should fall at least 5 business days prior to the Interest Payment Date unless otherwise agreed with the Calculation Agent*)
  - Relevant Screen Page: [●]  
(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
  - Observation Method: [Observation Shift/Lag/Lockout]
  - “p”: [●]
- (g) ISDA Determination: [Applicable/Not Applicable]
- (*If not applicable, delete the remaining items of this subparagraph (g)*)
- (*[If applicable, and “2021 ISDA Definitions” is selected below, note that “Administrator/Benchmark Event”, “Generic Fallbacks” and “Calculation Agent Alternative Rate Determination” are not workable in a notes context. Amendments will therefore need to be made to the Conditions which will require a [PR/UK PR] drawdown prospectus for the issue]*)

- ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]
- Floating Rate Option: [☐]
 

*(If “2021 ISDA Definitions” is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*
- Designated Maturity: [☐]/[Not Applicable]
 

*(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)*
- Reset Date: [☐]
 

*(In the case of a EURIBOR based option, the first day of the interest period)*
- Compounding: [Applicable/Not Applicable]
 

*(If not applicable, delete the remaining items of this subparagraph)*
- Compounding Method: [Compounding with Lookback
 

Lookback: [☐ Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

[Compounding with Observation Period Shift

Observation Period Shift: [☐ Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [☐]/[Not Applicable]]

[Compounding with Lockout

Lockout: [☐ Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [☐]/[Applicable Business Days]]

- Averaging: ☐ [Applicable/Not Applicable]
 

*(If not applicable, delete the remaining items of this subparagraph)*
- Averaging Method: ☐ [Averaging with Lookback
 

Lookback: ☐ [Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

☐ [Averaging with Observation Period Shift

Observation Period Shift: ☐ [Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: ☐ [Not Applicable]]

☐ [Averaging with Lockout

Lockout: ☐ [Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: ☐ [Applicable Business Days]]
- Index provisions: ☐ [Applicable/Not Applicable]
 

*(If not applicable, delete the remaining items of this subparagraph)*
- Index Method: ☐ Compounded Index Method with Observation Period Shift
 

Observation Period Shift: ☐ [Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: ☐ [Not Applicable]]

- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Reference Banks: [●]
- (j) Margin(s): [+/-] [●] per cent. per annum
- (k) Minimum Rate of Interest: [●] per cent. per annum
- (l) Maximum Rate of Interest: [●] per cent. per annum
- (m) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
(See Condition [4.2] for alternatives)
- (n) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
- Lookback/Suspension Period: [Not Applicable/specify]  
  
(Only applicable if “Benchmark Replacement (SOFR)” is specified as the relevant fallback provision above and parties would like to agree the lookback/suspension period upfront. This should be no less than 5 business days unless otherwise agreed with the Calculation Agent.)
16. Zero Coupon Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [●] per cent. per annum
- (b) Reference Price: [●]
- (c) Any other formula/basis of determining amount payable: [●]



- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6.5(c) and 6.9 apply/specify other] *(Consider applicable day count fraction if not U.S. dollar denominated)*
17. Index Linked Interest Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Index/Formula: *[give or annex details]*
- (b) Calculation Agent: *[give name]*
- (c) Party responsible for calculating the Rate of Interest and Interest Amount (if The Bank of New York Mellon, London Branch or, as the case may be, The Bank of New York Mellon, Singapore Branch or The Bank of New York Mellon is not appointed as the calculation agent): [●] (the **Calculation Agent**)
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible, impracticable or otherwise disrupted: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (e) Specified Period(s)/Specified Interest Payment Dates: [●]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (g) Additional Business Centre(s): [●]
- (h) Minimum Rate of Interest: [●] per cent. per annum
- (i) Maximum Rate of Interest: [●] per cent. per annum
- (j) Day Count Fraction: [●]

18. Dual Currency Interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: *[give or annex details]*
- (b) Party, if any, responsible for calculating the principal and/or interest due (if The Bank of New York Mellon, London Branch or, as the case may be, The Bank of New York Mellon, Singapore Branch or The Bank of New York Mellon is not appointed as the calculation agent): **[●] (the Calculation Agent)**
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Person at whose option Specified Currency(ies) is/are payable: **[●]**

## PROVISIONS RELATING TO REDEMPTION

19. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s) **[●]**
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): **[[●] per Calculation Amount/specify other/see Appendix]**
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: **[●]**
- (ii) Maximum Redemption Amount: **[●]**

- (d) Notice period (if other than as set out in the Conditions): [●]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent)*
20. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s) [●]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix]
- (c) Notice period (if other than as set out in the Conditions): [●]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent)*
21. Final Redemption Amount: [[●] per Calculation Amount/specify other/see Appendix]
22. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.5): [[●] per Calculation Amount/specify other/see Appendix]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes:  
  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes only upon an Exchange Event]

[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for definitive Notes only upon an Exchange Event]]

[Registered Notes:

[Regulation S Global Note(s) [(U.S.\$[●] aggregate nominal amount)] registered in the name of [a nominee for DTC/a common depositary for Euroclear and Clearstream/CDP]]

[Rule 144A Global Note(s) [(U.S.\$[●] aggregate nominal amount)] registered in the name of [a nominee for DTC/a common depositary for Euroclear and Clearstream/CDP]]

[Definitive IAI Registered Notes [(U.S.\$[●] aggregate nominal amount) (*In the case of an issue with more than one Global Note or a combination of one or more Global Notes and Definitive IAI Notes, specify the nominal amounts of each Global Note and, if applicable, the aggregate nominal amount of all Definitive IAI Notes if such information is available*)]

*(Specified Denomination construction substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.)*

*For the avoidance of doubt, STE US-Co will not issue any Notes in bearer form.*

24. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) and 17(g) relate*)
25. Talons for future Coupons to be attached to definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*. *N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
27. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/*give details*]
- (b) Instalment Date(s): [Not Applicable/*give details*]
28. Other terms or special conditions: [Not Applicable/*give details*]
29. Governing law: [English/Singapore] law

## OTHER INFORMATION

30. Listing: [The Singapore Exchange Securities Trading Limited/(*specify*)/Not Applicable]
31. Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [●] by [●].
32. Operational Information:
- (i) ISIN: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear and Clearstream: [The Central Depository (Pte) Limited/The Depository Trust Company/Not Applicable/*give name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [●]

### 33. Distribution

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (v) U.S. Selling Restrictions: Reg. S Compliance Category 1/2; [TEFRA D/TEFRA C/TEFRA not applicable]
- (vi) Additional selling restrictions: [Not Applicable/*give details*]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]  
  
*(If Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the EEA, “Applicable” should be specified.)*
- (viii) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]  
  
*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the UK, “Applicable” should be specified.)*
- (ix) Singapore Sales to Institutional Investors and Accredited Investors only: [Applicable/Not Applicable]



#### 34. Hong Kong SFC Code of Conduct

- |  |  |
|--|--|
| (i) Rebates:   | [A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not Applicable] |
| (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: | [Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide]/[Not Applicable]  |
| (iii) Marketing and Investor Targeting Strategy:   | [As indicated in the Offering Circular] OR [Describe if different from the programme Offering Circular]  |

#### [USE OF PROCEEDS

[To include if the use of proceeds is different from that set out in the Offering Circular.]]

#### LISTING APPLICATION

This Pricing Supplement comprises the final terms required for issue and admission to trading on [the Singapore Exchange Securities Trading Limited] of the Notes described herein pursuant to the S\$5,000,000,000 Global Medium Term Note Programme of ST Engineering RHQ Ltd., ST Engineering Treasury Pte. Ltd. and STE TransCore Holdings, Inc.

#### RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of [ST Engineering RHQ Ltd./ST Engineering Treasury Pte. Ltd./STE TransCore Holdings, Inc.]:

Signed on behalf of **Singapore Technologies Engineering Ltd:**

By: .....  
Duly authorised

By: .....  
Duly authorised

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below), each Definitive Bearer Note (as defined below) and each Definitive Registered Note (as defined below), but, in the case of Definitive Bearer Notes and Definitive Registered Notes, only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer, the Guarantor and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Bearer Note or Definitive Registered Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Pricing Supplement for Notes" for a description of the content of Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by ST Engineering RHQ Ltd. (**STE UK-Co**), ST Engineering Treasury Pte Ltd (**STE SG-Co**) or ST Engineering Urban Solutions USA Inc. (**STE US-Co**) (each an **Issuer** and, together with the New Issuers (as defined below), the **Issuers**) (as specified in the applicable Pricing Supplement) pursuant to the Agency Agreement (as defined below). The Guarantor (as defined below) may, from time to time, nominate any of its Subsidiaries (as defined below) as an additional issuer to issue Notes pursuant to the Programme (each, a **New Issuer**). It is intended that such New Issuer shall accede to the terms of the Programme by executing new, supplemental, amended and/or restated contractual documents, as appropriate, and shall become and be treated as an "Issuer" for the purpose of the Programme. The parties agree that, in the case of any New Issuer, the term **Issuer** or **Issuers** as used herein shall only apply from the time of accession of such New Issuer to the Programme.

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note in bearer form (each a **Bearer Global Note**);
- (c) any Global Note in registered form (each a **Registered Global Note**);
- (d) any definitive Notes in bearer form (**Definitive Bearer Notes** and, together with Bearer Global Notes, the **Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (e) any definitive Notes in registered form (**Definitive Registered Notes** and, together with Registered Global Notes, the **Registered Notes**) issued in exchange for a Global Note in registered form.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) are issued pursuant to an Amended and Restated Agency Agreement (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 18 April 2022 and made between STE UK-Co, STE SG-Co and STE US-Co as issuers, Singapore Technologies Engineering Ltd as guarantor (the **Guarantor**), The Bank of New York Mellon, London Branch as fiscal agent (the **Fiscal Agent**, which expression shall include any successor fiscal agent), issuing and paying agent (the **Issuing and Paying Agent**, which expression shall include any successor issuing and paying agent), and calculation agent (the **Calculation Agent**, which expression shall include any additional or successor calculation agents) in connection with Notes other than Notes cleared through The Central Depository (Pte) Limited (**CDP**) and The Depository Trust Company

**(DTC)** (together with the Fiscal Agent and the Issuing and Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar) and transfer agent and the other transfer agents named therein (the **Transfer Agents**, which expression shall include any additional or successor transfer agents) in connection with Notes other than Notes cleared through DTC and The Central Depository (Pte) Limited CDP, The Bank of New York Mellon, Singapore Branch as the issuing and paying agent, registrar, transfer agent and calculation agent in Singapore solely for the purposes of and in connection with Notes cleared or to be cleared through CDP (respectively, the **CDP Issuing and Paying Agent**, the **CDP Registrar**, the **CDP Transfer Agent** and the **CDP Calculation Agent**, which expressions shall include any successor CDP issuing and paying agent, CDP registrar, CDP transfer agent and CDP calculation agent in Singapore), and The Bank of New York Mellon as the issuing and paying agent, registrar, transfer agent, calculation agent and exchange agent solely for the purposes of and in connection with Notes cleared or to be cleared through DTC (respectively, the **DTC Issuing and Paying Agent**, the **DTC Registrar**, the **DTC Transfer Agent** and the **DTC Calculation Agent** and the **Exchange Agent**, which expressions shall include any successor DTC issuing and paying agent, DTC registrar, DTC transfer agent and DTC calculation agent). The Fiscal Agent, the Issuing and Paying Agent, the CDP Issuing and Paying Agent, the DTC Issuing and Paying Agent, the Registrar, the CDP Registrar, the DTC Registrar, the Transfer Agent, the CDP Transfer Agent, the DTC Transfer Agent, the Calculation Agent, the CDP Calculation Agent and the DTC Calculation Agent and the Exchange Agent for the time being (if any) are being together referred to as the **Agents**.

For the purposes of these Terms and Conditions (the **Conditions**), all references:

- (i) to the **Issuing and Paying Agent** shall, with respect to (A) a Series of Notes cleared or to be cleared through CDP, be deemed to be a reference to the CDP Issuing and Paying Agent; and (B) a Series of Notes cleared or to be cleared through DTC, be deemed to be a reference to the DTC Issuing and Paying Agent;
- (ii) to the **Registrar** shall, with respect to (A) a Series of Notes cleared or to be cleared through CDP, be deemed to be a reference to the CDP Registrar; and (B) a Series of Notes cleared or to be cleared through DTC, be deemed to be a reference to the DTC Registrar;
- (iii) to the **Transfer Agent** shall, with respect to (A) a Series of Notes cleared or to be cleared through CDP, be deemed to be a reference to the CDP Transfer Agent; and (B) a Series of Notes cleared or to be cleared through DTC, be deemed to be a reference to the DTC Transfer Agent;
- (iv) to the **Calculation Agent** shall, with respect to (A) a Series of Notes cleared or to be cleared through CDP, be deemed to be a reference to the CDP Calculation Agent; and (B) a Series of Notes cleared or to be cleared through DTC, be deemed to be a reference to the DTC Calculation Agent; and
- (v) to the **Issuer** shall be to the relevant Issuer of the Notes as specified in the applicable Pricing Supplement,

and all such references shall be construed accordingly.

Interest-bearing Definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Definitive Bearer Notes which have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes which are repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes and Registered Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in the Pricing Supplement attached to or endorsed on this Note which supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the **applicable Pricing Supplement** are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The payment of all amounts due in respect of Notes will be guaranteed by the Guarantor pursuant to a deed of guarantee dated 18 April 2022 (as amended and/or supplemented and/or restated from time to time, the **Deed of Guarantee**) and executed by the Guarantor. The Deed of Guarantee is governed by, and shall be construed in accordance with, English law.

Any reference to the **Noteholders** or **holders** in relation to any Notes shall mean, in the case of Bearer Notes, the holders of the Notes and, in the case of Registered Notes, the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Where the Notes are cleared through Euroclear (as defined below) and/or Clearstream (as defined below), the Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant dated 18 April 2022 executed by (where the relevant Issuer is STE UK-Co) STE UK-Co, or (where the relevant Issuer is STE SG-Co) STE SG-Co, or (where the relevant Issuer is STE US-Co) STE US-Co, or (where the relevant Issuer is a New Issuer) such deed of covenant to be executed by the New Issuer, as the case may be, in relation to the Notes (together, and each as amended, supplemented and/or restated from time to time, the **Deeds of Covenant**). The Deeds of Covenant are governed by, and shall be construed in accordance with, English law.

Where the Notes are cleared through CDP, the Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the CDP Deed of Covenant dated 18 March 2020 executed by (where the relevant Issuer is STE UK-Co) STE UK-Co, or the CDP Deed of Covenant dated 18 March 2020 executed by (where the relevant Issuer is STE SG-Co) STE SG-Co, or the CDP Deed of Covenant dated 18 April 2022 executed by (where the relevant Issuer is STE US-Co) STE US-Co, or (where the relevant Issuer is a New Issuer) such CDP deed of covenant to be executed by the New Issuer, as the case may be, in relation to the Notes (together, and each as amended, supplemented and/or restated from time to time, the **CDP Deeds of Covenant**). The CDP Deeds of Covenant are governed by, and shall be construed in accordance with, Singapore law.

In the case of Notes cleared through Euroclear (as defined below), Clearstream (as defined below), DTC or any other agreed clearing system (other than CDP), the holders of the Notes or any beneficial interest in the “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act or any prospective purchasers of the Notes issued in reliance of Rule 144A (the **Rule 144A Notes**) (designated by any holder or beneficial owner of the Rule 144A Notes are entitled to the benefit of the Deed Poll dated 18 April 2022 executed by the Issuers and the Guarantor in relation to the Notes (as amended and/or supplemented and/or restated from time to time, the **Deed Poll**). The original of the Deed Poll are held by the Agent.

Copies of the Agency Agreement, the Deed of Guarantee, the Deeds of Covenant, the Deed Poll and the CDP Deeds of Covenant (i) are available for inspection upon prior written request and satisfactory proof of holding during normal business hours at the specified office of each of the Issuing and Paying Agents and the Registrar or (ii) may be provided by email to a Noteholder following their prior written request to any of the Issuing and Paying Agents or the Registrar and provision of proof of holding and identity (in a form satisfactory to the relevant Issuing and Paying Agents or the Registrar. Copies of the applicable Pricing Supplement are available for viewing upon prior written request at the registered office of the Guarantor and each of the Issuing and Paying Agents or (in the case of Registered Notes) the Registrar, provided that Noteholders must produce evidence satisfactory to the Guarantor and the relevant Issuing and Paying Agent or (in the case of Registered Notes) the Registrar as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the applicable Deed of Covenant, the Deed Poll, the applicable CDP Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form, as specified in the applicable Pricing Supplement and, in the case of Definitive Bearer Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) as specified in the applicable Pricing Supplement. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, the Paying Agents, the Transfer Agents (in the case of Registered Notes), and the Registrar (in the case of Registered Notes) will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.



For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream**) and/or CDP, each person (other than Euroclear, Clearstream or CDP) who is for the time being shown in the records of Euroclear, Clearstream or CDP as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or CDP as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Fiscal Agent, the Paying Agents, the Transfer Agents (in the case of Registered Notes), and the Registrar (in the case of Registered Notes) as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents (in the case of Registered Notes), and the Registrar (in the case of Registered Notes) as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

For so long as the DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and those Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, DTC and/or CDP, as the case may be. References to Euroclear, Clearstream, DTC and CDP shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Guarantor and the Fiscal Agent.

## **2. TRANSFER OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear, Clearstream, DTC or CDP, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note of the same Series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, DTC or CDP, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for a common depository for Euroclear, Clearstream, DTC or CDP shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee for Euroclear, Clearstream, DTC or CDP (as the case may be) or to a successor of Euroclear, Clearstream, DTC or CDP (as the case may be) or such successor's nominee.



## **2.2 Transfers of Definitive Registered Notes**

Subject as provided in Condition 2.3, Condition 2.5 and Condition 2.8 below, upon the terms and subject to these Conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer:

- (a) the holder or holders must:
  - (i) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and
  - (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and
- (b) the relevant Transfer Agent must be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above the relevant Transfer Agent, will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office, to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

## **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register or procure registration of the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

## **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

## **2.5 Closed periods**

No Noteholder may require the transfer of a Registered Note to be registered during the period of (i) 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before (and including) any date on which Notes may be called for redemption by the Issuer pursuant to Condition 6.3 and (iii) seven days ending on (and including) any Record Date (as defined in Condition 5.5).

## 2.6 Exchanges and transfers of Registered Notes generally

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

## 2.7 Transfers of interests in Regulation S Global Notes

*Condition 2.7 is only applicable where Category 2 is specified in the applicable Pricing Supplement*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (a) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
  - (i) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
  - (ii) to a person who is an Institutional Accredited Investor, together with a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an **IAI Investment Letter**); or
- (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (a)(i) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (a)(ii) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

## 2.8 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

- (b) to a transferee who takes delivery of such interest through a Legended Note:
  - (i) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
  - (ii) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

## 2.9 Definitions

In this Condition, the following expressions shall have the following meanings:

**Distribution Compliance Period** means the period that ends 40 days after the completion of the distribution of each Tranche of Notes;

**Institutional Accredited Investor** means **accredited investors** (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

**Legended Note** means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

**QIB** means a qualified institutional buyer within the meaning of Rule 144A;

**Regulation S** means Regulation S under the Securities Act;

**Regulation S Global Note** means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

**Rule 144A** means Rule 144A under the Securities Act;

**Rule 144A Global Note** means a Registered Global Note representing Notes sold in the United States or to QIBs; and

**Securities Act** means the United States Securities Act of 1933, as amended.

### **3. STATUS OF THE NOTES AND THE GUARANTEE IN RESPECT OF THE NOTES**

#### **3.1 Status of the Notes**

The Notes and any related Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

#### **3.2 Status of the Guarantee**

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Notes has been unconditionally and irrevocably guaranteed by the Guarantor in the Deed of Guarantee (the **Guarantee**). The obligations of the Guarantor under the Guarantee are contained in the Deed of Guarantee.

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* and without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

### **4. INTEREST**

#### **4.1 Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions:

**Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are (i) represented by a Global Note or (ii) Definitive Registered Notes, the aggregate outstanding nominal amount of the (x) Fixed Rate Notes represented by such Global Note or (y) such Registered Notes (or, in each case, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes which are Definitive Bearer Notes, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rates Notes which are Definitive Registered Notes or the Calculation Amount in the case of Fixed Rate Notes which are Definitive Bearer Notes) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note (which is a Definitive Bearer Note) is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if “**Actual/Actual (ICMA)**” is specified in the applicable Pricing Supplement:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (b) if “**30/360**” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (c) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date divided by 365.

As used in these Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 4.2 Interest on Floating Rate Notes

### (a) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply mutatis mutandis or (b) in the



case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Singapore, London and each Additional Business Centre (other than the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**)) specified in the applicable Pricing Supplement;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and
- (c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap

transaction under the terms of an agreement incorporating (i) if “2006 ISDA Definitions” is specified in the applicable Pricing Supplement, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (**ISDA**) and as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if “2021 ISDA Definitions” is specified in the applicable Pricing Supplement, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Notes; (together, the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity, if applicable, is a period specified in the applicable Pricing Supplement;
- (C) the relevant Reset Date is the day specified in the applicable Pricing Supplement; and
- (D) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Pricing Supplement:
  - (i) Compounding with Lookback;
  - (ii) Compounding with Observation Period Shift; or
  - (iii) Compounding with Lockout; and
- (E) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method is Compounded Index Method with Observation Period Shift as specified in the applicable Pricing Supplement.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be deemed to be references to the numbers or other items specified for such purpose in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity, Reset Date, Overnight Floating Rate Option, Overnight Rate Compounding Method, Compounding with Lookback, Compounding with Observation Period Shift, Compounding with Lockout, Averaging with Lookback, Averaging with Observation Period Shift, Averaging with Lockout, Compounded Index Floating Rate Option, Index Method and Compounded Index Method with Observation Period Shift** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

- (ii) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being EURIBOR:

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

- (iii) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR (the **SOFR Notes**):

- (A) **Compounded Daily SOFR:** For each Floating Rate Note where the Reference Rate is specified as being SOFR and Index Determination is specified as "Not Applicable" in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SOFR plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

- (1) For the purposes of this Condition 4.2(b)(iii)(A):

**Compounded Daily SOFR** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Secured Overnight Financing Rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the

relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**Applicable Period** means, in relation to an Interest Period:

(aa) (where “Observation Shift” is specified as the Observation Method in the applicable Pricing Supplement) the Observation Period relating to such Interest Period; and

(bb) (where “Lag” or “Lockout” is specified as the Observation Method in the applicable Pricing Supplement) such Interest Period;

**d** means the number of calendar days in the relevant Applicable Period;

**d<sub>o</sub>** means, for the relevant Applicable Period, the number of U.S. Government Securities Business Days in such Applicable Period;

**i** means, for the relevant Applicable Period, a series of whole numbers from one to d<sub>o</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the Applicable Period;

**Interest Determination Date** means, with respect to a Rate of Interest and Interest Period:

(aa) (where “Lockout” is specified as the Observation Method in the applicable Pricing Supplement) the U.S. Government Securities Business Day immediately following the Rate Cut-off Date; and

(bb) (where “Lag” or “Observation Shift” is specified as the Observation Method in the applicable Pricing Supplement) the U.S. Government Securities Business Day immediately following the end of each Observation Period,

unless otherwise specified in the applicable Pricing Supplement;

**n<sub>i</sub>** means, for any U.S. Government Securities Business Day “i”, the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day;

**Non-Reset Date** means, each U.S. Government Securities Business Day “i” in an Applicable Period which falls on or after the Rate Cut-Off Date (if any);

**Observation Period** means, for the relevant Interest Period, the period from (and including) the date falling “*p*” U.S. Government Securities Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling “*p*” U.S. Government Securities Business Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling “*p*” U.S. Government Securities Business Days prior to such earlier date, if any, on which the SOFR Notes become due and payable);

*p* means the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement;

**Rate Cut-Off Date** means:

(aa) (where “Lockout” is specified as the Observation Method in the applicable Pricing Supplement) in relation to any Interest Period, the date falling “*p*” U.S. Government Securities Business Days prior to the Interest Payment Date in respect of the relevant Interest Period (or the date falling “*p*” U.S. Government Securities Business Days prior to such earlier date, if any, on which the SOFR Notes become due and payable); and

(bb) in any other circumstances, no Rate Cut-Off Date shall apply;

**SOFR<sub>*i*</sub>** means, in respect of any U.S. Government Securities Business Day “*i*” in the Applicable Period, the SOFR Reference Rate for the SOFR Determination Date in relation to such U.S. Government Securities Business Day “*i*”, provided that where “Lockout” is specified as the Observation Method, SOFR<sub>*i*</sub> in respect of each Non-Reset Date (if any) in an Applicable Period shall be SOFR<sub>*i*</sub> as determined in relation to the Rate Cut-Off Date;

**SOFR Determination Date** means, in respect of any U.S. Government Securities Business Day “*i*”:

(aa) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the U.S. Government Securities Business Day falling “*p*” U.S. Government Securities Business Days prior to such U.S. Government Securities Business Day “*i*”; and

(bb) otherwise, such U.S. Government Securities Business Day “*i*”;

**SOFR Reference Rate** means, in respect of any U.S. Government Securities Business Day, a reference rate equal to the daily Secured Overnight Financing Rate (**SOFR**) as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) published at or around 3:00 p.m. (New York City time) on the New York Federal Reserve’s Website on the next succeeding U.S. Government Securities Business Day for trades made on such U.S. Government Securities Business Day; and

**U.S. Government Securities Business Day** means any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association (**SIFMA**) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(2) Subject to Condition 4.4, if, in respect of the determination of SOFR<sub>i</sub> for any U.S. Government Securities Business Day in the relevant Applicable Period, the Calculation Agent determines that the relevant SOFR Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SOFR Reference Rate shall be SOFR published on the New York Federal Reserve's Website on the first preceding U.S. Government Securities Business Day for which SOFR was published on the New York Federal Reserve's Website.

(B) **Compounded Index SOFR:** For each Floating Rate Note where the Reference Rate is specified as being SOFR and Index Determination is specified as "Applicable" in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Index SOFR plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

For the purposes of this Condition 4.2(b)(iii)(B):

**Compounded Index SOFR** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Secured Overnight Financing Rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left( \frac{\text{SOFR Index}_{end}}{\text{SOFR Index}_{start}} - 1 \right) \times \frac{360}{d}$$

where:

**d** means the number of calendar days in the relevant Observation Period;

**Observation Period** means, for the relevant Interest Period, the period from (and including) the date falling "*p*" U.S. Government Securities Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling "*p*" U.S. Government Securities Business Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling "*p*" U.S. Government Securities Business Days prior to such earlier date, if any, on which the SOFR Notes become due and payable);

***p*** means the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement;



**SOFR Index Value** means, with respect to any U.S. Government Securities Business Day:

- (1) the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the Federal Reserve Bank of New York's Website at 3:00 p.m. (New York time) on such U.S. Government Securities Business Day provided, however, that in the event that the value originally published is subsequently corrected and such corrected value appears on the Federal Reserve Bank of New York's Website on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the SOFR Index Value in relation to such U.S. Government Securities Business Day; or
- (2) if the index in sub-paragraph (1) is not published or displayed by the administrator of the SOFR rate or other information service on the relevant Interest Determination Date as specified in the applicable Pricing Supplement, the Reference Rate for the applicable Interest Period for which the index is not available shall be Compounded Daily SOFR, and for these purposes, the Observation Method shall be deemed to be "Observation Shift" and "p" shall be as set out in the applicable Pricing Supplement, as if Index Determination had been specified as being "Not Applicable" and these alternative elections had been made;

**SOFR Index<sub>end</sub>** means the SOFR Index Value on the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days before the Interest Payment Date relating to the relevant Interest Period (or in the case of the final Interest Period, the Maturity Date); and

**SOFR Index<sub>start</sub>** means the SOFR Index Value on the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days before the first day of the relevant Interest Period;

**U.S. Government Securities Business Day** means any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association (**SIFMA**) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (C) **Fall Back – SOFR Notes:** In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent, subject to Condition 4.4, the Rate of Interest shall be:
- (1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period); or
  - (2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such SOFR Notes for the first Applicable Period had the SOFR Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date.

- (D) **Acceleration upon Default – SOFR Notes:** If the SOFR Notes become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such SOFR Notes became due and payable (with corresponding adjustments being deemed to be made to the relevant SOFR formula) and the Rate of Interest on such SOFR Notes shall, for so long as any such SOFR Note remains outstanding, be that determined on such date.
- (iv) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SORA (the **SORA Notes**):
- (A) **Compounded Daily SORA:** For each Floating Rate Note where the Reference Rate is specified as being SORA and Index Determination is specified as “Not Applicable” in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SORA (as defined below) plus or minus the Margin (if any):
- (1) where “Lockout” is specified as the Observation Method in the applicable Pricing Supplement:

**Compounded Daily SORA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment during such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{SORA}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** means the number of calendar days in the relevant Interest Period;

**d<sub>o</sub>** means, for the relevant Interest Period, is the number of Singapore Business Days in such Interest Period;

**i** means, for the relevant Interest Period, a series of whole numbers from one to d<sub>o</sub>, each representing the relevant Singapore Business Days in chronological order from (and including) the first Singapore Business Day in such Interest Period to the last Singapore Business Day in such Interest Period;

**Interest Determination Date** means the Singapore Business Day immediately following the Rate Cut-off Date, unless otherwise specified in the applicable Pricing Supplement;

$n_i$ , for any Singapore Business Day “ $i$ ”, is the number of calendar days from (and including) such Singapore Business Day “ $i$ ” up to (but excluding) the following Singapore Business Day;

$p$  means the number of Singapore Business Days specified in the applicable Pricing Supplement;

**Rate Cut-Off Date** means, with respect to a Rate of Interest and Interest Period, the date falling “ $p$ ” Singapore Business Days prior to the Interest Payment Date in respect of the relevant Interest Period (or the date falling “ $p$ ” Singapore Business Days prior to such earlier date, if any, on which the SORA Notes become due and payable);

**Singapore Business Days** or **SBD** means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

**SORA** means, in respect of any Singapore Business Day “ $i$ ”, a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the **Relevant Screen Page**) on the Singapore Business Day immediately following such Singapore Business Day “ $i$ ”;

**SORA<sub>i</sub>** means, in respect of any Singapore Business Day “ $i$ ” in the relevant Interest Period:

- (aa) if such Singapore Business Day is a SORA Reset Date, the reference rate equal to SORA in respect of that Singapore Business Day; and
- (bb) if such Singapore Business Day is not a SORA Reset Date (being a Singapore Business Day falling in the Suspension Period), the reference rate equal to SORA in respect of the first Singapore Business Day falling in the Suspension Period (the **Suspension Period SORA<sub>i</sub>**) (such first day of the Suspension Period coinciding with the Rate Cut-Off Date). For the avoidance of doubt, the Suspension Period SORA<sub>i</sub> shall apply to each day falling in the relevant Suspension Period;

**SORA Reset Date** means, in relation to any Interest Period, each Singapore Business Day during such Interest Period, other than any Singapore Business Day falling in the Suspension Period corresponding with such Interest Period; and

**Suspension Period** means, in relation to any Interest Period, the period from (and including) the date falling “*p*” Singapore Business Days prior to the Interest Payment Date in respect of the relevant Interest Period (such Singapore Business Day coinciding with the Rate Cut-Off Date) to (but excluding) the Interest Payment Date of such Interest Period.

- (2) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement:

**Compounded Daily SORA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{SORA}_{i-p\text{SBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** means the number of calendar days in the relevant Interest Period;

**d<sub>o</sub>** means, for the relevant Interest Period, the number of Singapore Business Days in such Interest Period;

**i** means, for the relevant Interest Period, a series of whole numbers from one to d<sub>o</sub>, each representing the relevant Singapore Business Days in chronological order from (and including) the first Singapore Business Day in such Interest Period to the last Singapore Business Day in such Interest Period;

**Interest Determination Date** means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Observation Period, unless otherwise specified in the applicable Pricing Supplement;

**n<sub>i</sub>**, for any Singapore Business Day “*i*”, is the number of calendar days from and including such Singapore Business Day “*i*” up to but excluding the following Singapore Business Day;

**Observation Period** means, for the relevant Interest Period, the period from (and including) the date falling “*p*” Singapore Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and to (but excluding) the date falling “*p*” Singapore Business Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling “*p*” Singapore Business Days prior to such earlier date, if any, on which the SORA Notes become due and payable);

***p*** means the number of Singapore Business Days specified in the applicable Pricing Supplement;

**Singapore Business Days** or **SBD** means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

**SORA** means, in respect of any Singapore Business Day "*i*", a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the **Relevant Screen Page**) on the Singapore Business Day immediately following such Singapore Business Day "*i*"; and

**SORA<sub>*i-pSBD*</sub>** means, in respect of any Singapore Business Day "*i*" in the relevant Interest Period, the reference rate equal to SORA in respect of the Singapore Business Day falling "*p*" Singapore Business Days prior to the relevant Singapore Business Day "*i*".

- (3) where "Observation Shift" is specified as the Observation Method in the applicable Pricing Supplement:

**Compounded Daily SORA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{SORA}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

***d*** means the number of calendar days in the relevant Observation Period;

***d<sub>o</sub>*** means, for the relevant Interest Period, the number of Singapore Business Days in such Observation Period;

***i***, for the relevant Interest Period, is a series of whole numbers from one to *d<sub>o</sub>*, each representing the relevant Singapore Business Days in chronological order from (and including) the first Singapore Business Day in such Observation Period to the last Singapore Business Day in such Observation Period;

**Interest Determination Date** means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Observation Period, unless otherwise specified in the applicable Pricing Supplement;

$n_i$ , for any Singapore Business Day “ $i$ ”, is the number of calendar days from and including such Singapore Business Day “ $i$ ” up to but excluding the following Singapore Business Day;

**Observation Period** means, for the relevant Interest Period, the period from (and including) the date falling “ $p$ ” Singapore Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and to (but excluding) the date falling “ $p$ ” Singapore Business Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling “ $p$ ” Singapore Business Days prior to such earlier date, if any, on which the SORA Notes become due and payable);

$p$  means the number of Singapore Business Days specified in the applicable Pricing Supplement;

**Singapore Business Days** or **SBD** means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

**SORA** means, in respect of any Singapore Business Day “ $i$ ”, a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the **Relevant Screen Page**) on the Singapore Business Day immediately following such Singapore Business Day “ $i$ ”; and

**SORA <sub>$i$</sub>**  means, in respect of any Singapore Business Day “ $i$ ” in the relevant Observation Period, the reference rate equal to SORA in respect of that Singapore Business Day “ $i$ ”.

- (4) Subject to Condition 4.4(c), if, by 5.00 p.m., Singapore time, on the Singapore Business Day immediately following such Singapore Business Day “ $i$ ”, SORA in respect of such Singapore Business Day “ $i$ ” has not been published and a Benchmark Event for SORA has not occurred, then SORA for that Singapore Business Day “ $i$ ” will be SORA as published in respect of the first preceding Singapore Business Day for which SORA was published.



- (B) **Compounded Index SORA:** For each Floating Rate Note where the Reference Rate is specified as being SORA and Index Determination is specified as “Applicable” in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Index SORA (as defined below) plus or minus the Margin (if any):

For the purposes of this Condition 4.2(b)(iv)(B):

**Compounded Index SORA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left( \frac{\text{SORA Index}_{end}}{\text{SORA Index}_{start}} - 1 \right) \frac{365}{d}$$

where:

**d** means the number of calendar days in the relevant Observation Period;

**Observation Period** means, for the relevant Interest Period, the period from (and including) the date falling “*p*” Singapore Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling “*p*” Singapore Business Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling “*p*” Singapore Business Days prior to such earlier date, if any, on which the SORA Notes become due and payable);

**p** means the number of Singapore Business Days specified in the applicable Pricing Supplement;

**Singapore Business Day** means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

**SORA Index Value** means, with respect to any Singapore Business Day:

- (1) the value of the index known as the “SORA Index” administered by the Monetary Authority of Singapore (or any successor administrator thereof) published by the Monetary Authority of Singapore (or any successor administrator) on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors), or the Relevant Screen Page on such Singapore Business Day provided, however, that in the event that the value originally published is subsequently corrected and such corrected value is published by the Monetary Authority of Singapore, as the administrator of SORA (or any successor administrator of

SORA) on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the SORA Index Value in relation to such Singapore Business Day; or

- (2) if the index in sub-paragraph (1) is not published or displayed by the administrator of SORA or other information service on the relevant Interest Determination Date as specified in the applicable Pricing Supplement, the Reference Rate for the applicable Interest Period for which the index is not available shall be Compounded Daily SORA, and for these purposes, the Observation Method shall be deemed to be "Observation Shift" and "p" shall be as set out in the applicable Pricing Supplement, as if Index Determination had been specified as being "Not Applicable" and these alternative elections had been made;

**SORA Index<sub>end</sub>** means the SORA Index Value on the Singapore Business Day falling "p" Singapore Business Days before the Interest Payment Date relating to the relevant Interest Period (or in the case of the final Interest Period, the Maturity Date); and

**SORA Index<sub>start</sub>** means the SORA Index Value on the Singapore Business Day falling "p" Singapore Business Days before the first day of the relevant Interest Period.

- (C) **Fall Back – SORA Notes:** In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent, subject to Condition 4.4(c), the Rate of Interest shall be:
  - (1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period); or
  - (2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such SORA Notes for the first Interest Period had the SORA Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date.
- (D) **Acceleration upon Default – SORA Notes:** If the SORA Notes become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such SORA Notes became due and payable (with corresponding adjustments being deemed to be made to the relevant SORA formula) and the Rate of Interest on such SORA Notes shall, for so long as any such SORA Note remains outstanding, be that determined on such date.
- (v) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, SOFR or SORA, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

As used in these Conditions:

**Reference Banks** means, in the case of a determination of determination of EURIBOR, the principal Euro-zone offices of four major banks in the Euro-zone interbank market case selected by the Issuer (or the independent advisor appointed by it) or as specified in the applicable Pricing Supplement;

**Reference Rate** means the rate specified in the applicable Pricing Supplement; and

**Relevant Screen Page** means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

(c) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4.2(b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4.2(b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are (i) represented by a Global Note or (ii) Definitive Registered Notes, the aggregate outstanding nominal amount of (x) the Notes represented by such Global Note or (y) such Registered Notes (or, in each case, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes which are Definitive Bearer Notes, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate

Note (which is a Definitive Bearer Note) is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if “**Actual/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $D_2$  will be 30.

(e) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuer (or the independent advisor appointed by it) shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) ***Notification of Rate of Interest and Interest Amounts***

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor, the Issuing and Paying Agent and the Fiscal Agent as soon as possible after its determination but in no event later than the fourth business day thereafter. If so required by the Issuer, the Calculation Agent will cause the Rate of Interest, the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 13 after its determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified by the Calculation Agent to the Issuer, the Guarantor, the Issuing and Paying Agent, the Fiscal Agent, and, if so required by the Issuer, to the Noteholders in accordance with Condition 13.

For the purposes of this paragraph, the expression **business day** means:

- (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for general business in Singapore; and
- (ii) (in the case of Notes denominated in a currency other than Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency.



(g) ***Determination or Calculation by Independent Advisor***

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Calculation Agent defaults in its obligation to calculate any Interest Amount in accordance with Condition 4.2(b)(i) and Condition 4.2(b)(ii) (as the case may be) or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with Condition 4.2(d) and Condition 4.2(e) above, and no replacement Calculation Agent has been appointed by the Issuer within two Business Days of the relevant Interest Payment Date, an independent advisor or an agent appointed by the Issuer shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the independent advisor shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent. In the event that the Issuer fails to appoint an independent advisor or an agent appointed by the Issuer determine such Rate of Interest or Interest Amount by the end of the relevant Interest Period, the Notes will, for the relevant Interest Period, bear interest at the rate in effect for the last preceding Interest Period to which Condition 4.2(d) above shall have applied and such an independent advisor or an agent appointed by the Issuer will determine the relevant Interest Amount.

(h) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Calculation Agent or independent advisor, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Fiscal Agent, the Transfer Agents (if applicable), the Registrar (if applicable), the Issuing and Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of fraud, wilful default or gross negligence) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**4.3 Other Reference Rates, Index Linked Interest Notes, Partly Paid Notes etc.**

In the case of Notes where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than EURIBOR, SOFR or SORA, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

The rate or amount of interest payable in respect of Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that (a) where such Notes are Index Linked Interest Notes the provisions of Condition 4.2 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes were references to Index Linked Interest Notes, and (b) where the Notes are Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

In the case of Index Linked Interest Notes, the Calculation Agent will notify the Paying Agents of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

#### 4.4 Benchmark discontinuation

In addition, notwithstanding the provisions above in this Condition 4:

- (a) **Benchmark Replacement (General):** Where “Benchmark Replacement (General)” is specified as being applicable in the applicable Pricing Supplement, if a Benchmark Event occurs in relation to a Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:
- (i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner and in consultation with the Issuer), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (or such other date as may be agreed with the Calculation Agent) (the **IA Determination Cut-off Date**), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
  - (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
  - (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.4(a); provided, however, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest (if any))) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.4(a);
  - (iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in

relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Agents shall, at the direction and expense of the Issuer, without any requirement for the consent or approval of the Noteholders, Receiptholders or Couponholders, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4.4(a) and the Agent shall not be liable to any party for any consequences thereof, provided that the Agent shall not be obliged to effect any such amendments if, in the opinion of the Agent, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in the Agency Agreement and/or these Conditions and/or any document to which it is a party (including, for the avoidance of doubt, any supplemental agency agreement) in any way. Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Agents (if required); and

- (v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and any related Adjustment Spread, give notice thereof to the Fiscal Agent, the Issuing and Paying Agent and the Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any related Adjustment Spread and any consequential changes made to these Conditions.

For the purposes of this Condition 4.4(a):

**Adjustment Spread** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international

debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (in each case acting in good faith and in a commercially reasonable manner) to be appropriate.

**Alternative Reference Rate** means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate.

**Benchmark Event** means:

- (i) the relevant Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist;
- (ii) a public statement by the administrator of the relevant Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate), unless such cessation is reasonably expected by the Issuer to not occur prior to the Maturity Date;
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued, unless such discontinuation is reasonably expected by the Issuer to not occur prior to the Maturity Date;
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes, and in each case within the following six months, unless such prohibition is reasonably expected by the Issuer to not occur prior to the Maturity Date;
- (v) it has become unlawful for any Issuing and Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the relevant Reference Rate; or
- (vi) the making of a public statement by the supervisor of the administrator of the relevant Reference Rate announcing that such Reference Rate is no longer representative or may no longer be used.

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

**Relevant Nominating Body** means, in respect of a Reference Rate:

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof.

**Successor Rate** means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

- (b) **Benchmark Replacement (SOFR):** Where “Benchmark Replacement (SOFR)” is specified as being applicable in the applicable Pricing Supplement, if the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, then the following provisions shall apply:
  - (i) the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates, and the Issuer shall promptly give notice thereof to the Calculation Agent, the Issuing and Paying Agent and the Noteholders, which shall specify the effective date(s) for such Benchmark Replacement and any Benchmark Replacement Conforming Changes;
  - (ii) in connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time without the consent or approval of the Noteholders, Receiptholders or Couponholders;
  - (iii) at the request of the Issuer, the Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders or Receiptholders or Couponholders, effect such Benchmark Replacement Conforming Changes (including, inter alia, by the execution of a supplemental agency agreement) as may be required in order to give effect to this Condition 4.4(b) and the Agent shall not be liable to any party for any consequences thereof, provided that the Agent shall not be obliged to effect any such amendments if, in the opinion of the Agent, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or the Agency Agreement and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental agency agreement) in any way; and
  - (iv) any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4.4(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee’s sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.

For the purposes of this Condition 4.4(b):

**Benchmark** means, initially, SOFR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the relevant Reference Rate or the then-current Benchmark, then **Benchmark** means the applicable Benchmark Replacement;

**Benchmark Replacement** means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then **Benchmark Replacement** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and
- (iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

**Benchmark Replacement Adjustment** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

**Benchmark Replacement Conforming Changes** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Interest Period, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides



that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

**Benchmark Replacement Date** means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of paragraphs (i) or (ii) of the definition of “Benchmark Transition Event”, the later of: (a) the date of the public statement or publication of information referenced therein, and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of paragraph (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.
- (iii) For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**Benchmark Transition Event** means the occurrence of one or more of the following events with respect to the then-current Benchmark:

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

**Corresponding Tenor** with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

**Federal Reserve Bank of New York’s Website** means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source;

**Interpolated Benchmark** with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and
- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

**ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

**ISDA Fallback Adjustment** means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

**ISDA Fallback Rate** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**Reference Time** with respect to any determination of the Benchmark means the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes;

**Relevant Governmental Body** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

**SOFR** with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website;

**Term SOFR** means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body; and

**Unadjusted Benchmark Replacement** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (c) **Benchmark Replacement (SORA):** Where "Benchmark Replacement (SORA)" is specified as being applicable in the applicable Pricing Supplement, if a Benchmark Event has occurred in relation to the Original Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by the current Reference Rate, then the following provisions shall apply:

- (i) Independent Adviser

The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Benchmark Replacement (in accordance with Condition 4.4(c)(ii) below) and an Adjustment

Spread, if any (in accordance with Condition 4.4(c)(iii) below), and any Benchmark Amendments (in accordance with Condition 4.4(c)(iv) below) by the relevant Interest Determination Date. An Independent Adviser appointed pursuant to this Condition 4.4(c) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Issuing and Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.4(c).

If the Issuer is unable to appoint an Independent Adviser after using its reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Benchmark Replacement prior to the relevant Interest Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the Benchmark Replacement (in accordance with Condition 4.4(c)(ii) below) and an Adjustment Spread if any (in accordance with Condition 4.4(c)(iii) below) and any Benchmark Amendments (in accordance with Condition 4.4(c)(iv) below).

If the Issuer is unable to determine the Benchmark Replacement prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 4.4(c)(i).

(ii) Benchmark Replacement

The Benchmark Replacement determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i) above) shall (subject to adjustment as provided in Condition 4.4(c)(iii) below) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.4(c)).

(iii) Adjustment Spread

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i) above) (as the case may be) determines that: (A) an Adjustment Spread is required to be applied to the Benchmark Replacement; and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Benchmark Replacement.

(iv) Benchmark Amendments

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4.4(c)(i) above) (as the case may be) determines that Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread; and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.4(c)(v) below, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

For the avoidance of doubt, the Agents shall, at the direction and expense of the Issuer, without the consent or approval of the Noteholders, Receiptholders or Couponholders, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4.4(c) and the Agent shall not be liable to any party for any consequences thereof, provided that the Agent shall not be obliged to effect any such amendments if, in the opinion of the Agent, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in the Agency Agreement and/or these Conditions and/or any document to which it is a party (including, for the avoidance of doubt, any supplemental agency agreement) in any way. Noteholders' consent shall not be required in connection with effecting the Benchmark Replacement or such other changes, including for the execution of any documents or other steps by the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with this Condition 4.4(c)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Benchmark Replacement, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.4(c) will be notified promptly by the Issuer to the Calculation Agent, the Issuing and Paying Agent and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4.4(c)(i), 4.4(c)(ii), 4.4(c)(iii) and 4.4(c)(iv) above, the Original Reference Rate and the fallback provisions provided for in these Conditions will continue to apply unless and until the Calculation Agent has been notified of the Benchmark Replacement, and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4.4(c)(v) above.

(vii) Definitions

As used in this Condition 4.4(c):

**Adjustment Spread** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i) above) (as the case may be) determines is required to be applied to the Benchmark Replacement to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Benchmark Replacement and is the spread, formula or methodology which:

- (i) is formally recommended in relation to the replacement of the Original Reference Rate with the applicable Benchmark Replacement by any Relevant Nominating Body;
- (ii) if the applicable Benchmark Replacement is the ISDA Fallback Rate, is the ISDA Fallback Adjustment; or
- (iii) is determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i) above) (as the case may be) having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original Reference Rate with the applicable Benchmark Replacement for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes;.

**Alternative Rate** means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i) above) (as the case may be) determines in accordance with Condition 4.4(c)(ii) above has replaced the Original Reference Rate for the Corresponding Tenor in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes (including, but not limited to, Singapore Government Bonds).

**Benchmark Amendments** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Interest Period, any other amendments to these Conditions and/or the Agency Agreement, and other administrative matters) that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i)) (as the case may be) determines may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i)) (as the case may be) determines that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i)) (as the case may be) determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i)) (as the case may be) determines is reasonably necessary).

**Benchmark Event** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Singapore business days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months; or
- (v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or
- (vi) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative of its relevant underlying market,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

**Benchmark Replacement** means the Interpolated Benchmark, provided that if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i) above) (as the case may be) cannot determine the Interpolated Benchmark by the relevant Interest Determination Date, then “Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i) above) (as the case may be):

- (i) Identified SORA;
- (ii) Compounded SORA;
- (iii) the Successor Rate;
- (iv) the ISDA Fallback Rate (including Fallback Rate (SOR)); and
- (v) the Alternative Rate.



**Compounded SORA** means the compounded average of SORAs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with the selected mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i)) (as the case may be) in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Nominating Body for determining Compounded SORA; provided that:
- (ii) if, and to the extent that, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i)) (as the case may be) determines that Compounded SORA cannot be determined in accordance with clause (1) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i)) (as the case may be) giving due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes at such time.

Notwithstanding the foregoing, Compounded SORA will include a selected mechanism as specified in the applicable Pricing Supplement to determine the interest amount payable prior to the end of each Interest Period.

**Corresponding Tenor** with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Original Reference Rate.

**Fallback Rate (SOR)** has the meaning ascribed to it in the 2006 ISDA Definitions as amended and supplemented by Supplement number 70, published on 23 October 2020.

**Identified SORA** means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been (i) selected or recommended by the Relevant Nominating Body, or (ii) determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.4(c)(i)) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes.

**Independent Adviser** means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4.4(c)(i) above.

**Interpolated Benchmark** with respect to the Original Reference Rate means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Original Reference Rate for the longest period (for which the Original Reference Rate is available) that is shorter than the Corresponding Tenor; and (2) the Original Reference Rate for the shortest period (for which the Original Reference Rate is available) that is longer than the Corresponding Tenor.

**ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc. or any successor thereto, as may be updated, amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

**ISDA Fallback Adjustment** means the spread adjustment (which maybe positive or negative value or zero) that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor.

**ISDA Fallback Rate** means the rate that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**Original Reference Rate** means, initially, SORA (being the originally-specified reference rate of applicable tenor used to determine the Rate of Interest) or any component part thereof, provided that if a Benchmark Event has occurred with respect to SORA or the then-current Original Reference Rate, then “Original Reference Rate” means the applicable Benchmark Replacement.

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof.

**SORA or Singapore Overnight Rate Average** with respect to any Singapore Business Day means a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor.

#### **4.5 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 13.

### **5. PAYMENTS**

#### **5.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer, the Guarantor or their Agents are subject and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

#### **5.2 Presentation of Definitive Bearer Notes, Receipts and Coupons**

Payments of principal and any other amounts payable upon redemption in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction, including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands)). Payment may not be made by a transfer of funds into an account maintained by the payee in the United States or mailed to an address in the United States unless the payee is a person who may satisfy the requirements of Section 165(j)(3)(A), (B) or (C) of the Code and the regulations thereunder, or a financial institution as a step in the clearance of funds and such payment is promptly credited to an account maintained outside the United States for such financial institution or for persons for which the financial institution has collected such payment.

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) and save as provided in Condition 5.4 should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

### **5.3 Payments in respect of Bearer Global Notes**

Payments of principal, other amounts payable upon redemption and interest (if any) in respect of Bearer Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. Payment may not be made by a transfer of funds into an account maintained by the payee in the United States or mailed to an address in the United States unless the payee is a person who may satisfy the requirements of Section 165(j)(3)(A), (B) or (C) and the regulations thereunder, or a financial institution as a step in the clearance of funds and such payment is promptly credited to an account maintained outside the United States for such financial institution or for persons for which the financial institution has collected such payment. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, DTC or CDP, as applicable.

#### 5.4 Specific provisions in relation to payments in respect of certain types of Bearer Notes

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Upon the date on which any Dual Currency Note or Index Linked Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

#### 5.5 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, where (A) the Registered Notes are cleared through Euroclear and Clearstream, at the close of business on the Clearing System Business Day before the due date for such payments, where **Clearing System Business Day** means a weekday (Monday to Friday, inclusive) except 25 December and 1 January and (B) the Registered Notes are cleared through CDP, at the date falling five business days before the due date for such payments (or such date as may be prescribed by CDP), and (ii) where in definitive form, at the close of business on the fifteenth day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, where (A) the Registered Notes are cleared through Euroclear and Clearstream, at the close of business on the Clearing System Business Day before the due date for such payments and (B) the Registered Notes are cleared through CDP, at the date falling five

business days before the due date for such payments (or such date as may be prescribed by CDP), and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars unless the participant in DTC with an interest in the Notes has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC.

None of the Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **5.6 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, DTC or CDP as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, DTC or CDP, as the case may be, for their share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.



## **5.7 Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, Payment Day means any day which (subject to Condition 8) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, in the relevant place of presentation;
  - (ii) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement;
  - (iii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open;
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has not elected to receive any part of such payment in a Specified Currency other than U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

## **5.8 Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts; and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

## **6. REDEMPTION AND PURCHASE**

### **6.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

### **6.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or (if the Guarantee was called) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer, and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative proceedings (including a decision by a court of competent jurisdiction) of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws, regulations, rulings or other administrative proceedings (including a decision by a court of competent jurisdiction) which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer (or the Guarantor, as the case may be) shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer or of the Guarantor, as the case may be, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that these Conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer or the Guarantor, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment. The Fiscal Agent shall be entitled without further enquiry and without liability to any Noteholder, Receiptholder or Couponholder or any other person to rely on such certificate and opinion and it shall be conclusive evidence of the satisfaction of these Conditions precedent set out in this Condition 6.2. Each such certificate and opinion shall be conclusive and binding on Noteholders, Receiptholders and Couponholders.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### 6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, at its option, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Fiscal Agent and, in the case of a redemption of Registered Notes, the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Definitive Bearer Notes or Definitive Registered Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Bearer Notes or Definitive Registered Notes, and in accordance with the rules of Euroclear, Clearstream, DTC and/or CDP (as applicable), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by Notes in definitive form, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

### 6.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 6.4 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, DTC and CDP, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar, falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the

Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is a Definitive Bearer Note, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, DTC or CDP, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, DTC or CDP (which may include notice being given on his instruction by Euroclear, Clearstream, DTC or CDP or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear, Clearstream, DTC and CDP from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, DTC or CDP given by a holder of any Note pursuant to this Condition 6.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

## 6.5 Early Redemption Amounts

For the purpose of Condition 6.2 and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount =  $RP \times (1+AY)^y$  where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and

including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

#### **6.6 Specific redemption provisions applicable to certain types of Notes**

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 6.2, Index Linked Interest Notes and Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

#### **6.7 Purchases**

The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in any manner and at any price in the open market or otherwise. All such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for cancellation.

For the purposes of these Conditions:

**Subsidiary** means any company:

- (a) of which the Guarantor controls the composition of the board of directors;
- (b) of which the Guarantor controls more than half of the voting power; or
- (c) which is a Subsidiary of a Subsidiary of the Guarantor.

#### **6.8 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.7 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Issuing and Paying Agent or, in the case of Registered Notes, the Registrar, and cannot be reissued or resold. Subject as provided in Condition 8, the obligations of the Issuer and the Guarantor in respect of such cancelled Notes shall be discharged.

## 6.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

## 7. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or the Guarantor, as the case may be, will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment in any Tax Jurisdiction;
- (b) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of the holder having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.7).

As used herein:

- (i) **Tax Jurisdiction** means the jurisdiction of incorporation of the Issuer or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or Singapore or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor) or in either case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer or the Guarantor, as the case may be, of principal and interest on the Notes become generally subject; and



- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

No Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, Guarantor, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

## **8. PRESCRIPTION**

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 therefor).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

## **9. EVENTS OF DEFAULT**

### **9.1 Events of Default**

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing with respect to any Note:

- (a) default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest;
- (b) the Issuer or the Guarantor fails to perform or comply with any of its other obligations under these Conditions or the Guarantee and (except in any case where the failure is incapable of remedy, in which case no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 60 days next following the service by a Noteholder on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied;
- (c) (i) any Indebtedness for Borrowed Money or any Acceptance Credit (each as defined below) of the Issuer or the Guarantor becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or the Guarantor fails to make any payment in respect of any Indebtedness for Borrowed Money or any Acceptance Credit on the due date for payment after giving effect to the applicable grace period; or (iii) default is made by the Issuer or the Guarantor in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money or any Acceptance Credit of any other person, provided that no event falling within sub-paragraphs (i) to (iii) above shall constitute an

Event of Default unless (A) in respect of Indebtedness for Borrowed Money, the relevant Indebtedness for Borrowed Money either alone or when aggregated with other Indebtedness for Borrowed Money relative to all (if any) other such events which have occurred and are continuing shall amount to at least US\$100,000,000 (or its equivalent in any other currency); or (B) in respect of an Acceptance Credit, the relative Acceptance Credit either alone or when aggregated with other Acceptance Credits relative to all (if any) other such events which have occurred and are continuing shall amount to at least U.S.\$100,000,000 (or its equivalent in any other currency);

- (d) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or the Guarantor, save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation on terms previously approved by an Extraordinary Resolution;
- (e) the Issuer or the Guarantor (i) ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation on terms previously approved by an Extraordinary Resolution, or (ii) stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent;
- (f) (i) proceedings are initiated against the Issuer or the Guarantor under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or the Guarantor or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them, and (ii) in any case (other than the appointment of an administrator) is not discharged or stayed within 30 days;
- (g) the Issuer or the Guarantor initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation (other than a reorganisation, winding up or liquidation under or in connection with a scheme of arrangement, amalgamation or reconstruction not involving bankruptcy or insolvency) or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors);
- (h) the Issuer ceases to be a Subsidiary of the Guarantor;
- (i) the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect;
- (j) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor lawfully to enter into, exercise their respective rights and

perform and comply with their respective obligations under the Notes, (ii) to ensure that those obligations are valid, legally binding and enforceable, and (iii) to make the Notes admissible in evidence in the courts of England or Singapore (as the case may be), is not taken fulfilled or done; or

- (k) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in sub-paragraphs (d) to (g) of this Condition,

then any holder of a Note may, by written notice to the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of this Condition:

**Acceptance Credit** means any liability under or in respect of any acceptance or acceptance credit, including, without limitation, any trade credit; and

**Indebtedness for Borrowed Money** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money excluding, for the avoidance of doubt, an Acceptance Credit.

#### 10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or the Issuing and Paying Agent (in the case of Bearer Notes, Receipts or Coupons), or as the case may be, the Registrar (in the case of Registered Notes), upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer, the Fiscal Agent or the Registrar may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### 11. PAYING AGENTS AND REGISTRAR

The names of the initial Paying Agents and the Registrar are set out above.

The Issuer is entitled to vary or terminate the appointment of the Registrar or any Paying Agent and/or appoint additional or other Paying Agents, Registrar or Transfer Agents and/or approve any change in the specified office through which any Paying Agent and/or Registrar and/or Transfer Agent acts, provided that:

- (a) there will at all times be a Fiscal Agent and a Registrar;
- (b) so long as there are outstanding Notes cleared through CDP, there will at all times be a CDP Issuing and Paying Agent, a CDP Registrar and a CDP Transfer Agent;
- (c) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority or entity, there will at all times be a Paying Agent, which may be the Fiscal Agent, and a Transfer Agent, which may be the Registrar, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority or entity;

- (d) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and
- (e) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that any of the Global Notes are exchanged for Notes in definitive form, there will at all times be a Paying Agent in Singapore. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include material information with respect to the delivery of the Definitive Notes, including details of the Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.6. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its corporate trust business to become the successor paying agent.

## **12. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

## **13. NOTICES**

All notices regarding Bearer Notes will be deemed to be validly given if (a) published in a leading English language daily newspaper of general circulation in Asia, which is expected to be the Wall Street Journal Asia and (b) for so long as the Bearer Notes are listed on the SGX-ST and the rules of the SGX-ST so require, published on the website of the SGX-ST at <http://www.sgx.com>. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers or on the date of publication of such notice on the website of the SGX-ST.

All notices regarding the Registered Notes will be deemed to be validly given if (a) sent by mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and (b) for so long as the Registered Notes are listed on the SGX-ST and the rules of the SGX-ST so require, published on the website of the SGX-ST at <http://www.sgx.com> and such notice shall be deemed to have been given on the date of publication of such notice on the website of the SGX-ST. In addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by

another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of (i) Euroclear, Clearstream and/or DTC, be substituted for such publication in such newspaper(s) or such mailing, the delivery of the relevant notice to Euroclear, Clearstream and/or DTC for communication by them (or by the Issuing and Paying Agent, on behalf of them) to the holders of the Notes, (ii) CDP, be substituted for such publication in such newspaper(s) or such mailing, (A) (subject to the agreement of CDP) the delivery of the relevant notice to CDP for communication by them to the holders of the Notes, (B) the delivery of the relevant notice to the persons shown in the records maintained by the CDP no earlier than three Business Days preceding the date of despatch of such notice as holding interests in the relevant Global Notes, or (C) for so long as the Notes are listed on the SGX-ST, the publication of the relevant notice on the website of the SGX-ST at <http://www.sgx.com>, and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on (x) the day after the day on which the said notice was given to Euroclear, Clearstream, DTC and/or CDP, as the case may be, and/or (y) (in the case of Notes cleared through CDP) the day after the date of the despatch of such notice to the persons shown in the records maintained by CDP, and/or (z) (in the case of Notes cleared through CDP) the date of publication of such notice on the website of the SGX-ST.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Fiscal Agent or the Registrar through Euroclear, Clearstream, DTC and/or CDP, in each case in such manner as the Fiscal Agent, the Registrar, Euroclear, Clearstream, DTC and/or CDP as the case may be, may approve for this purpose.

#### **14. MEETINGS OF NOTEHOLDERS AND MODIFICATION**

- 14.1** The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons, the Deed of Guarantee or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantor and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or Deed of Guarantee (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, varying the method of calculating the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes, the Receipts or the Coupons or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount

of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than two-thirds of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders in the manner of (i), (ii) or (iii) above shall be binding on all the Noteholders and all relevant Couponholders, whether or not they are present at the meeting, signed the resolution in writing or gave consent by way of electronic consents (as the case may be).

**14.2** The Agents, the Issuer and the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons, the Deed of Guarantee, the Deeds of Covenant, the Deed Poll or the Agency Agreement which could not reasonably be expected to be prejudicial to the interests of the Noteholders; or
- (b) any modification of any of the provisions of the Notes, the Receipts, the Coupons, the Deed of Guarantee, the Deeds of Covenant, the Deed Poll or the Agency Agreement which is of a formal, minor or technical nature or is made to cure any ambiguity or correct a manifest error or an error which is proven, or to comply with mandatory provisions of the law or is required by Euroclear, Clearstream, DTC, CDP and/or any other clearing system in which the Notes may be held.

Any determinations as to prejudice with respect to the interests of the Noteholders shall be made by the Issuer and the Guarantor, and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

**15. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes, provided that, if (i) either the original Notes or such further notes are issued in compliance with Rule 144A and (ii) such further notes are not (1) issued pursuant to a “qualified reopening” of the original series, (2) treated as part of the same “issue” of debt instruments as the original series or (3) issued with no more than a *de minimis* amount of original discount, in each case for U.S. federal income tax purposes, such further notes will have a separate ISIN or other identifier.



## **16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT**

No person shall have any right to enforce any term or condition of this Note under:

- (a) if the Notes are specified to be governed by English law in the applicable Pricing Supplement, the Contracts (Rights of Third Parties) Act 1999; or
- (b) if the Notes are specified to be governed by Singapore law in the applicable Pricing Supplement, the Contracts (Rights of Third Parties) Act 2001 (2020 Revised Edition) of Singapore,

but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **17. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **17.1 Governing law**

The Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons are governed by and shall be construed in accordance with:

- (a) if the Notes are specified to be governed by English law in the applicable Pricing Supplement, English law; or
- (b) if the Notes are specified to be governed by Singapore law in the applicable Pricing Supplement, Singapore law.

### **17.2 Submission to jurisdiction**

Each of the Issuer and the Guarantor irrevocably agrees for the benefit of the Noteholders, the Receiptholders and the Couponholders, that:

- (a) if the Notes are specified to be governed by English law in the applicable Pricing Supplement, the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons (a **Dispute**) and accordingly submits to the non-exclusive jurisdiction of the courts of England; or
- (b) if the Notes are specified to be governed by Singapore law in the applicable Pricing Supplement, the courts of Singapore are to have non-exclusive jurisdiction to settle any Disputes and accordingly submits to the non-exclusive jurisdiction of the courts of Singapore,

Each of the Issuer and the Guarantor waives any objection to the courts of England (in the case of Notes specified to be governed by English law in the applicable Pricing Supplement) and the courts of Singapore (in the case of Notes specified to be governed by Singapore law in the applicable Pricing Supplement) on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

To the extent allowed by law, the Noteholders, the Receiptholders and the Couponholders may in respect of any Dispute or Disputes, take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons) against the Issuer or the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **17.3 Appointment of process agent**

If the Notes are specified to be governed by English law in the applicable Pricing Supplement, each of the Issuer which is not incorporated in the United Kingdom and the Guarantor appoints ST Engineering RHQ Ltd. at its registered office at 2 Minton Place, Victoria Road, Bicester, Oxon OX26 6QB, United Kingdom as its agent for service of process, and undertakes that, in the event of ST Engineering RHQ Ltd. ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

If the Notes are specified to be governed by Singapore law in the applicable Pricing Supplement, each Issuer which is not incorporated in Singapore appoints ST Engineering Treasury Pte. Ltd. at its registered office at 1 Ang Mo Kio Electronics Park Road, #07-01 ST Engineering Hub, Singapore 567710 as its agent for service of process, and undertakes that, in the event of Singapore Technologies Engineering Ltd ceasing so to act or ceasing to be registered in Singapore, it will appoint another person as its agent for service of process in Singapore in respect of any Proceedings.

Nothing in this Condition 17.3 shall affect the right to serve proceedings in any other manner permitted by law.

### **17.4 Waiver of immunity**

The Issuer and the Guarantor hereby irrevocably and unconditionally waive with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## **USE OF PROCEEDS**

Unless otherwise specified in the applicable Pricing Supplement, the net proceeds of each issue of Notes under the Programme will be used by the relevant Issuer or lent by the relevant Issuer to the Guarantor or the Group for the purpose of funding new capital expenditures, acquisitions, general corporate purposes and/or refinancing existing borrowings.

## FINANCIAL SUMMARY OF THE GROUP

A summary of the consolidated income statement of the Group for the financial years ended 31 December 2024, 2023 and 2022 are set out as follows:

### Consolidated Income Statement

	For Financial Year Ended 31 December		
	2024	2023	2022
	S\$'000	S\$'000	S\$'000
<b>Revenue</b>	<b>11,275,659</b>	<b>10,101,021</b>	<b>9,035,103</b>
Cost of sales	(9,101,384)	(8,128,269)	(7,336,446)
<b>Gross profit</b>	<b>2,174,275</b>	<b>1,972,752</b>	<b>1,698,657</b>
Distribution and selling expenses	(206,606)	(179,414)	(194,775)
Administrative expenses	(797,380)	(752,581)	(727,382)
Other operating expenses	(192,783)	(215,294)	(168,636)
Other income, net	28,034	14,647	56,670
<b>Profit from operations</b>	<b>1,005,540</b>	<b>840,110</b>	<b>664,534</b>
Non-operating income/(expenses), net	(59)	16,454	37,288
Share of results of associates and joint ventures, net of tax	70,986	58,093	33,270
<b>Earnings before interest and tax</b>	<b>1,076,467</b>	<b>914,657</b>	<b>735,092</b>
<i>Finance income</i>	37,862	41,286	11,203
<i>Finance costs</i>	(251,644)	(251,732)	(148,829)
<i>Finance costs, net</i>	(213,782)	(210,446)	(137,626)
<b>Profit before taxation</b>	<b>862,685</b>	<b>704,211</b>	<b>597,466</b>
Taxation	(133,480)	(99,785)	(54,131)
<b>Profit after taxation</b>	<b>729,205</b>	<b>604,426</b>	<b>543,335</b>
<b>Attributable to:</b>			
Shareholders of the Company	702,256	586,467	535,012
Non-controlling interests	26,949	17,959	8,323
	729,205	604,426	543,335
<b>EBITDA<sup>(1)</sup></b>	<b>1,614,301</b>	<b>1,456,093</b>	<b>1,251,964</b>

#### Notes:

(1) EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

A summary of the consolidated balance sheet of the Group as at 31 December 2024, 2023 and 2022 are set out as follows:

### Consolidated Balance Sheet

	As at 31 December		
	2024	2023	2022
	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2,114,590	2,076,209	2,076,348
Right-of-use assets	605,254	651,109	581,792
Associates and joint ventures	621,455	567,404	468,175
Investments	63,006	63,075	76,704
Intangible assets	4,989,775	4,958,158	5,291,345
Long-term trade receivables	36,510	11,314	11,163
Deferred tax assets	264,484	214,178	198,237
Amounts due from related parties	49,015	36,219	35,000
Advances and other receivables	144,126	134,542	81,045
Derivative financial instruments	9,433	36,895	17,064
	8,897,648	8,749,103	8,836,873
<b>Current Assets</b>			
Contract assets	2,567,423	2,240,100	2,099,676
Inventories	2,061,236	1,897,274	1,684,231
Trade receivables	1,461,259	1,581,261	1,152,328
Amounts due from related parties	77,860	59,964	135,089
Advances and other receivables	714,672	469,073	420,722
Derivative financial instruments	10,559	28,789	33,295
Bank balances and other liquid funds	430,642	353,337	601,771
	7,323,651	6,629,798	6,127,112
<b>TOTAL ASSETS</b>	<b>16,221,299</b>	<b>15,378,901</b>	<b>14,963,985</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Contract liabilities	1,193,627	978,051	939,990
Deposits from customers	21,348	31,229	34,886
Trade payables and accruals	3,485,697	3,155,075	2,826,498
Amounts due to related parties	51,619	50,168	41,887
Provisions	339,066	337,663	298,624
Provision for taxation	148,777	165,959	174,748
Borrowings	2,945,104	2,563,661	3,627,969
Deferred income	9,363	11,755	13,589
Post-employment benefits	3,112	10,075	8,413
Derivative financial instruments	40,884	18,722	38,606
	8,238,597	7,322,358	8,005,210

	As at 31 December		
	2024	2023	2022
	S\$'000	S\$'000	S\$'000
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(914,946)</b>	<b>(692,560)</b>	<b>(1,878,098)</b>
<b>Non-current liabilities</b>			
Contract liabilities	1,599,390	1,274,916	877,937
Trade payables and accruals	100,484	59,109	72,712
Provisions	39,921	39,095	38,522
Deferred tax liabilities	185,506	156,422	167,481
Borrowings	2,876,432	3,544,431	2,906,568
Deferred income	18,424	15,851	17,588
Post-employment benefits	190,893	209,840	206,296
Derivative financial instruments	20,805	4,543	18,817
	5,031,855	5,304,207	4,305,921
<b>TOTAL LIABILITIES</b>	<b>13,270,452</b>	<b>12,626,565</b>	<b>12,311,131</b>
<b>NET ASSETS</b>	<b>2,950,847</b>	<b>2,752,336</b>	<b>2,652,854</b>
<b>Share capital and reserves</b>			
Share capital	895,926	895,926	895,926
Treasury shares	(32,806)	(29,644)	(36,377)
Capital reserves	88,733	93,464	100,068
Other reserves	(60,851)	(63,346)	(34,437)
Retained earnings	1,779,371	1,562,940	1,472,816
<b>Equity attributable to owners of the Company</b>	<b>2,670,373</b>	<b>2,459,340</b>	<b>2,397,996</b>
Non-controlling interests	280,474	292,996	254,858
	2,950,847	2,752,336	2,652,854
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16,221,299</b>	<b>15,378,901</b>	<b>14,963,985</b>



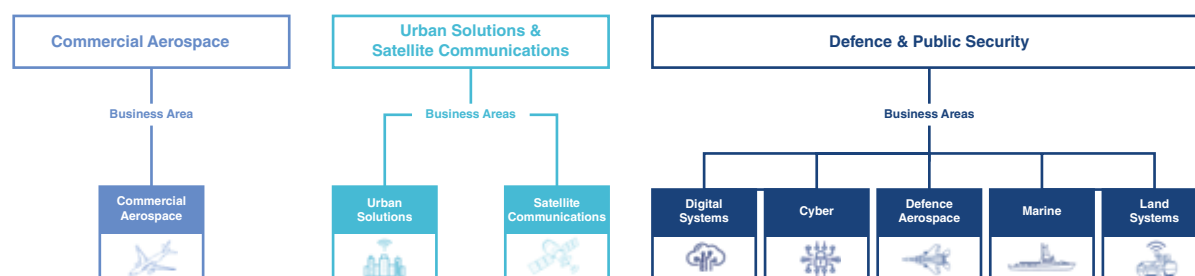
## DESCRIPTION OF THE ISSUERS AND THE GROUP

Unless otherwise indicated or the context otherwise requires, in this section, references to “we”, “us”, “our”, and “the Group” are to Singapore Technologies Engineering Ltd (the **Guarantor** or the **Company**) and its consolidated subsidiaries. Unless otherwise stated herein, figures provided in this section “Description of the Issuers and the Group” are as at 28 February 2025 (the **Latest Practicable Date**).

### Overview

STE UK-Co, STE SG-Co and STE US-Co are wholly owned subsidiaries of the Guarantor. The principal activity of STE UK-Co relates to investment holding, the principal activities of STE SG-Co relate to the provision of financial and treasury services to the Group and the principal activities of STE US-Co is investment holding.

We are a technology, defence and engineering group with a diverse portfolio of businesses, organised into distinct business areas which operate under the segments of Commercial Aerospace, Urban Solutions & Satellite Communications (**Urban Solutions & Satcom**), and Defence & Public Security, as set forth below:



As of the date of this Offering Circular, the Guarantor has been assigned an overall corporate credit rating of “Aaa” by Moody’s and “AA+” by S&P. Leveraging our capabilities across the Commercial Aerospace, Urban Solutions & Satcom, and Defence & Public Security segments, we harness technology and innovation to enable a more secure and sustainable world. We serve customers in over 100 countries, including enterprise customers, defence and government agencies. We enjoy strong business relationships with organisations that are strategic to Singapore’s security structure, such as the Ministry of Defence of Singapore (**MINDEF**). The MOF Inc owns one special share in the Guarantor which highlights the strategic importance of our business to the Republic of Singapore. For details, see “*Our Business – Competitive Strengths – Strategic Importance to Singapore*”. We have a global network of subsidiaries and associated companies in Asia, Europe, the Middle East and the United States, serving customers in more than 100 countries. As of the date of this Offering Circular, we have a workforce of more than 27,000 employees worldwide. We rank among the largest companies listed on the SGX-ST in terms of market capitalisation, with a market capitalisation of approximately S\$16.8 billion as of the Latest Practicable Date. For the financial year ended 31 December 2024, our revenue was S\$11,276 million, profit after taxation attributable to our shareholders (**net profit**) was S\$702.3 million and earnings before interest and tax (**EBIT**) was S\$1,076.5 million.

Our Commercial Aerospace segment operates in three sub-segments: aerospace maintenance, repair and overhaul services (**Aerospace MRO**); aerostructures and systems (**Aerostructures and Systems**); and aviation asset management (**Aviation Asset Management**). Our Commercial Aerospace segment provides a wide range of aviation services and products, including airframe, engines and components MRO services; original equipment manufacturer (**OEM**) products such as engines nacelles and composite floorboard; passenger-to-freighter (**PTF**) conversions; and

leasing aircraft and engines. For the financial year ended 31 December 2024, our revenue and EBIT for our Commercial Aerospace segment was S\$4,384 million<sup>1</sup> and S\$400.2 million, respectively.

Our Urban Solutions & Satcom segment operates in two business areas: urban solutions and satellite communications. Our Urban Solutions business comprises smart city business lines in smart mobility rail and road including tolling and congestion pricing, commercial vehicle distribution and mobility services; and smart utilities and infrastructure including smart security, smart utilities, smart connectivity and smart healthcare. Our Satcom business provides IP-based satellite communications technology and solutions, including hub systems, modems, terminals, network management, and related services. For the financial year ended 31 December 2024, our revenue and EBIT for our Urban Solutions & Satcom segment was S\$1,957 million<sup>2</sup> and S\$39.9 million, respectively.

Our Defence & Public Security segment operates in five business areas: Digital Systems; Cyber; Land Systems; Marine; and Defence Aerospace. Our Defence & Public Security segment provides advanced defence and security solutions across air, land, and sea for governments, armed forces and security agencies. We also provide safety and security solutions covering critical infrastructure, homeland security and maritime solutions to government agencies around the world to safeguard critical infrastructure and support disaster relief and humanitarian assistance efforts. For the financial year ended 31 December 2024, our revenue and EBIT for our Defence & Public Security segment was S\$4,935 million<sup>3</sup> and S\$636.4 million, respectively.

## History

In 1967, Chartered Industries of Singapore Pte Ltd (**CIS**) was formed as a pioneer indigenous defence company making ordnance for the Singapore Armed Forces. Its shares were then held by MOF Inc., a holding company for the Singapore Ministry of Finance. In 1975, MOF Inc. transferred its shares in CIS to Sheng-Li Holding Co Pte Ltd (**Sheng-Li**, now known as Singapore Technologies Holdings Pte Ltd), which was established as the holding company for companies with defence interests. Subsequently, MOF Inc. transferred other defence-related companies to Sheng-Li. These companies included Singapore Electronics & Engineering (Private) Limited (**ST Electronics**) (renamed ST Engineering Electronics Ltd and now known as ST Engineering Urban Solutions Ltd.), Singapore Automotive Engineering (Private) Limited (renamed Singapore Technologies Automotive Ltd (**ST Automotive**), which was subsequently restructured under Singapore Technologies Kinetics Ltd (renamed ST Engineering Land Systems Ltd)), and Singapore Shipbuilding & Engineering (Private) Limited (**ST Marine**) (renamed ST Engineering Marine Ltd). Singapore Aircraft Industries Pte Ltd (**ST Aerospace**) (renamed ST Engineering Aerospace Ltd) was incorporated in 1981 as the holding company for our Commercial Aerospace segment. ST Aerospace, ST Electronics, ST Automotive and ST Marine were each listed on the SGX-ST between 1990 and 1991. In 1997, the Guarantor was incorporated in Singapore under a scheme of arrangement pursuant to which the four publicly listed companies, ST Aerospace, ST Electronics, ST Marine and ST Automotive, were each delisted and amalgamated under the Guarantor, which was listed on the main board of the SGX-ST on 8 December 1997. The amalgamation provided us with synergies across multiple segments and allowed us to compete more effectively in the global marketplace.

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1 Excluding inter-segment sales.

2 Excluding inter-segment sales.

3 Excluding inter-segment sales.

In the 58 years since the formation of CIS as a precursor, we have not only grown in engineering for our defence business but also ventured into many areas of engineering for commercial, defence and other government agencies and expanded our operations internationally. Temasek is currently the major shareholder of the Guarantor. Temasek is wholly owned by the Singapore government through MOF Inc, a body corporate constituted under the Minister for Finance (Incorporation) Act 1957 of Singapore.

## **Competitive Strengths**

We believe the following competitive strengths enable us to execute our business strategy:

### ***Strategic Importance to Singapore***

We believe that the proper functioning of our business is strategic to the defence and security of Singapore. We enjoy strong business relationships with organisations that are strategic to Singapore's security structure, such as MINDEF. Our Board of Directors consists of representatives from MINDEF. For example, our non-executive and non-independent director, Vice Admiral Aaron Beng Yao Cheng, is the Chief of Defence Force in MINDEF, our non-executive and non-independent director Ong Su Kiat Melvyn is the Permanent Secretary (Defence Development) of MINDEF and our non-executive and non-independent director, Mr Tan Peng Yam, is the Chief Defence Scientist of MINDEF. We are also a designated entity under the Significant Investments Review Act 2024 of Singapore, which entails that our Company has been deemed by the Singapore government to be critical to Singapore's national security interests.

We also provide integrated solutions to other Singapore government agencies including the Singapore Police Force, the Singapore Civil Defence Force, Land Transport Authority, JTC Corporation (for statutory corporation promoting sustainable industry development in Singapore), Monetary Authority of Singapore and Home Team Science and Technology Agency.

The Guarantor is a subsidiary of Temasek, an investment company headquartered in Singapore with a diversified investment portfolio. Temasek holds 51.02%<sup>4</sup> of the shares in the Guarantor as at 28 February 2025. Temasek is wholly owned by the Singapore government through MOF Inc, a body corporate constituted under the Minister for Finance (Incorporation) Act 1957 of Singapore.

MOF Inc owns one special share in the Guarantor. The special share enjoys all the rights attached to the ordinary shares in the Guarantor, but no resolution on certain matters shall be passed by the Guarantor, either in general meeting or by its Board of Directors without the prior approval of MOF Inc as specified in the Guarantor's Constitution. Such certain matters include any matter in the opinion of MOF Inc that affects or may affect the security interests of the Republic of Singapore. This special share arrangement with MOF Inc further underlines the strategic importance of our business to the Republic of Singapore.

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<sup>4</sup> It is calculated based on 3,113,677,011 issued shares (excluding treasury shares) as of 28 February 2025. The figures are rounded down to the nearest 0.01%.

## ***Resilience across Economic Cycles***

Our financial performance has been resilient across economic cycles including during major global economic downturns. For instance, our revenue grew by 3.8% despite the global financial crisis in 2009. Our revenue decreased by 9.0% in 2020 due to the effects of COVID-19, but rebounded by 7.5% in 2021 and grew by 17.4% in 2022 amidst a challenging COVID-19 environment, demonstrating resilience in our business. We have enjoyed a stable revenue and earnings profile since incorporation. Our revenue and net profit since 2008 are illustrated in the table below:

	For financial year ended 31 December (\$\$ million)																
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,345	5,548	5,985	5,991	6,380	6,633	6,539	6,335	6,684	6,521	6,698	7,868	7,158	7,693	9,035	10,101	11,276
Net Profit <sup>5</sup>	474	444	491	528	576	581	532	529	485	503	494	578	522	571	535	587	702

Our stable revenue and earnings profile reflects the nature of the balanced end market exposure to our Commercial Aerospace, Urban Solutions & Satcom and Defence & Public Security segments.

We believe that our ability to conduct business in the defence and commercial markets provides a strategic advantage. A portion of our business is defence and security-related work, which is less sensitive to macro-economic cycles, and benefits from rising global defence spending. Our participation in the Commercial Aerospace segment provides for MRO services that extend over the entire operational life of aviation assets.

## ***High Revenue Visibility from Strong Order Book***

We believe that our ability to build long-term and trusted relationships with customers and our growing reputation for our reliability in the global marketplace have also helped us secure major and multi-year contracts.

We are able to achieve high revenue visibility from our order book, which is the amount of transaction price allocated to the remaining performance obligations in contracts with customers. The total announced new contract value for the financial year ended 31 December 2024 was approximately S\$12.6 billion. Our total announced new contract value for the financial year ended 31 December 2024 was approximately 1.1 times of our total revenue for the financial year ended 31 December 2024. Our year end order book for the financial years ended 31 December 2022, 2023 and 2024 was S\$23.0 billion, S\$27.4 billion and S\$28.5 billion, respectively. Our order book as at the end of 2024 was approximately 2.5 times of our total revenue for the financial year ended 31 December 2024, which provides revenue visibility for the next few years. S\$8.8 billion of the year end order book in 2024 is expected to be delivered in 2025.

## ***Diversified Business and Low Concentration Risk***

Our business is diverse with low concentration risk. We believe that our diversity in business, industries, geographic operations and customer base affords us higher resilience to market downturns that may occur in any one particular industry, geography and customer base. The diversity of our business portfolio, comprising the Commercial Aerospace, Urban Solutions & Satcom and Defence & Public Security segments, helps to balance demand volatility which may occur in relation to such businesses.

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5 Net profit equals to profit after taxation attributable to shareholders.

Further, we believe our strategy to have operations located in different parts of the world (namely Asia, Europe and the United States) limits our dependence on the economy of a specific country or region. Revenue (based on the country of incorporation of the relevant subsidiary) for the financial year ended 31 December 2024 was 60%, 28%, 11% and 1% for Asia, the United States, Europe and rest of the world, respectively.

Our diversified global customer base ensures that we do not have to rely on a small number of customers. Revenue by location of customers for the year ended 31 December 2024 was 51%, 23%, 19% and 7% for Asia, the United States, Europe and rest of the world, respectively.

Our entry into both defence and commercial contracts provides further diversification to the customer mix. Revenue by defence products and services accounted for S\$3.5 billion for the financial year ended 31 December 2024 while revenue by commercial products and services accounted for S\$7.8 billion for the same period.

### ***Strong R&D Capabilities***

About two-thirds of our workforce comprises engineering and technical talents who underpin our technology, defence and engineering capabilities and form the bedrock of our innovation journey. We engage in partnership arrangements with universities and research institutions, seek customer-funded research and development projects where appropriate and form innovations with partner agencies. Some of these innovations can be applied to both defence and commercial uses.

We have set up strategic technology centres, as part of our Group Technology Office (GTO), that serve as Centres of Excellence for the research and development of artificial intelligence (**AI**) and cybersecurity technologies that will differentiate our next generation of products and solutions. We have also set up Group Engineering Centre (GEC) to deepen our core engineering capabilities. They work together to drive advanced technological and engineering applications across the Group, complementing our business-specific engineering teams to ensure a comprehensive and well-rounded approach to technology and innovation excellence.

We partner with universities including National University of Singapore, Nanyang Technological University, Singapore University of Technology and Design, Singapore Management University and national research institutions such as A\*STAR to share intellectual properties and know-how, tap into their specialisation and research resources, and translate deep technologies into customer-centric solutions with real-world impact. Our R&D achievements have contributed to various business outcomes, including in the areas of AI for critical operations, cybersecurity, passenger-to-freighter conversion, digital MRO and autonomous solutions and robotics systems.

### **Strategy**

In March 2025, we shared our five-year plan for 2025 to 2029, which is centred on strengthening our core businesses, pursuing growth opportunities, with a focus on technology and innovation.

### ***Capitalise on strong demand in our Commercial Aerospace Segment***

We have experienced strong demand for our services in our Commercial Aerospace segment. Revenue from our Commercial Aerospace segment grew at a compounded annual growth rate of 21.0% to S\$4,384 million from S\$2,991 million for the financial years ended 31 December 2024 and 2022, respectively.

Demand for our services in our Commercial Aerospace segment is likely to remain strong due to several industry trends. In particular, demand in the aviation industry has increased over the last three financial years ended 31 December 2022, 2023 and 2024 due to resurgent global travel demand. However, certain supply chain constraints have caused aerospace OEM production bottlenecks, which led to delays in new aircraft delivery. This has led to airlines extending the use of their existing aircrafts and engines, which in turn has resulted in stronger demand for our Aerospace MRO and Aerostructures and Systems services. The increase in demand for our Aerospace MRO and Aerostructures and Systems services have been partially offset by weaker growth in PTF services primarily due to feedstock constraints. These factors have contributed to strong contract wins in our Commercial Aerospace segment. During the financial year ended 31 December 2024, our contract wins in that segment amounted to S\$4.7 billion, which was approximately 1.1 times of our revenue for our Commercial Aerospace segment in that financial year ended 31 December 2024.

In order to execute on our order book, we plan to expand our capacity in growing areas of our Commercial Aerospace business and optimise the use of our resources. In particular, we plan to expand our production capacity. During the financial years ended 31 December 2022 to 2024, we have built new airframe MRO facilities/hangars, including in Singapore, Ezhou, China and Pensacola, United States, expanded our capabilities in LEAP 1A/1B engines maintenance, and have ramped up our LEAP-1A nacelle production rate in line with A320neo/LEAP 1-A delivery rate. In addition to production capacity as described above, we also intend to optimise the use of our resources. We have reallocated resources within our Commercial Aerospace segment to capitalise on stronger demand for our Aerospace MRO and Aerostructures and Systems services. We also intend to leverage smart technologies in the MRO and manufacturing processes with a focus on the four key areas of digitalisation, data analytics, automation and additive manufacturing. In expanding our production capacity and optimising the use of our resources, we aim to capitalise on strong demand for our services and increase revenue and EBIT for our Commercial Aerospace segment.

We will also continue to grow our aviation asset management portfolio using aviation fund structures. Through doing so, we aim to tap on additional sources of capital to further scale our businesses.

### ***Drive Growth in Urban Solutions & Satcom***

We believe that there are growth opportunities in the smart city space driven by increased urbanisation, focus on sustainability, growing demand for security solutions, and industry innovation. We aim to capture these trends to grow our smart city business.

We have a comprehensive suite of smart city solutions backed by a global track record of more than 800 smart city projects in over 150 cities. Our focus is on the domains of (i) smart mobility (rail and road), including tolling and congestion pricing; (ii) smart environment, including smart utilities and infrastructure solutions, waste and smart water management; and (iii) smart security. In Satcom, we are working towards pioneering a fully digitalised, and virtualised next-generation ground infrastructure that will drive seamless global satcom connectivity.

The acquisition of TransCore, a United States market leader in electronic toll collection (**ETC**) solutions and intelligent transportation systems in March 2022, has positioned us as a smart mobility market leader with enhanced offerings through a comprehensive suite of smart mobility products, strengthened commitment to sustainability (in particular, reduced traffic congestion and vehicle emissions), greater synergies through cross-selling complementary products and solutions, and entry into North American ETC and congestion pricing market. Notable projects undertaken by TransCore include the congestion pricing project in New York which commenced on 5 January 2025.



We plan to accelerate growth in international markets in North America, Europe, Middle East and the Asia Pacific, through strengthening our current presence and extending our reach. We aim to expand opportunities (a) within the smart mobility domain through product innovation, (b) within the smart environment domain through integrating modular solutions for smart cities, (c) within the smart security domain through integrating reusable tech modules within our new products and solutions in order to accelerate our time-to-market, and (d) within Satcom through standards-based innovation, thereby facilitating compatibility with future products and solutions through building on existing standards.

In March 2024, we unveiled our next-generation ground platform, Intuition, to the market. A cloud-native, software-defined ground system designed for multi-orbit environments, Intuition combines our satcom technologies with cloud-based and standards-based multi-orbit solutions that enables customers to scale effortlessly while maintaining service quality. While Intuition's full release to the market is scheduled for late 2025, an initial release was rolled out in September 2024 to selected customers, allowing them early integration and testing in their own network ecosystems.

### ***Expand International Defence and Digital Business***

The global market trends in the international defence space include military transformation through technology innovation, upgrade and replacement of platforms, and market needs in terms of increasing localisation, technology transfers and offsets.

We intend to capitalise on the growing international defence market and are working to expand our network and presence in markets including the United States, Japan, Asia, Europe and Middle East, through customer engagements and the formation of strategic partnerships. We are also expanding our portfolio of key products which leverage on advanced technologies to meet increasingly complex operational demand, as well as our naval shipbuilding capabilities.

For example, during financial year ended 31 December 2024, we have won international orders for 40mm and 155mm ammunition and weapon systems, and a weapon MRO contract from a customer in the Middle East. We also have a collaboration arrangement with a Kazakhstan manufacturer to establish in-country production of an 8x8 armoured vehicle in Kazakhstan.

We also aim to drive growth in our digital solutions offerings. Within the areas of software and AI analytics, we plan to focus on AI, machine learning and data analytics software and solutions. Within the area of cybersecurity, we plan to focus on quantum security products and aim to deliver AI-enabled cybersecurity operations centres. We also plan to enhance our cloud and data centre offerings by expanding our cloud professional and managed services, graphics processing units infrastructure, design and services and our secure green data centre. These digital technologies provide our customers with valuable and actionable insights, accelerating digitalisation and business transformation.

### ***Enhance Our Operational Cost-Efficiencies***

We continuously strive to enhance our operational cost efficiencies. To this end, we have adopted measures to enhance our procurement efficiencies and achieve productivity gains.

We aim to reduce costs through procurement efficiencies. We have launched global tenders seeking vendors to meet our Group-wide air travel and logistics requirements, in order to achieve cost synergies. We are also centralising our procurement function to carry out procurement as a Group, in order to benefit from better economies of scale through volume negotiations and bulk discount. We have also implemented policies to involve our procurement teams at the initial stages of our projects so that we can leverage on their expertise on scoping these projects' cost requirements, sourcing for production materials and proposing solutions to meet our customers' cost requirements.

We also aim to be more cost-efficient by increasing productivity. We have implemented continuous improvement processes, where we seek to increase the efficiency of our business operations (including manufacturing processes). We have also embarked on inventory right-sizing and warehouse management efforts to optimise working capital. We had centralised various Group corporate functions, such as finance, IT, procurement, human resources, through the set-up of a shared service centre in Singapore, in order to achieve economies of scale and network effects. We have also established a competency centre in Vietnam in financial year ended 31 December 2023 where some of the more routine corporate functions are performed. We also intend to leverage AI to increase automation, improve process efficiency and improve our decision-making processes. For example, we have implemented an AI-enabled integrated platform for enterprise resource planning.

By enhancing our operational cost-efficiencies, our operating expenses (per unit of revenue) decreased to 10.6% for the financial year ended 31 December 2024 from 12.1% for the financial year ended 31 December 2022.

### ***Strengthen Our Core Business***

We will continue to stay focused on our core businesses, growing the defence-related and engineering businesses with which we are familiar and in which we have successfully built strong industry platforms, namely the Commercial Aerospace, Urban Solutions & Satcom, and Defence & Public Security segments. We will also continue to take advantage of the synergies between our businesses and technologies to develop new capabilities and services. We are committed to growing our strategic lines of business that can contribute profitable revenue streams and sharpen our competitive edge. To this end, we will continue focusing on portfolio management, with a view to acquiring businesses that align with our focus and enhance our profitability while divesting or ceasing our portfolio companies which no longer do so. To develop a strong technology, engineering and innovation core, we are committed to investing approximately 4% to 5% of our revenue to Research and Development (**R&D**), of which about 75% will be channelled towards R&D on digital technologies, in areas such as AI, cybersecurity, cloud management software, data/video analytics, and robotics and autonomous technologies and 55% will be used to develop dual use technologies, in both defence and commercial products and solutions. We will continue to drive synergy and deepen our capabilities by strengthening our business-driven product development, core engineering capabilities and strategic technology centres, and broaden our outreach to leverage external capabilities through our in-house Research Translation @ ST Engineering and our Corporate Venture Capital unit, ST Engineering Ventures Pte Ltd. We will also continue to focus on innovation and development of technologies with real-world impact, by engaging in R&D collaborations with universities, research institutes, government agencies and start-ups. Some of our key R&D activities include research projects, development projects, intellectual property rights and licences, and customer funded R&D projects. We will also continue to build new capabilities, leverage our R&D ecosystem and embrace digitalisation to position ourselves for future growth.

## EBIT and Revenue by Business Segment

The EBIT and revenue for each of our business segments for the financial years ended 31 December 2024, 31 December 2023 and 31 December 2022 are set out as follows:

	EBIT			Revenue*		
	(S\$ million)					
	For financial year ended 31 December					
Business Segments	2024	2023	2022	2024	2023	2022
Commercial Aerospace	400.2	337.2	300.9	4,384	3,905	2,991
Urban Solutions & Satcom	39.9	10.0	29.2	1,957	1,944	1,772
Defence & Public Security	636.4	567.4	405.0	4,935	4,252	4,272
<b>Total</b>	1,076.5	914.7	735.1	11,276	10,101	9,035

### Notes:

\* Excluding inter-segment sales.

Rounding adjustments have been made in calculating some of the financial information included in this table. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

## Organisation and Structure

Our abridged organisation structure as at 31 December 2024 is as follows:

Material Subsidiaries	Country of incorporation	Equity Interest (%)
MRA Systems, LLC	United States	100
ST Engineering Aerospace Ltd.	Singapore	100
ST Engineering Defence Aviation Services Pte. Ltd.	Singapore	100
ST Engineering Digital Systems Pte. Ltd.	Singapore	100
ST Engineering iDirect Inc.	United States	100
ST Engineering IHQ Pte. Ltd.	Singapore	100
ST Engineering Land Systems Ltd.	Singapore	100
ST Engineering Marine Ltd.	Singapore	100
ST Engineering North America, Inc.	United States	100
ST Engineering RHQ Ltd.	United Kingdom	100
ST Engineering Urban Solutions Ltd.	Singapore	100
STE TransCore Holdings, Inc	United States	100
TransCore Partners, LLC	United States	100

## Business Segments

We are organised under the segments of Commercial Aerospace, Urban Solutions & Satcom and Defence & Public Security.

## ***Commercial Aerospace Segment***

Our Commercial Aerospace segment began operations in 1975. It is one of the largest independent third-party airframe MRO service providers in the world in terms of airframe maintenance man-hours. Its global customer base includes major airlines and freight carriers. Through three sub-segments, namely Aerospace MRO, Aerostructures and Systems and Aviation Asset Management, our Commercial Aerospace segment provides a wide range of aviation services and products that include MRO services, OEM solutions, such as engines nacelles and composite floorboard; PTF conversions; and aviation asset management services.

### ***Aerospace MRO***

We support global fleet with an extensive MRO network of facilities across Asia Pacific, the United States and Europe. Our mission is to keep our customers' aircraft operating to the highest safety standards. Our extensive programmes and solutions in airframe, components and engines provide lifecycle support for a broad and growing list of aircraft types.

We provide light and heavy maintenance, transit/turnaround servicing and checks, structural repair and modification work, service bulletin/airworthiness directive compliance and modifications, full-scale modernisation and cabin reconfiguration services which extend to a broad range of airlines and airfreight operators.

We provide aircraft component/engine repair and overhaul services. Our component maintenance capabilities consist of the maintenance and upgrade of mechanical components (including heli-dynamics, landing gears, aerostructures, hydraulics, pneumatics and propellers) for commercial aircraft.

Its engine support capabilities include engine repair and overhaul, engine component and accessory repair, engine fleet management, on-wing and off-wing maintenance, asset management, "maintenance-by-the-hour" (**MBH<sup>TM</sup>**) programme support, engine wash, engine partdown and engine leasing. Our engine MRO facilities in Asia have an annual capacity of about 450 engines, allowing it to offer total engine support with a full spectrum of services in close partnership with the engine OEMs for a wide range of commercial aircraft engines. As at 31 December 2024, we have delivered more than 10,000 engines.

We also provide a wide range of aircraft component management and support services, which include its in-house trademarked **MBH<sup>TM</sup>** programme. It also provides material supply programme support, warehouse and material management, aircraft-on-ground spares and service support, aircraft parts trading, aircraft operating leases and OEM representation (under which we are certified by the OEM to perform certain MRO work and has access to OEM components and parts).

### ***Aerostructures and Systems***

Our Aerostructures and Systems business is a specialist OEM for the aviation industry. Our offerings include design, manufacturing, aftermarket and maintenance services for nacelles, cabin interior solutions, unmanned aircraft systems, composite panels, PTF conversions, and precision manufacturing.

We acquired a 100% ownership in MRA Systems, LLC (**MRAS**) on 18 April 2019, an OEM of engine nacelle systems for both narrowbody and widebody aircraft based in Baltimore, Maryland, United States. MRAS has two principal business lines: (i) design, development, production and sale of nacelles, thrust reversers and aerostructures; and (ii) spare part sales.

Together with our joint venture with Airbus, Elbe Flugzeugwerke, we are one of the world's largest and most experienced solution providers for freighter conversion. Our Commercial Aerospace segment began its first PTF conversion of a 727 aircraft into a cargo freighter in 1992. We have a track record of over 400 freighter conversions of Airbus and Boeing aircraft and are the only global conversion house offering Airbus freighter conversions through supplemental type certificates developed using OEM data. In October 2020, Elbe Flugzeugwerke achieved a key milestone, delivering the world's first A321 converted freighter. This A321 converted freighter, operated by Qantas for Australia Post, entered into service on 27 October 2020. In November 2024, Elbe Flugzeugwerke achieved another key milestone by converting its 100th Airbus freighter aircraft.

Our Aerostructures and Systems business provides a range of integrated cabin interior solutions including turnkey cabin interior reconfigurations for commercial aircraft and various cabin products such as aircraft monuments, bullet-proof cockpit doors, overhead components, crew rest compartments and a diverse range of customised aeronautical products.

Elbe Flugzeugwerke is Airbus's appointed OEM for the development and manufacture of fibre-reinforced composite components for structures and interiors of the entire Airbus family. As a first-tier supplier for composite passenger and cargo floor panels for all Airbus commercial aircraft, it designs and manufactures a wide range of lightweight aircraft cabin interiors, including passenger and cargo floor panels, heated floor panels, cargo compartment linings, class dividers, overhead bins and housings.

We have also expanded our product portfolio in the OEM business by forming a joint-venture with Peluca, ST Engineering AirX Pte Ltd, in 2023 to develop wing-in-ground (**WIG**) craft to serve the maritime public transport, para-public services and the luxury transport market in coastal areas. The WIG craft is designed to take off and land on water without having the need for infrastructure such as an airfield. It utilises aerodynamic forces and air pressure generated between itself and a water surface to reduce induced drag and achieve a more fuel efficient, high travel speed.

#### *Aviation Asset Management*

Our Aviation Asset Management business is an aircraft and engine lessor with core competencies in deal origination, financing, securitisation, lease management, technical asset management, re-marketing and repossession. Backed by a strong global network of MRO facilities, technical expertise as well as design and engineering know-how, we go beyond traditional aircraft and engine leasing to provide total lifecycle asset management solutions. These include turnkey aircraft and cabin re-configuration services, aircraft and engine MRO and freighter conversion. To align with our technical capabilities and service offerings, as well as complement our core MRO and PTF aircraft conversion businesses, our Commercial Aerospace segment seeks to grow its portfolio of mid to end-of-life aircraft assets. As at 31 December 2024, we have U.S. \$2.3 billion of assets under management by our aviation asset management business.

#### **Urban Solutions & Satcom Segment**

##### *Urban Solutions*

A leading provider of smart city solutions, our Urban Solutions business helps cities transform into connected, resilient and sustainable spaces, enhancing quality of life for communities around the world. We provide a comprehensive and integrated suite of smart mobility (rail and road), smart utilities and infrastructure, and smart healthcare solutions that are powered by deep capabilities in AI, robotics, data and video analytics and digital connectivity. We work with public agencies, urban developers, city service providers and enterprises around the world and have a track record of over 800 smart city projects in over 150 cities.

In smart mobility (rail), we provide a comprehensive and integrated suite of smart metro solutions that enhance efficiency and optimise capacity for metro systems, providing comfortable, safe and reliable rides for commuters. Our solutions include smart metro control centres, mobility payment systems, passenger information systems, command, control and communications systems, platform screen doors and enterprise asset management systems. We are one of the few Asian companies in the world that is capable of delivering a full suite of smart metro systems and solutions. To date, we have delivered more than 200 rail projects in over 50 cities globally.

In smart mobility (road), we provide a comprehensive suite of urban traffic management and transport solutions that optimise traffic flow, reduce congestion and carbon emissions, addressing the key mobility challenges that cities face. We harness AI, data analytics and automation to improve situational awareness of road networks, enhance operational efficiency and incident response times, providing transport authorities, public transport, fleet and car park operators valuable insights for future planning and improvements.

In 2024, we continued to expand our global footprint, securing projects across multiple regions. In Thailand, we expanded our contributions to Bangkok's metro solutions by providing advanced smart solutions for the Mass Rapid Transit Blue and Orange Lines. In Australia, we were appointed to deliver our AGIL Passenger Information System for 65 new trains under the Queensland Train Manufacturing Program. In Taiwan, we were commissioned to upgrade the rail digital radio system for Taipei Metro's operations control centre and provide our smart metro solutions for selected stations on the Kaohsiung Red Line Extension.

We have also secured a project with the Singapore Land Transport Authority to modernise Singapore's public bus fleet. Our scope of work comprises technology upgrades for fleet management systems, fare collection and power and communications systems for about 5,800 public buses. This project commenced in the second quarter of 2024 and is scheduled to be completed by 2027.

To enhance our smart mobility offerings, we acquired TransCore in March 2022. TransCore is a leader in the transportation industry in the United States, delivering innovative technical solutions and engineering services for applications encompassing next-generation electronic toll collection, congestion pricing, Intelligent Transportation Systems (ITS), back-office solutions and RFID products. Its solutions help to reduce traffic congestion, lower vehicle emissions and reduce air pollution, supporting green and low emission zones. Some of TransCore's projects include (i) a congestion pricing programme in New York's central business district for the Metropolitan Transportation Authority, (ii) the design and installation of a barrier-free smart car park solution at the Dubai Mall, which integrated the Mobility Road business car park technology with TransCore's traffic toll system technology used in Dubai, and (iii) its first tolling solution contract for a Southeast Asian city since joining the Group in 2022.

Our smart utilities and infrastructure business empower cities with innovative technologies to optimise efficiency and advance sustainability. Our portfolio includes smart street and estate lighting solutions, smart water solutions including water advanced metering infrastructure, integrated smart security management solutions, smart energy building, and smart city operating systems and platforms to help building or facility owners and service providers improve efficiency and user experience through digitalisation and optimisation. For example, our smart energy building solution enables building owners to take a whole-of-building approach in energy optimisation to accelerate building decarbonisation, enabling up to 25% energy savings. Powered by IoT, AI, machine learning and automation, the solution comprises an integrated suite of solutions covering building cooling, energy recovery, lighting, building automation as well as greenhouse gas (GHG) emissions tracking.

Our smart healthcare solutions include autonomous mobile robots that automate delivery and transportation tasks in hospitals, as well as healthcare ICT and IoT solutions to support patient care.



## *Satellite Communications*

Our satellite communications (**Satcom**) business is a global leader in IP-based satellite communications, providing technology and solutions that enable our customers to expand their business, differentiate their services and optimise their satcom networks. Serving satellite operators, service providers and network operators, our Satcom solutions power many of the world's satellite networks that keep people and businesses connected across land, sea and air. Through enabling seamless connectivity for voice, video and data in diverse and challenging environments, our solutions help to bridge the digital divide, support education initiatives, advance economies and even save lives.

In 2023, we entered into a strategic partnership with Airbus Defence and Space to explore mutual synergies to enable tighter space to ground integration, and promote technology and vision for the future. This collaboration aims to provide satellite operators with access to the benefits of tightly integrated space and ground solutions and address their future network architecture and service requirements.

In March 2024, we unveiled our next-generation ground platform, Intuition, to the market. A cloud-native, software-defined ground system designed for multi-orbit environments, Intuition combines our satcom technologies with cloud-based and standards-based multi-orbit solutions that enables customers to scale effortlessly while maintaining service quality. While Intuition's full release to the market is scheduled for late 2025, an initial release was rolled out in September 2024 to selected customers, allowing them early integration and testing in their own network ecosystems.

We have also pioneered a satellite communication technology that enables tracking and switching between Geosynchronous Earth Orbit and Non-Geosynchronous Low Earth orbit satellites. This technology provides satellite operators with greater flexibility and enhances connectivity in certain of the world's most challenging environments. This capability enables multi-orbit connectivity, presenting market opportunities in industries such as aviation and maritime where uninterrupted connectivity across remote regions is essential. This Satcom technology is currently undergoing on-orbit satellite testing with a major satellite operator.

## ***Defence & Public Security Segment***

Our Defence & Public Security segment operates in five business areas: Digital Systems, Cyber, Land Systems, Marine, and Defence Aerospace.

### *Digital Systems*

Our digital systems business provides end-to-end cloud and data services that offers our customers seamless digital services on a resilient secure cloud storage that meets their requirements for compliance, risk mitigation, digital sovereignty, secure data storage and operational security. Our suite of services includes cloud adoption and migration, hybrid and multi-cloud management, as well as data centre operations for mission-critical requirements.

Our training and simulation business harnesses technology to help customers learn better and achieve their goals faster, smarter and safer. It has developed cutting-edge simulation systems with immersive technologies that elevate the performance of individuals and teams while ensuring training safety and efficiency. Drawing from the expertise of its multidisciplinary teams and in-depth technical know-how, our training and simulation business trains and advises its customers in the defence, aerospace, maritime and transport sectors.

## *Cyber*

Our cyber business has developed new cybersecurity architectures designed to strengthen network resilience, as our digital technology and highly connected economies face a proliferation of threats. We offer a full suite of solutions from cyber-secure products and cryptography services to digital authentication, supervisory control and data acquisition systems protection, including audit and compliance. We acquired D'Crypt Pte Ltd in 2024 to expand our encryptor product offerings and augment our cryptographic and quantum capabilities. This acquisition enhances our expertise in cybersecurity and further strengthens our talent pool in cryptography and cybersecurity. Our cyber business also specialises in the design and build of security operations centres for government agencies and commercial enterprises.

## *Land Systems*

Our Land Systems business area delivers advanced, customised land systems and security solutions to meet the stringent operational requirements of its customers in over 40 countries. We offer a suite of platforms, weapons, ammunition and defence solutions for a modern armed force.

Our Land Systems business area designs and manufactures a range of land platforms, including armoured vehicles. Its products and solutions are calibrated to meet the armed forces' requirements for mobility, lethality, protection and connectivity. Our notable armored vehicles include the Hunter Armored Fighting Vehicle, Terrex Infantry Fighting Vehicle and Bronco All Terrain Tracked Carrier.

Our Land Systems business area's capabilities in weapons and ammunition cover the large, medium and small calibre categories and include howitzers, grenade launchers, machine guns and supporting ammunition. The range of large calibre solutions extend from advanced mortar systems such as the 120mm Ground Deployed Advanced Mortar System, to field howitzers like the 155mm FH2000 and PRIMUS 155mm 39 Calibre Self Propelled Howitzer. In the area of medium calibre weapons, we are a leader in 40mm payload and delivery systems designed to overcome challenges such as engagements in urban settings to battles without fire support, with a family of 40mm munitions from low and high velocity rounds to less than lethal rounds. Our total 40mm solutions have been adopted by many armed forces as they are battle proven and fully meet warfighters' needs across diverse operations. In 2024, we continued to secure new orders for our 155mm and 40mm ammunition, both from existing and new customers in Europe and the Middle East. Our range of small calibre weapons includes the SAR21 assault rifle, ULTIMAX 100 light machine gun, general purpose machine gun and the 9mm Compact Personal Weapon to meet the requirements of diverse operations.

## *Marine*

With more than 50 years' experience, the Marine business area is a leading provider of turnkey shipbuilding, repair and conversion services, serving commercial customers and naval forces from Europe, Asia and the Middle East. We have two shipyards in Singapore, one for shipbuilding and one for ship repair operations, which provide specialised and comprehensive services to support the end-to-end lifecycle of vessels.

We design and build a range of vessels for naval forces around the world that can rapidly respond to evolving maritime and security threats and that can be deployed for humanitarian and disaster recovery missions. These include combatant vessels, multi-role and multi-purpose vessels, patrol vessels and specialised vessels for fire-fighting and policing operations. In March 2023, we were awarded a contract by MINDEF for the detailed design and construction of six Multi-Role Combat Vessels (**MRCVs**) for the Republic of Singapore Navy (**RSN**). The contract includes the procurement and integration of platform equipment and MINDEF-furnished equipment, as well as the design and provision of integrated logistics support engineering to support and maintain

operational readiness during the lifespan of the MRCVs. In December 2023, we secured another contract from MINDEF for the mid-life upgrade of the Formidable-class frigates for RSN, where we will undertake the design and engineering of the frigates' marine and electrical systems' upgrades, including the ship management system and power generation system. The first frigate is expected to complete its upgrades from 2028.

In commercial shipbuilding, we offer bespoke design and construction services that align with our customers' operational and business needs. From offshore support vessels to renewables and specialised crafts, we design and build a wide range of vessels with optimal performance, safety and reliability.

Our Marine business area also performs ship repair and maintenance for foreign navies to upkeep and maintain the reliability of their vessels. In October 2023, we entered into our first international naval MRO in-service support contract with Muara Maritime Services, the main MRO service provider for the Royal Brunei Navy, relating to two ex-Singapore-Fearless-class patrol vessels. We provided support to the build-up of a maintenance regime and offered engineering solutions for obsolescence and modernisation needs.

Expanding our Marine business area's core competencies in large scale engineering, our Marine business area also provides a suite of environmental engineering solutions in water, wastewater, solid waste and renewable energy.

#### *Defence Aerospace*

In our Defence Aerospace business area, we provide a comprehensive range of maintenance support and solutions for our global customers in defence and military aerospace. We are an authorised maintenance centre for a wide range of fighters, transport and trainer aircraft as well as helicopters. Our MRO capabilities range from depot-level maintenance, aircraft structural modification and upgrades, and engine and component MRO.

#### **Customers**

Our customers include a range of government agencies and commercial enterprises. Our customer base is diverse with low customer concentration.

Certain of our customer contracts involve building specialised assets customised to the customer's order. Customers under such contracts make payments in accordance to a payment schedule based on the achievement of milestones. Customers are also liable to pay costs incurred to date and a reasonable margin if the customer terminates the contract. Other structured payment terms include an advance payment at the start of the contract and a final payment on delivery. The advance payment is non-refundable if the customer terminates this contract. Certain of our customer contracts involve variable consideration such as liquidated damages, bonus and penalty adjustments. Our year end order book for the financial years ended 31 December 2022, 2023 and 2024 was S\$23.0 billion, S\$27.4 billion and S\$28.5 billion, respectively.

#### **Insurance**

We maintain insurance coverage that our management deems prudent and customary for the businesses which we operate and to the extent insurance is available on reasonable terms. We have insurance coverage to protect our assets and employees with insured limits which our management believes are adequate, including insurance to cover a number of operating hazards, protection and indemnity insurance, directors' and officers' liability insurance, terrorism risk insurance, product liability and general liability insurance. There are, however, certain types of losses (such as those from wars or acts of God) that generally are not insured against, either because insurance is not available or not economically viable. The occurrence of a significant

event or adverse claim in excess of the insurance coverage that we maintain, or that is not covered by our insurance, could result in us having to pay compensation or damages and/or incur loss of revenue and could have a material adverse effect on our financial condition and results of operations.

In addition, any accident, failure, incident or liability, even if fully insured, could negatively affect our reputation among our customers and the public, thereby making it more difficult for us to compete effectively, and could significantly impact the cost and availability of adequate insurance in the future.

## **Environmental Matters and Compliance**

Our operations are subject to regulatory requirements and potential liabilities arising under applicable environmental laws and regulations.

The Guarantor believes that each of our members is in compliance in all material respects with applicable environmental regulations in Singapore and the other jurisdictions in which we operate in. As at the Latest Practicable Date, no environmental incident involving us has occurred and the Guarantor is not aware of any environmental proceedings or investigations to which any of us is, or might become, a party, which would have a material adverse effect on our operations.

## **Sustainability**

We are committed to sustainability and incorporate environmental, social and governance principles in developing our business strategies and managing our operations. We continue to advance our sustainable practices towards long-term value creation for all our stakeholders. We have been reporting our sustainability efforts since 1997 and since 2014, our sustainability report, which is integrated with our annual report, has been prepared in accordance with the Global Reporting Initiative Standard. In 2024, we increased our efforts to reduce our carbon footprint and better organise ourselves for sustainability across the Group. Other key sustainability highlights for our operations include:

- setting a target to halve our Scope 1 and 2 absolute greenhouse gas emissions by 2030 compared to 2015;
- integrating sustainability considerations into our latest five-year business plans;
- launching Group-wide eco-initiatives to further increase eco-consciousness in our workplaces and align our work habits and culture;
- adopting best practices and being accepted as a signatory of the United Nations Global Compact, and committing to its 10 principles in the area of human rights, labour, environment and anti-corruption; and
- incorporating Task Force on Climate-related Financial Disclosures (**TCFD**) reporting elements in our sustainability efforts.

As a responsible exporter and manufacturer of military technology and hardware, we have in place export control policies to ensure compliance with the export control regimes in the jurisdictions we operate in, and customer screening policies to minimise the risk of committing an offence relating to money laundering and terrorist financing. We do not produce cluster munitions for export, nor are we a subcontractor to anyone who does.

## Intellectual Property

It is our practice to protect our intellectual property by obtaining appropriate registrations where it makes economic and business sense to do so. We own more than 1,100 active patents globally, as well as various registered trademarks. Our trade secrets and proprietary know-how are not filed publicly.

## Regulatory environment

We are subject to various laws and regulations in the jurisdictions in which we operate including, but not limited to, Singapore, the UK, the U.S., Germany and Belgium. Set forth below is a summary of certain significant regulations to which we are subject. For a description of the risks related to the regulations that our businesses are subject to, please see “*Risk Factors*”.

### *Significant Investments Review Act 2024 of Singapore*

The Significant Investments Review Act 2024 of Singapore (“**SIRA**”) and its related subsidiary legislation came into force in Singapore on 28 March 2024. The SIRA sets out a new investment management regime to regulate significant investments, both local or foreign, into entities designated as critical to Singapore’s national security interests (“**Designated Entities**”). SIRA complements Singapore’s existing sectoral legislation that monitor and manage entities in regulated sectors such as telecommunications, financial services and utilities.

As at the date of this Offering Circular, the following companies within the Group are Designated Entities: ST Engineering Defence Aviation Services Pte. Ltd., ST Engineering Digital Systems Pte. Ltd., ST Engineering Land Systems Ltd. and ST Engineering Marine Ltd (each, an “**ST Engineering Designated Entity**” and collectively, the “**ST Engineering Designated Entities**”).

Obligations under SIRA apply to Designated Entities and persons who directly or indirectly hold equity interests in Designated Entities, including buyers and sellers of equity interests in Designated Entities. Examples of such obligations applicable to the ST Engineering Designated Entities include notifying or seeking approval of the Minister for Defence (“**Minister**”) for, among others, ownership or control changes. For example:

- Buyers into ST Engineering Designated Entities must notify the Minister after they become a 5% controller in the entity.
- Buyers into ST Engineering Designated Entities must seek the Minister’s approval before becoming a 12%, 25% or 50% controller.
- Buyers into ST Engineering Designated Entities must seek the Minister’s approval before they become indirect controllers, or when they acquire the business of an ST Engineering Designated Entity, or any part of it, as a going concern.
- Sellers of an ST Engineering Designated Entity must seek the Minister’s approval when they cease to be a 50% or 75% controller.
- ST Engineering Designated Entities must notify the Minister of any change in ownership or control in itself within 7 days of becoming aware of such change.
- ST Engineering Designated Entities must seek the Minister’s approval for the appointment of key positions, such as chief executive officer, director and chairperson of the board of the ST Engineering Designated Entity.

These obligations apply only when the entity has been designated and do not apply retrospectively. Transactions completed without the necessary approvals will be rendered void and any failure to comply with the notification and approval obligations imposed by the SIRA may amount to an offence.

Entities other than Designated Entities are also covered by SIRA. The Minister for Trade and Industry has “calling-in” powers to review transactions, within a two-year period post-transaction, that involve any entity that has acted against Singapore’s national security interests. In such cases, targeted actions can be taken, such as directing the transacting party to transfer or dispose of its equity interest in the entity.

#### *Environmental, Health and Safety Regulations*

Our operations and properties are subject to laws and regulations relating to environmental protection, including those governing air emissions, water discharges, waste management and workplace safety. In Singapore, our facilities are subject to various provisions of the Workplace Safety and Health Act, which sets out the requirements for the safety and health in workplaces and other legislations such as the Fire Safety Act and the Arms and Explosives Act.

Further, we use, generate and dispose of hazardous substances and waste in our operations and are subject to environmental legislations in the various jurisdictions where we operate. A failure to comply with such laws could subject us to material liabilities relating to the investigation and clean-up of contaminated properties and related claims. Additionally, in connection with our acquisitions, we may assume significant environmental liabilities, some of which we may not be aware of, or may not be quantifiable, at the time of acquisitions. In addition, new laws and regulations, the discovery of previously unknown contamination or the imposition of new requirements could increase our costs or subject us to new or increased liabilities.

#### *Export Controls and Trade Policies*

We are subject to numerous laws, regulations, trade sanctions and embargoes governing the export of goods, services, software, technology and information of the jurisdictions where we operate. Certain elements of our business are subject to the Singapore Strategic Goods (Control) Act 2002, which controls, *inter alia*, the transfer and brokering of strategic goods and strategic goods technology and the Singapore Customs Act. Further, our U.S. business must also comply with restrictions relating to the export of controlled technology and sales to denied or sanctioned parties contained in the U.S. Export Administration Regulations, International Traffic in Arms Regulations and sanctions administered by the Office of Foreign Assets Controls of the U.S. Treasury Departments (OFAC). Our business may also be impacted by additional domestic or foreign trade regulations ensuring fair trade practices, including trade restrictions, tariffs and sanctions.

#### *Anti-Corruption and Anti-Bribery Laws and Regulations*

We are subject to the Singapore Prevention of Corruption Act, the U.S. Foreign Corrupt Practices Act (FCPA) and anti-corruption laws, and similar laws in foreign countries, such as the UK Anti-Bribery Act. Any violation of these laws by us or our agents or distributors could create substantial liability for us, subject our officers and directors to personal liability and cause a loss of reputation in the market. Increased business in higher risk countries could subject us and our officers and directors to increased scrutiny and increased liability. In addition, becoming familiar with and implementing the infrastructure necessary to comply with laws, rules and regulations applicable to new business activities and mitigating and protecting against corruption risks could be quite costly.



### *Privacy and Data Security*

We are subject to the privacy and data security laws of Singapore and other jurisdictions where we operate. In Singapore, we have adopted a personal data policy consistent with the Singapore Personal Data Protection Act 2012.

### **Legal Proceedings**

None of our members are a party to any litigation, arbitration or administrative proceedings which we believe would, individually or taken as a whole, have a material adverse effect on our business, financial condition or results of operations, and, so far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

### **Employees**

The following table sets out the average number of our full-time equivalent employees for each of the last three calendar years. For the calendar year ended 31 December 2024, employees in our Defence & Public Security, Commercial Aerospace, Urban Solutions & Satcom and Corporate segments comprised 43%, 31%, 20% and 6% of our total employees, respectively. For the same period, 61%, 25%, 9% and 5% of our employees were located in Singapore, North America, Europe and other geographies.

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Average staff strength	27,359	25,734	23,420

### **Labour Relations**

We believe that our relationship with our employees is good. Some of our employees are unionised in Singapore, the United States, Europe and China. No work stoppages or other labour disruptions have occurred or are threatened.

## CAPITALISATION OF THE GROUP

The following table shows the consolidated capitalisation and indebtedness of our Group as at 31 December 2024 and is prepared using financial information extracted from our Consolidated Financial Statements as of and for the year ended 31 December 2024.

	<b>31 December 2024</b>
	<b>(S\$'000)</b>
Borrowings (current)	2,945,104
Borrowings (non-current)	2,876,432
Equity attributable to owners of the Company	2,670,373
Non-controlling interests	280,474
Total capitalisation <sup>(1)</sup>	5,827,279
Total borrowings and capitalisation	8,772,383

**Note:**

(1) Total capitalisation equals borrowings (non-current) plus equity attributable to owners of the Company and non-controlling interests.

There has been no material adverse change in the consolidated capitalisation and indebtedness of our Group since 31 December 2024.

## **BOARD AND MANAGEMENT**

### **Board of Directors of the Guarantor**

The board of directors of the Guarantor is as follows:

#### **MR TEO MING KIAN**

*Chairman*

*Non-Executive and Independent Director*

Mr Teo Ming Kian, age 73, was appointed to the Board of Directors of the Guarantor (**Board**) in August 2021. He is the Chairman of Vertex Venture Holdings Ltd and concurrently a non-executive director of Temasek Foundation Ltd and of other technology start-ups and non-profit organisation. Before he retired from the Singapore Civil Service, he was the Permanent Secretary and Executive Chairman for several Singapore government ministries and agencies. Mr Teo holds a Bachelor of Engineering (First Class Honours) degree in Mechanical Engineering from Monash University, Australia, and Master of Science degree in Management Studies from the Massachusetts Institute of Technology. Mr Teo is also a Fellow of the Academy of Engineering Singapore.

#### **Mr Vincent Chong Sy Feng**

*Group President and Chief Executive Officer*

*Executive and Non-Independent Director*

Mr Vincent Chong Sy Feng, age 55, was appointed to the Board in October 2016. Mr Chong had a 20-year global career in the petroleum industry holding a variety of technical, operations and senior management positions including refining and supply, product marketing, and strategic planning. He is a board member of, among others, Jurong Port Pte Ltd and is also a member of Singapore's Manufacturing, Trade and Connectivity Domain International Advisory Panel. Mr Chong graduated with First Class Honours in Mechanical Engineering from the National University of Singapore. He has also attended executive leadership programmes at the Thunderbird School of Global Management and Columbia Business School. Mr Chong is also a Fellow of the Academy of Engineering Singapore.

#### **Vice Admiral Aaron Beng Yao Cheng**

*Non-Executive and Non-Independent Director*

Vice Admiral Aaron Beng Yao Cheng, age 43, was appointed to the Board in June 2023. He is currently the Chief of Defence Force, MINDEF. Vice Admiral Beng joined MINDEF in 2000 as a recruit and has held various defence positions in MINDEF, including Chief of Navy from 2020 to 2023. He is also a board member of Defence Science and Technology Agency and JTC Corporation. Vice Admiral Beng holds a Bachelor of Science from Yale University, United States.

**Mr Kevin Kwok Khien*****Non-Executive and Independent Director***

Mr Kevin Kwok Khien, age 69, was appointed to the Board in October 2021. He is a board member of Sentosa Development Corporation and Standard Chartered Bank (Singapore) Limited. Prior to his current directorships, Mr Kwok was formerly a board member of the Singapore Exchange Limited and Mapletree North Asia Commercial Trust Management Ltd. Mr Kwok holds a Bachelor of Arts (Honours) degree in Economics, Accounting & Financial Management from University of Sheffield, U.K. He is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountants and Singapore Institute of Directors respectively.

**Mr Philip Lee Sooi Chuen*****Non-Executive and Independent Director***

Mr Philip Lee Sooi Chuen, age 62, was appointed to the Board in June 2024. He is currently a Vice Chairman of Global Banking of HSBC Bank Singapore and concurrently a board member of Savills plc and SPH Media Holdings Pte. Ltd. Mr Lee has over 35 years of banking experience and was also previously the Chairman of the Singapore Government's Health Promotion Board. Mr Lee holds a Bachelor's Degree in Industrial and Systems Engineering from the University of Southern California, Los Angeles, United States and a Master's Degree in Business and International Finance from New York University, Stern School, United States.

**Mr Lim Chin Hu*****Non-Executive and Independent Director***

Mr Lim Chin Hu, age 66, was appointed to the Board in July 2018. He has decades of management experience with multinational technology companies like Hewlett Packard and Sun Microsystems (now Oracle). He was formerly CEO of a publicly listed IT services company with expertise in mergers and acquisitions (**M&A**) and nurturing technology start-ups. Mr Lim is a board member of, among others, Kulicke & Soffa Inc, Singapore Exchange Limited, Certis CISCO Security Pte Ltd, MOH Holdings Pte Ltd and Sentosa Development Corporation. He was a former board member of Citibank Singapore Limited and Heliconia Capital Management Pte. Ltd. Mr Lim holds a Bachelor of Science from La Trobe University, Melbourne, Australia and is a Fellow of the Singapore Institute of Directors.

**Ms Lien Siaou-Sze*****Non-Executive and Independent Director***

Ms Lien Siaou-Sze, age 74, was appointed to the Board in August 2024. She is currently Partner of Management Alignment Partners GmbH. She previously served on the NTU Board of Trustees and as Chairman of the Confucius Institute and on the board of Japfa Ltd. Ms Lien holds a Bachelor of Science in Physics from Nanyang University and a Master's Degree in Computer Science from Imperial College London, U.K.

## **Ms Neo Gim Huay**

### ***Non-Executive and Independent Director***

Ms Neo Gim Huay, age 51, was appointed to the Board in February 2024. Ms Neo is currently Managing Director, Head of the Centre for Nature and Climate and a member of the Managing Board of the World Economic Forum (**Forum**). Before joining the Forum, she held various Managing Director roles in Temasek International Pte. Ltd. (**Temasek**), including Climate Change Strategy, Sustainability and Enterprise Development. Prior to joining Temasek, Ms Neo was a Management Consultant at McKinsey & Co in the Lagos, New York and San Francisco offices. She also served in the Singapore Public Service as an Administrative Officer, with stints in the Ministry of Finance, Ministry of Trade and Industry, the Prime Minister's Office as well as the Singapore Embassy in the United States. Ms Neo holds a Bachelor of Arts (First Class Honours) and a Masters of Engineering (Distinction) from Cambridge University, U.K. and a Masters in Business Administration (Arjay Miller Scholar) from Stanford University, United States. She was selected as an Eisenhower Fellow in 2015 and was named the Time 100 Climate Leader 2023.

## **Ms Ng Bee Bee (May)**

### ***Non-Executive and Independent Director***

Ms Ng Bee Bee, age 57, was appointed to the Board in June 2020. She is the executive chairman and director of Pan-United Corporation Ltd. (**Pan-United**). Ms Ng was previously the chief executive officer of Pan-United until she relinquished her role in July 2024. She is currently a board member of NTUC Enterprise Co-operative Limited and sits on the boards of several subsidiaries in the Pan-United group. She holds a Bachelor of Arts (Honours) degree from the University of Western Ontario, Canada.

## **Mr Ong Su Kiat Melvyn**

### ***Non-Executive and Non-Independent Director***

Ong Su Kiat Melvyn, age 49, was appointed to the Board in June 2018. Mr Ong is currently Chairman of the Defence Science and Technology Agency, DSO National Laboratories and Centre for Liveable Cities Limited. Mr Ong is also currently Permanent Secretary (Defence Development) of MINDEF and Permanent Secretary (Development) of the Ministry of National Development. Mr Ong was the former Chief of Defence Force in the Ministry of Defence of Singapore and was a board member of JTC Corporation. He holds a Bachelor of Science (Economics) (Honours) and a Master of Science (Development Studies) from the London School of Economics and Political Science, U.K.

## **Ms Song Su-Min**

### ***Non-Executive and Independent Director***

Ms Song Su-Min, age 51, was appointed to the Board in September 2018. She is a Partner of Allen and Gledhill LLP. Ms Song specialises in various aspects of corporate law, particularly in M&A, joint ventures and corporate restructuring in which her expertise extends across both single and multijurisdictional transactions. She also possesses extensive knowledge in corporate governance and risk management which she acquired through her professional experience and directorship. Ms Song obtained her law degree from the University of Kent at Canterbury, U.K. and was admitted to the Singapore Bar in 1997 and the Bar of England and Wales, Middle Temple in 1996.

## **Mr Tan Peng Yam**

### ***Non-Executive and Non-Independent Director***

Mr Tan Peng Yam, age 66, was appointed to the Board in August 2021. He has been the Chief Defence Scientist of MINDEF since 15 May 2021. Mr Tan joined the Defence Science Organisation in 1983 and has held various defence positions in MINDEF, including Chief Executive of Defence Science and Technology Agency. Mr Tan currently serves on the boards of DSO National Laboratories and is a Chairman of Cap Vista Pte Ltd, SMRT Technical Advisory Panel and the Temasek Defence Systems Institute Management Board of the National University of Singapore. He holds a Bachelor of Engineering (Electrical Engineering) from the University of Tasmania, Australia.

## **Colonel Chong Shi Hao**

### ***Alternate Director to Vice Admiral Aaron Beng Yao Cheng***

Colonel Chong Shi Hao, age 38, was appointed as alternate director to Vice Admiral Aaron Beng Yao Cheng on the Board in June 2023. He is currently Head, Joint Plans and Transformation Department of MINDEF. Colonel Chong joined the Singapore Armed Forces (**SAF**) in 2005 as a recruit and has held various defence positions in MINDEF. He holds a Bachelor of Science in Geography (First Class Honours) from University College London, U.K. He also obtained a Master of Arts (Distinction) in Near and Middle Eastern Studies from School of Oriental and African Studies, U.K.

## **Group Executive Committee of the Guarantor**

The Group Executive Committee of the Guarantor is as follows:

## **Mr Vincent Chong Sy Feng**

### ***Group President and CEO***

Mr Vincent Chong Sy Feng, age 55, was appointed as Group President, CEO and Director in 2016. He brings to the Group 20 years of global business experience from ExxonMobil, where he spent half of that time being based in Hong Kong, Japan, the U.K. and the United States. He held a wide span of senior positions in global and regional business management, refinery process engineering, industrial and retail operations, product marketing and strategic planning. Mr Chong graduated with First Class Honours in Mechanical Engineering from the National University of Singapore. He has also attended executive leadership programmes at the Thunderbird School of Global Management and Columbia Business School. Mr Chong is also a Fellow of the Academy of Engineering Singapore.

## **Mr Cedric Foo Chee Keng**

### ***Group Chief Financial Officer***

Mr Cedric Foo Chee Keng, age 64, was appointed as Group Chief Financial Officer in July 2017. Prior to joining the Guarantor, Mr Foo was the Group Deputy President and Chief Financial Officer of Neptune Orient Lines Limited. He was also the Chairman of JTC Corporation from 2008 to 2012 and of Spring Singapore from 2003 to 2007. Mr Foo holds a Bachelor of Science in Engineering (Naval Architecture and Marine Engineering) from University of Michigan, Ann Arbor, United States and a Master of Science (Ocean Systems Management) from Massachusetts Institute of Technology, Cambridge, United States. He also attended executive programmes at Harvard and Kellogg Business Schools.



## **Ms Tan Lee Chew**

### ***Group Chief Commercial Officer (Market Development)***

#### ***President Smart City & Digital Solutions***

Ms Tan Lee Chew, age 61, was appointed as Group Chief Commercial Officer (Market Development) and President Smart City & Digital Solutions in June 2023. She works with business leaders across the Group to build market presence, expand account coverage and strengthen partnerships. In her role as President Smart City & Digital Solutions, Ms Tan leads the international growth and market expansion for the Smart City and Digital businesses. Ms Tan joined from Amazon Web Services where she was the Managing Director, Worldwide Public Sector (ASEAN), and responsible for leading new business growth through the adoption of AWS services as an enabler to deliver technology transformation at scale for organisations. Prior to that, she was with Hewlett-Packard Enterprise for more than 20 years, last serving as the Senior Vice President of global Hybrid IT Sales and Category Management based in Palo Alto, California, where she led the go-to-market planning and execution of product sales strategies for the company's Data Center Infrastructure and Software Defined technology portfolio globally. Ms Tan holds a Bachelor of Arts (Honours) in Philosophy from National University of Singapore.

## **Mr Ravinder Singh**

### ***Group Chief Operating Officer (Technology and Innovation)***

#### ***President/Head, Defence & Public Security***

Mr Ravinder Singh, age 60, was appointed as Group Chief Operating Officer (Technology and Innovation) and President/Head, Defence & Public Security in January 2021. Mr Singh has over 30 years of technology and defence experience, and was the President of the Group's Land Systems segment, then President, Defence Business of the Group and President of the Group's Electronics segment before he assumed his concurrent appointments on 1 January 2021. He is also a board member of the Agency for Science, Technology and Research, DSO National Laboratories, and the Temasek Defence Systems Institute Management Board of the National University of Singapore, the Independent Review Panel of Ministry of Home Affairs and the Data Protection Appeal panel for the Ministry of Digital Development and Information. He holds a Bachelor of Arts in Engineering Science (First Class Honours) and a Master of Arts in Engineering Science from University of Oxford. He was awarded the Singapore Armed Forces Postgraduate Scholarship and graduated from Massachusetts Institute of Technology with a Master of Science in Management. Mr Singh attended the Advanced Management Programme at Wharton Business School.

## **Mr Lam Wai Meng Jeffrey**

### ***Group Chief Operating Officer (Operations Excellence)***

#### ***President, Commercial Aerospace***

Mr Lam Wai Meng Jeffrey, age 53, was appointed as Group Chief Operating Officer (Operations Excellence) in June 2023 and has been serving as President Commercial Aerospace since October 2020. Mr Lam has spent more than 10 years of his career in the Group's Aerospace business since 2011 and oversees the Group's Commercial Aerospace segment. He holds a Bachelor of Science in Aerospace Engineering, a Bachelor of Arts in French and a Master of Science in Industrial & Operations Engineering from the University of Michigan, United States. Mr Lam also obtained his Diploma in Economics from the Universite d'Aix-Marseille III, France and attended the Advanced Management Programme in Harvard University.

## Audit Committee

The duties of the Audit Committee (**AC**) include the following: (i) ensuring the integrity of the financial statements and all announcements relating to financial performance, (ii) reviewing all interested person transactions, (iii) reviewing the whistle-blowing framework and all significant whistle-blowing cases, (iv) reviewing at least annually the adequacy and effectiveness of internal controls and risk management systems, (v) reviewing the assurance from the Group President & CEO and the Group Chief Financial Officer on the financial records and financial statements, (vi) making recommendations to the Board on the appointment, removal, remuneration and the terms of engagement of the external auditors, (vii) reviewing the adequacy, effectiveness, independence, scope and results of both the external and internal audit functions, and (viii) reviewing the level of non-audit services.

The AC ensures that the internal auditor has direct and unrestricted access to the Chairman of the Board and the AC. The AC reviews the appointment, remuneration and resignation of the Head of Internal Audit.

The AC held six meetings during the financial year ended 31 December 2024. During the year, the AC also met with the external auditors and with the internal auditors without the presence of Management.

## Executive Resource and Compensation Committee

The duties of the Executive Resource and Compensation Committee (**ERCC**) include the following: (i) reviews and recommends to the Board the Group's general framework for determining executive remuneration, including the remuneration of the Group President and CEO, top five key management executives of the Group and other senior management executives (collectively referred to as **Senior Management Executives**), (ii) reviews and recommends to the Board the entire specific remuneration package and service contract terms for the Group President and CEO, (iii) considers, reviews approves and/or varies (if necessary) the entire specific remuneration packages and service contract terms for the Senior Management Executives of the Group, reviews and recommends to the Board the remuneration framework (including directors' fees) for non-executive directors, (iv) approves the design of equity-based plans and reviews and administers such plans, (v) oversees the development of management with the aim of a continual build-up of talent and renewal of strong and sound leadership, and (vi) approves appointments to Senior Management Executive positions within the Group.

The ERCC held three meetings during the financial year ended 31 December 2024.

## Nominating Committee

The Nominating Committee (**NC**) is responsible for reviewing the composition of the Board and identifying suitable candidates to the Board, in particular, candidates with the appropriate qualifications, skill sets and experience who are able to discharge their responsibilities as Directors. Shortlisted candidates are recommended to the Board for approval. The NC is also responsible for reviewing and determining the independence of non-executive Directors annually, conducting Board performance evaluation, succession planning for Group President CEO and key senior management, as well as director training and development. The NC is continually engaged in the Board renewal process of the Guarantor, having regard to the skills, experience and industry expertise needed for a balanced board composition to, among other things, oversee governance, risks and sustainability within the Group's business. When the need for a new director is identified, potential candidates are identified from various sources. The NC will assess a shortlist according to the type of expertise needed. The NC will also assess a candidate's character, independence and experience to ensure that he/she has the requisite standard of competence to carry out his/her duties as a director of a listed company.

The NC held three meetings during the financial year ended 31 December 2024.

## **Research, Innovation, Technology and Enterprise Committee**

The Research, Innovation, Technology and Enterprise Committee's (**RITE**) role includes setting policies and direction for strategic R&D investments and related activities, promoting R&D and inculcating innovative culture, identifying areas of synergy with respect to R&D capabilities, facilities and resources, as well as identifying new technologies that will enhance the core businesses of the Group.

The RITE held two meetings during the financial year ended 31 December 2024.

## **Risk and Sustainability Committee**

The Risk and Sustainability committee (**RSC**) assists the Board in its risk governance responsibility. RSC's role is one of oversight of the responsibilities delegated to management to ensure that there is a system of controls in place for identifying and managing risks in order to safeguard stakeholders' interests and the Company's assets. The RSC also oversees the Group's sustainability matters, including those related to climate change. The RSC is supported on risk related matters by the Risk and Assurance (**R&A**) function which in turn works with Chief Risk Officers (**CROs**) of the respective businesses and management team. The R&A function is key to making sure that the Guarantor manages its risks, complies with legal and regulatory requirements where it operates and has the right governance and controls in place. Specifically, the R&A function is to:

- work with Management to strengthen in-line controls and governance, risk management and compliance (**GRC**) culture;
- provide assurance to Management that the Group is conducting its business in compliance with all relevant and material regulations, customer requirements and internal procedures; and
- ensure continued effectiveness of GRC frameworks, policies and procedures in Singapore and overseas business units.

The RSC held five meetings during the financial year ended 31 December 2024.

## **Strategy and Finance Committee**

The Strategy and Finance Committee's (**SFC**) role includes guiding management in the development and execution of the Group's annual and five-year plans, growth strategies, as well as deliberating and approving tender proposals which meet established contract value limits.

The SFC held thirteen meetings during the financial year ended 31 December 2024 of which 11 meetings were for evaluation of tenders.

## TAXATION

### Singapore Taxation

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore (IRAS) and the Monetary Authority of Singapore (MAS) in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis, including amendments to the Income Tax (Qualifying Debt Securities) Regulations to include the conditions for the income tax and withholding tax exemptions under the qualifying debt securities (QDS) scheme for early redemption fee (as defined in the ITA) and redemption premium (as such term has been amended by the ITA). These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuers, the Guarantor, the Arrangers nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.*

### Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 24 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax rate of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium from debt securities except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by Financial Sector Incentive (Capital Market) Companies or Financial Sector Incentive (Standard Tier) Companies (as defined in the ITA) who are Specified Licensed Entities (as defined below), any tranche of the Notes (**Relevant Notes**) issued as debt securities under the Programme during the period from the date of this Offering Circular to 31 December 2028 would be QDS for the purposes of the ITA, to which the following treatment shall apply:

- (a) subject to certain conditions having been fulfilled (including the submission by the relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, early redemption fee or redemption premium from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium (collectively, the **Qualifying Income**) from the Relevant Notes paid by the relevant Issuer and derived by a holder who is not resident in Singapore and who does not have any permanent establishment in Singapore is exempt from Singapore tax. Non-residents who have permanent establishments in Singapore also have the benefit of this exemption, provided that they do not acquire the Relevant Notes using any funds from Singapore operations. **Funds from Singapore operations** means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore;
- (b) subject to certain conditions having been fulfilled (including the submission by the relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

- (i) the relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, early redemption fee or redemption premium derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
- (ii) the submission by the relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the relevant Issuer.

Notwithstanding the foregoing:

- (a) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 percent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such Relevant Notes would not qualify as QDS; and
- (b) even though a particular tranche of the Relevant Notes are QDS, if, at any time during the tenure of such tranche of the Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue are beneficially held or funded, directly or indirectly, by any related party(ies) of the relevant Issuer, Qualifying Income derived from such Relevant Notes held by:
  - (i) any related party of the relevant Issuer, or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax described above.

Pursuant to the ITA, the reference to the term “**Specified Licensed Entity**” above means:

- (a) a bank or merchant bank licensed under the Banking Act 1970 of Singapore;
- (b) a finance company licensed under the Finance Companies Act 1967 of Singapore; or
- (c) a person who holds a capital markets services licence under the SFA to carry on a business in any of the following regulated activities: advising on corporate finance or dealing in capital markets products.

The terms early redemption fee, redemption premium and related party are defined in the ITA as follows:

**early redemption fee**, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities;

**redemption premium**, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity or on the early redemption of the securities; and



**related party**, in relation to a person (A), means any person (a) who directly or indirectly controls A; (b) who is being controlled directly or indirectly by A; or (c) who, together with A, is directly or indirectly under the control of a common person.

References to early redemption fee, redemption premium and related party in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, early redemption fee or redemption premium (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Notwithstanding that the Issuer is permitted to make payments of interest, discount income, early redemption fee or redemption premium (i.e. the Qualifying Income) under the Relevant Notes without deduction or withholding of tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, early redemption fee or redemption premium (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required under the ITA to include such income in a return of income made under the ITA.

### ***Capital Gains***

Any gains in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable in Singapore as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply the Singapore Financial Reporting Standard (**FRS**) 109 or Singapore Financial Reporting Standard (International) 9 (**SFRS(I) 9**) (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below entitled "*Adoption of FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes*".

### ***Adoption of FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes***

Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Section 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### ***Estate Duty***

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## United Kingdom Taxation

*The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs' practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Singapore Exchange Securities Trading Limited (SGX-ST) is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed on the Main Board or Bond Market of the SGX-ST in Singapore in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the SGX-ST. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

Payments of interest on Notes may be made without deduction of or withholding on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

## Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Singapore and the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining

foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under “*Terms and Conditions of the Notes – Further Issues*”) *that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, as the case may be, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.*

### **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission’s Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

### **U.S. Federal Income Taxation**

#### ***Certain U.S. Federal Income Tax Considerations***

The following summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Notes is based upon the United States Internal Revenue Code of 1986, as amended (the **Code**), Treasury regulations promulgated thereunder, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates and retroactive changes) or possible differing interpretations. It deals only with Notes held as capital assets and does not purport to deal with persons in special tax situations, such as:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- financial institutions or banks;
- traders in securities that elects to use a mark-to-market method of accounting for their securities holdings;
- insurance companies;

- regulated investment companies;
- real estate investment trusts;
- entities classified as partnerships, S corporations or other flow-through entities for U.S. federal income tax purposes;
- tax-exempt organizations including “individual retirement accounts” or “Roth IRAs” as defined in Section 408 or 408A of the Code, respectively;
- persons subject to the alternative minimum tax;
- dealers in securities or currencies;
- persons holding Notes as a hedge against currency risks or as a part of a “straddle,” “hedge,” “conversion” or other integrated transaction for tax purposes; or
- persons whose functional currency is not the U.S. dollar.

It also does not deal with holders other than original purchasers who purchase Notes at the issue price (as defined below) of the Notes (except where otherwise specifically noted) or the U.S. federal tax consequences of the acquisition, ownership, and disposition of notes that are exchangeable or that are not treated as indebtedness for U.S. federal income tax purposes. Further, this discussion does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Index Linked Redemption Notes. Persons considering the purchase of the Notes should consult their own tax advisors concerning the application of United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

As used herein, the term “U.S. Holder” means a beneficial owner of a Note that is for United States federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source, (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in Treasury regulations, certain trusts which were in existence on August 20, 1996 and were treated as United States persons under the Code and applicable Treasury regulations thereunder prior to such date that elect to continue to be so treated also shall be considered U.S. Holders.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) is the beneficial owner of any Note, the treatment of a partner in that partnership will generally depend upon the status of such partner and the activities of such partnership.

## **U.S. Holders**

**Payments of Interest.** Payments of interest on a Note generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting), provided that the interest is "qualified stated interest" (as defined below).

**Original Issue Discount.** The following summary is a general discussion of the United States federal income tax consequences to U.S. Holders of the purchase, ownership and disposition of Notes issued with original issue discount (**Discount Notes**) for federal income tax purposes. The following summary is based upon final Treasury regulations (the **OID Regulations**) released by the Internal Revenue Service (**IRS**) under the original issue discount provisions of the Code.

For United States federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Note over its issue price, if such excess equals or exceeds a specified *de minimis* amount (generally 1/4 of 1% of the Note's stated redemption price at maturity (i) multiplied by the number of complete years to its maturity from its issue date or, (ii) in the case of a Note providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of such Note). A Note's "weighted average maturity" is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. The issue price of each Note in an issue of Notes equals the first price at which a substantial amount of such Notes has been sold (ignoring sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The stated redemption price at maturity of a Note is the sum of all payments provided by the Note other than "qualified stated interest" payments. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. In addition, under the OID Regulations, if a Note bears interest for one or more accrual periods at a rate below the rate applicable for the remaining term of such Note (e.g., Notes with teaser rates or interest holidays), and if the greater of either the resulting foregone interest on such Note or any "true" discount on such Note (i.e., the excess of the Note's stated principal amount over its issue price) equals or exceeds a specified *de minimis* amount, then the stated interest on the Note would be treated as original issue discount rather than qualified stated interest.

A U.S. Holder of a Discount Note must include original issue discount in income as ordinary interest for United States federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting. In general, the amount of original issue discount included in income by the initial U.S. Holder of a Discount Note is the sum of the daily portions of original issue discount with respect to such Discount Note for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such Discount Note. The "daily portion" of original issue discount on any Discount Note is determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that accrual period. An "accrual period" may be of any length and the accrual periods may vary in length over the term of the Discount Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of the Discount Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. Original issue discount allocable to a final



accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules apply for calculating original issue discount for an initial short accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the sum of the issue price of the Discount Note plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Note that were not qualified stated interest payments. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods. In the case of a Note issued with de minimis original issue discount, a U.S. Holder generally must include such de minimis original issue discount in income as stated principal payments on the Notes are made in proportion to the stated principal amount of the Note. Any amount of de minimis original issue discount that has been included in income in accordance with the foregoing rule will be treated as capital gain upon the sale, exchange, redemption or retirement of the Notes.

A U.S. Holder who purchases a Discount Note for an amount that is greater than its adjusted issue price as of the purchase date and less than or equal to the sum of all amounts payable on the Discount Note after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the Discount Note at an “acquisition premium.” Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such Discount Note for any taxable year (or portion thereof in which the U.S. Holder holds the Discount Note) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

Under the OID Regulations, Floating Rate Notes and Index Linked Interest Notes (**Variable Notes**) are subject to special rules whereby a Variable Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at current values of (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A “qualified floating rate” is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Note is denominated. Although a multiple of a qualified floating rate will generally not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than .65 but not more than 1.35 will constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than .65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, under the OID Regulations, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Note (*e.g.*, two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (*i.e.*, a cap) or a minimum numerical limitation (*i.e.*, a floor) may, under certain circumstances, fail to be treated as a qualified floating rate under the OID Regulations unless such cap or floor is fixed throughout the term of the Note. An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and that is based on objective financial or economic information. A rate will not qualify as an objective rate if it is based on information that is within the control of the issuer (or a related party) or that is unique to the circumstances of the issuer (or a related party) such as dividends, profits, or the value of the issuer’s stock (although a rate does not fail to qualify as an objective rate merely because it is based on the credit quality of the issuer). A “qualified inverse floating rate” is any objective rate which is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely



reflect contemporaneous variations in the qualified floating rate. The OID Regulations also provide that if a Variable Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate and if the variable rate on the Variable Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

If a Variable Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument" under the OID Regulations, and if the stated interest on such Variable Note is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually, then all stated interest on the Variable Note will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" under the OID Regulations will generally not be treated as having been issued with original issue discount unless the Variable Note is issued at a "true" discount (*i.e.*, at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. The amount of qualified stated interest and the amount of original issue discount, if any, that accrues during an accrual period on such a Variable Note is determined under the rules applicable to fixed rate debt instruments by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Note. The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

In general, any other Variable Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of original issue discount and qualified stated interest on the Variable Note. The OID Regulations generally require that such a Variable Note be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Note. In the case of a Variable Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Note provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Note as of the Variable Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Note is then converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general original issue discount rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Note will account for such original issue discount and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. Each accrual period appropriate adjustments will be

made to the amount of qualified stated interest or original issue discount assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Variable Note during the accrual period.

If a Variable Note does not qualify as a “variable rate debt instrument” under the OID Regulations, then the Variable Note would be treated as a contingent payment debt obligation. The Treasury Department has issued final regulations (the **CPDI Regulations**) concerning the proper United States federal income tax treatment of contingent payment debt instruments. In general, the CPDI Regulations would cause the timing and character of income, gain or loss reported on a contingent payment debt instrument to substantially differ from the timing and character of income, gain or loss reported on a conventional noncontingent payment debt instrument under general principles of current United States federal income tax law. Specifically, the CPDI Regulations generally require a U.S. Holder of such an instrument to include future contingent and noncontingent interest payments in income as such interest accrues based upon a projected payment schedule. Moreover, in general, under the CPDI Regulations, any gain recognised by a U.S. Holder on the sale, exchange, or retirement of a contingent payment debt instrument will be treated as ordinary income and all or a portion of any loss realised could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances). The proper United States federal income tax treatment of Variable Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement. Furthermore, any other special United States federal income tax considerations, not otherwise discussed herein, which are applicable to any particular issue of Notes will be discussed in the applicable Pricing Supplement.

Certain of the Notes (i) may be redeemable at the option of the Issuer prior to their stated maturity (a “call option”) and/or (ii) may be repayable at the option of the holder prior to their stated maturity (a “put option”). Notes containing such features may be subject to rules that differ from the general rules discussed above. Investors intending to purchase Notes with such features should consult their own tax advisors, since the original issue discount consequences will depend, in part, on the particular terms and features of the purchased Notes.

U.S. Holders may generally, upon election, include in income all interest (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. This election will generally apply only to the debt instrument with respect to which it is made and may be revoked only with the consent of the IRS.

**Short-Term Notes.** Notes that have a fixed maturity of one year or less (**Short-Term Notes**) will be treated as having been issued with original issue discount. In general, an individual or other cash method U.S. Holder is not required to accrue such original issue discount unless the U.S. Holder elects to do so. If such an election is not made, any gain recognised by the U.S. Holder on the sale, exchange or maturity of the Short-Term Note will be ordinary income to the extent of the original issue discount accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale, exchange or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income is realised. U.S. Holders who report income for United States federal income tax purposes under the accrual method, and certain other U.S. Holders including banks and dealers in securities, are required to accrue original issue discount on a Short-Term Note on a straight-line basis unless an election is made to accrue the original issue discount under a constant yield method (based on daily compounding).

**Market Discount.** If a U.S. Holder purchases a Note, other than a Discount Note, for an amount that is less than its issue price (or, in the case of a subsequent purchaser, its stated redemption price at maturity) or, in the case of a Discount Note, for an amount that is less than its “revised issue price” as of the purchase date, such U.S. Holder will be treated as having purchased such Note at a “market discount,” unless the amount of such market discount is less than a specified *de minimis* amount. For this purpose, the “revised issue price” of a Note generally equal its issue price, increased by the amount of any original discount that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under the market discount rules, a U.S. Holder will be required to treat any partial principal payment (or, in the case of a Discount Note, any payment that does not constitute qualified stated interest) on, or any gain realised on the sale, exchange, retirement or other disposition of, a Note as ordinary income to the extent of the lesser of (i) the amount of such payment or realised gain or (ii) the market discount which has not previously been included in income and is treated as having accrued on such Note at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the Note, unless the U.S. Holder elects to accrue market discount on a constant yield basis.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Note with market discount until the maturity of the Note or certain earlier dispositions, because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or a constant yield basis), in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of the Note and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest income for United States federal income tax purposes. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

**Premium.** If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Notes after the purchase date other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased the Note with “amortizable bond premium” equal in amount to such excess. A U.S. Holder may elect to amortise such premium using a constant yield method over the remaining term of the Note and may offset interest otherwise required to be included in respect of the Note during any taxable year by the amortised amount of such excess for the taxable year. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognised on the disposition of the Notes. However, if the Note may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules would apply which could result in a deferral of the amortisation of some bond premium until later in the term of the Note. Any election to amortise bond premium applies to all taxable debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

**Disposition of a Note.** Except as discussed above, upon the sale, exchange, redemption or retirement of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange, redemption or retirement (other than amounts representing accrued and unpaid interest) and such U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will equal such U.S. Holder’s initial investment in the Note increased by any original issue discount included in income (and accrued market discount, if any, if the U.S. Holder has included such market discount in income) and decreased by the amount of any payments, other than qualified stated interest

payments, received and amortizable bond premium taken with respect to such Note. Such gain or loss generally will be long-term capital gain or loss if the Note was held for more than one year. If the U.S. Holder is an individual, long-term capital gains will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

### ***Notes Denominated or on which Interest is Payable in a Foreign Currency***

As used herein, “Foreign Currency” means a currency other than U.S. dollars.

*Payments of Interest in a Foreign Currency – Cash Method.* A U.S. Holder who uses the cash method of accounting for United States federal income tax purposes and who receives a payment of interest on a Note (other than original issue discount or market discount) will be required to include in income the U.S. dollar value of the Foreign Currency payment (determined at the spot rate on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and such U.S. dollar value will be the U.S. Holder’s tax basis in such Foreign Currency. No exchange gain or loss will be recognised with respect to the receipt of such payment.

*Payments of Interest in a Foreign Currency – Accrual Method.* A U.S. Holder who uses the accrual method of accounting for United States federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount and reduced by amortizable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Note during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the spot rate on the date of receipt. The above election will apply to other debt obligations held by the U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder should consult a tax adviser before making the above election. A U.S. Holder will recognise exchange gain or loss (which will be treated as ordinary income or loss) with respect to accrued interest income on the date such income is received. The amount of ordinary income or loss recognised will equal the difference, if any, between the U.S. dollar value of the Foreign Currency payment received (determined at the spot rate on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above).

*Purchase, Sale and Retirement of Notes.* A U.S. Holder who purchases a Note with previously owned Foreign Currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder’s tax basis in the Foreign Currency and the U.S. dollar fair market value of the Foreign Currency used to purchase the Note, determined on the date of purchase.

For purposes of determining the amount of any gain or loss recognised by a U.S. Holder on the sale, exchange, retirement or other disposition of a Note that is denominated in a Foreign Currency, the amount realised will be based on the U.S. dollar value of the Foreign Currency on the date the payment is received or the Note is disposed of. Subject to the discussion below, such gain or loss will generally be capital gain or loss as discussed in “*U.S. Holders – Disposition of a Note*”. To the extent the amount realised upon the disposition of a Note represents accrued but unpaid interest, however, such amounts must be taken into account as interest income, with exchange gain or loss computed as described in “– *Payments of Interest in a Foreign Currency*”.

– *Accrual Method*” above. In the case of a Note that is denominated in Foreign Currency and is traded on an established securities market as defined in the applicable Treasury regulations, a cash basis U.S. Holder (or, upon election, an accrual basis U.S. Holder) will determine the U.S. dollar value of the amount realised by translating the Foreign Currency payment at the spot rate of exchange on the settlement date of the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. A U.S. Holder’s adjusted tax basis in a Note will equal the cost of the Note to such U.S. Holder, increased by the amounts of any market discount or original issue discount previously included in income by the U.S. Holder with respect to such Note and reduced by any amortised premium and any payments other than qualified stated interest received by the U.S. Holder. A U.S. Holder’s tax basis in a Note, and the amount of any subsequent adjustments to such U.S. Holder’s tax basis, will be the U.S. dollar value of the Foreign Currency amount paid for such Note, or of the Foreign Currency amount of the adjustment, determined on the date of such purchase or adjustment.

Gain or loss realised upon the sale, exchange or retirement of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss, which will not be treated as interest income or expense. Such gain or loss generally will be U.S. source gain or loss. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the U.S. dollar value of the Foreign Currency principal amount of the Note, generally determined on the date such payment is received or the Note is disposed of, and the U.S. dollar value of the Foreign Currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Such Foreign Currency exchange gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the Note.

*Original Issue Discount.* In the case of an Note or Short-Term Note, (i) original issue discount is computed in the Foreign Currency, (ii) accrued original issue discount is translated into U.S. dollars as described in “– *Payments of Interest in a Foreign Currency – Accrual Method*” above and (iii) the amount of Foreign Currency exchange gain or loss on the accrued original issue discount is determined by comparing the amount of income received attributable to the discount (either upon payment, maturity or an earlier disposition), as translated into U.S. dollars at the rate of exchange on the date of such receipt, with the amount of original issue discount accrued, as translated above. For these purposes, all receipts on a Note will be viewed first, as the receipt of any qualified stated interest payments called for under the terms of the Note; second, as receipts of previously accrued original issue discount (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as the receipt of principal.

*Market Discount and Premium.* In the case of a Note with market discount, (i) market discount is computed in the Foreign Currency, (ii) accrued market discount taken into account upon the receipt of any partial principal payment or upon the sale, exchange, retirement or other disposition of the Note (other than accrued market discount required to be taken into account currently) is translated into U.S. dollars at the exchange rate on the date of such partial principal payment or disposition date (and no part of such accrued market discount is treated as exchange gain or loss) and (iii) accrued market discount currently includible in income by a U.S. Holder for any accrual period is translated into U.S. dollars on the basis of the average exchange rate in effect during such accrual period, and the exchange gain or loss is determined upon the receipt of any partial principal payment or upon the sale, exchange, retirement or other disposition of the Note in the manner described in “– *Payments of Interest in a Foreign Currency – Accrual Method*” above with respect to the computation of exchange gain or loss on accrued interest.

With respect to a Note acquired with amortizable bond premium, if an election is made to amortise the premium, such premium is computed in the relevant Foreign Currency and reduces interest income in units of the Foreign Currency. A U.S. Holder should recognise exchange gain or loss equal to the difference between the U.S. dollar value of the bond premium amortised with respect to a period, determined on the date the interest attributable to such period is received, and the



U.S. dollar value of the bond premium determined on the date of the acquisition of the Note. A U.S. Holder that does not elect to amortise bond premium will translate the bond premium, computed in the applicable Foreign Currency, into U.S. dollars at the spot rate on the maturity date and such bond premium will constitute a capital loss.

*Exchange of Foreign Currencies.* A U.S. Holder will have a tax basis in any Foreign Currency received as interest or on the sale, exchange or retirement of a Note equal to the U.S. dollar value of such Foreign Currency, determined at the time the interest is received or at the time of the sale, exchange or retirement. As discussed above, if the Notes are traded on an established securities market, a cash basis U.S. Holder (or, upon election, an accrual basis U.S. Holder) will determine the U.S. dollar value of the Foreign Currency by translating the Foreign Currency received at the spot rate of exchange on the settlement date of the sale, exchange or retirement. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Accordingly, a U.S. Holder's basis in the Foreign Currency received would be equal to the U.S. dollar value of the Foreign Currency at the spot rate of exchange on the settlement date. Any gain or loss realised by a U.S. Holder on a sale or other disposition of Foreign Currency (including its exchange for U.S. dollars or its use to purchase Notes) will be ordinary income or loss and will generally be U.S. source income or loss.

*Source of Income on the Notes.* Interest paid by an Issuer on the Notes that is not considered a "United States person" for United States federal income tax purposes (a **non-U.S. Issuer**), and original issue discount, if any, accrued with respect to the Notes (as described above under "*Original Issue Discount*") and any additional amounts paid with respect to withholding tax on the Notes, including withholding tax on payments of such additional amounts is generally income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. Holder. Under the foreign tax credit rules, interest, original issue discount and additional amounts will generally be "passive category" income which is treated separately from other types of income for purposes of computing the foreign tax credit.

### ***Tax Return Disclosure Regulations***

Pursuant to Treasury regulations (the **Disclosure Regulations**), any taxpayer that has participated in a "reportable transaction" and that is required to file a United States federal income tax return must generally attach a disclosure statement disclosing such taxpayer's participation in the reportable transaction to the taxpayer's tax return for each taxable year for which the taxpayer participates in the reportable transaction. A penalty in the amount of \$10,000 in the case of a natural person and \$50,000 in any other case is imposed on any taxpayer that fails to file a reportable transaction disclosure statement. The Disclosure Regulations provide that, in addition to certain other transactions, a "loss transaction" constitutes a "reportable transaction". A "loss transaction" is any transaction resulting in the taxpayer claiming a loss under section 165 of the Code in an amount equal to or in excess of certain threshold amounts. The Disclosure Regulations specifically provide that a loss resulting from a "section 988 transaction" (as defined in section 988(c)(1) of the Code relating to foreign currency transactions) will constitute a section 165 loss. In the case of individuals or trusts, whether or not the loss flows through from an S corporation or partnership, if the loss arises with respect to a section 988 transaction, the applicable threshold amount is \$50,000 in any single taxable year. Higher threshold amounts apply depending upon the taxpayer's status as a corporation, partnership, or S corporation, as well as certain other factors. It is important to note, however, that the Disclosure Regulations provide that the fact that a transaction is a reportable transaction shall not affect the legal determination of whether the taxpayer's treatment of the transaction is proper. Holders should consult their own tax advisors concerning the potential application of the Disclosure Regulations to the Notes.



## ***Non-U.S. Holders***

As used herein, the term “non-U.S. Holder” means a beneficial owner of a Note (other than an entity that is classified as a partnership) that is not a U.S. Holder.

### *Notes issued by a U.S. Issuer*

The following discussion addresses Notes issued by an Issuer that is considered a “United States person” for United States federal income tax purposes (a **U.S. Issuer**).

A non-U.S. Holder will not be subject to United States federal income taxes on payments of principal, premium (if any), interest (including original issue discount, if any) on a Note, unless such non-U.S. Holder is a direct or indirect 10% or greater shareholder of the U.S. Issuer, a controlled foreign corporation related to the U.S. Issuer or a bank receiving interest described in section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- is signed by the beneficial owner of the Note under penalties of perjury,
- certifies that such owner is not a U.S. Holder, and
- provides the beneficial owner’s name and address.

A “Withholding Agent” is the last United States payor (or a non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person, or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. Holder (which itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN or IRS Form W-8BEN-E (**W-8BEN**), which is effective for the remainder of the year of signature plus three full calendar years unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided that the Withholding Agent reports at least annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of such change and furnish a new W-8BEN. A Noteholder who is not an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding the Notes on its own behalf may have substantially increased reporting requirements. In particular, in the case of Notes held by a foreign partnership (or foreign trust), the partners (or beneficiaries) rather than the partnership (or trust) will be required to provide the certification discussed above, and the partnership (or trust) will be required to provide certain additional information.

A foreign Noteholder whose income with respect to its investment in a Note is effectively connected with the conduct of a U.S. trade or business would generally be taxed as if the holder was a U.S. person provided the holder provides to the Withholding Agent an IRS Form W-8ECI.

Certain securities clearing organizations, and other entities who are not beneficial owners, may be able to provide a signed statement to the Withholding Agent. However, in such case, the signed statement may require a copy of the beneficial owner’s W-8BEN (or the substitute form).

Generally, a non-U.S. Holder will not be subject to United States federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a Note, unless such non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and such gain is derived from sources within the United States. Certain other exceptions may be applicable, and a non-U.S. Holder should consult its tax adviser in this regard.

The Notes will not be includible in the estate of a non-U.S. Holder unless the individual is a direct or indirect 10% or greater shareholder of the U.S. Issuer or, at the time of such individual's death, payments in respect of the Notes would have been effectively connected with the conduct by such individual of a trade or business in the United States.

#### *Notes issued by a non-U.S. Issuer*

The following discussion addresses Notes issued by a non-U.S. Issuer.

Subject to the discussion under "Backup Withholding" below, a non-U.S. Holder of a Note that has no connection with the United States and is not related, directly or indirectly, to the non-U.S. Issuer or the holders of the non-U.S. Issuer's equity will not be subject to U.S. tax withholding on interest payments; provided that the non-U.S. Holder is not engaged in a U.S. trade or business for U.S. federal income tax purposes. Non-U.S. Holders may be required to make certain tax representations regarding the identity of the beneficial owner of the Notes in order to receive payments free of tax withholding, and non-U.S. Holders may be required to provide such certification in order to receive payments free of backup withholding and not to have such payments be subject to information reporting.

Gain realised by a non-U.S. Holder on the redemption or disposition of a Note will not be subject to U.S. federal income tax unless (i) the gain is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United States or (ii) the non-U.S. Holder is an individual present in the United States for at least 183 days during the taxable year of redemption or disposition and certain other conditions are met.

#### *Possible Application of Section 871(m) of the Code*

Section 871(m) of the Code imposes a 30% withholding tax on certain "dividend equivalents" paid or deemed paid with respect to U.S. equities or equity indices under certain circumstances. Treasury regulations promulgated under Section 871(m) of the Code require, under certain circumstances, withholding of tax on Notes linked to U.S. equities or equity indices, even in cases where no current payment is made under the Notes or where the Notes do not provide for any payment that is explicitly linked to a dividend. Non-U.S. Holders should consult their tax advisers regarding the potential application of Section 871(m) of the Code.

#### ***Backup Withholding***

Backup withholding of United States federal income tax may apply to payments made in respect of the Notes to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Notes to a U.S. Holder must be reported to the IRS, unless the U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Note to (or through) a broker, the broker must report the sale and withhold on the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller certifies that such seller is a non-U.S. Holder (and certain other conditions are met). Certification of the registered owner's non-U.S. status would be made normally on an IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS.

## CERTAIN ERISA CONSIDERATIONS

Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), and Section 4975 of the Code, prohibit employee benefit plans subject to ERISA (**ERISA Plans**), as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, **Plans**), from engaging in certain transactions involving “plan assets” (within the meaning of ERISA) with persons who are “parties in interest” under ERISA or “disqualified persons” under the Code (**Parties in Interest**) with respect to Plans. As a result of the Issuers’ and the underwriters’ businesses, they or their affiliates may be Parties in Interest with respect to certain Plans. Where any of the Issuer, the underwriters, or their affiliates is a Party in Interest with respect to a Plan, the purchase and holding of the Notes by or on behalf of the Plan may be a prohibited transaction under Section 406 of ERISA and Section 4975 of the Code, unless exemptive relief is available under an applicable prohibited transaction exemption.

Accordingly, the Notes (or any interest therein) may not be purchased or held by any Plan, any entity whose underlying assets are deemed for purposes of ERISA or the Code to include “plan assets” by reason of any Plan’s investment in the entity (a **Plan Asset Entity**) or any person investing “plan assets” of any Plan, unless none of the Issuers, the Guarantor, the underwriters, or their affiliates is a Party in Interest with respect to the Plan, or such purchaser or holder is eligible for the exemptive relief available under one or more Prohibited Transaction Class Exemptions (**PTCE**), including PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, issued by the U.S. Department of Labour or another applicable prohibited transaction exemption or exception. Any purchaser or holder of the Notes or any interest therein will be deemed to have represented by its purchase and holding thereof that either (a)(i) it is not (and for so long as it holds the Notes or interest therein will not be) a Plan or a Plan Asset Entity and is not (and for so long as it holds the Notes or interest therein will not be) purchasing the Notes (or any interest therein) on behalf of or with “plan assets” of any Plan or (ii) it is, but none of the Issuers, the Guarantor, the underwriters, or their affiliates is a Party in Interest with respect to the Plan, or (iii) it is, but its purchase and holding of the Notes or any interest therein is eligible for the exemptive relief available under an applicable exemption or exception from the prohibitions under Section 406 of ERISA and Section 4975 of the Code, and (b) it will not sell or otherwise transfer the Notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations and agreements with respect to its purchase and holding of the Notes.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to these “prohibited transaction” rules of ERISA or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or documents. Fiduciaries or other persons considering purchasing the Notes on behalf of such a plan should consult with their counsel regarding these other applicable laws, rules or documents.

Due to the complexity of the applicable rules, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of a Plan, a Plan Asset Entity or with “plan assets” of any Plan consult with their counsel regarding the relevant provisions of ERISA and the Code and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, or another applicable prohibited transaction exemption or exception.

## CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of CDP, DTC, Euroclear or Clearstream (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Information in this section has been derived from the Clearing Systems.*

### CLEARING AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (**Depository System**) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or a Global Certificate for persons holding the Notes in securities accounts with CDP (**Depositors**). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may be effected through securities sub-accounts held with corporate depositors (**Depository Agents**). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the CDP Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

## CLEARANCE AND SETTLEMENT UNDER EUROCLEAR AND/OR CLEARSTREAM

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream are governed by the respective rules and operating procedures of Euroclear or Clearstream and any applicable laws. Both Euroclear and Clearstream act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

## CLEARING AND SETTLEMENT BY THE DEPOSITORY TRUST COMPANY

DTC is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org) but such information is not incorporated by reference in and does not form part of this Offering Circular.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **DTC Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and



receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.



Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under “*Subscription and Sale and Transfer and Selling Restrictions*”.

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

## **BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES**

The Issuers may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing

instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

## **TRANSFERS OF NOTES REPRESENTED BY REGISTERED GLOBAL NOTES**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (Custodian) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream or Euroclear or their direct or indirect participants or accountholders of their obligations under the rules and procedures governing their operations nor will the Issuers, Guarantor, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement (such programme agreement as further modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 1 April 2025, agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuers (failing which the Guarantor) have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuers, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuers, the Guarantor and/or their respective affiliates in the ordinary course of business of the Issuers, the Guarantor or their respective affiliates, as the case may be. The relevant Issuer and/or the Guarantor may from time to time agree with the relevant Dealer(s) that the relevant Issuer or the Guarantor, as the case may be, may pay certain third parties (including, without limitation, rebates to private banks as specified in the relevant Pricing Supplement).

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers, the Guarantor, or their respective subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuers, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, subscribers, holders or sellers of Notes. Notes issued under the Programme may be purchased or subscribed by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

### **Important Notice to CMIs (including private banks)**

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant manager(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the relevant Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the relevant Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the relevant Issuer, the Guarantor, or any CMI (including its group companies) and inform the relevant manager(s) accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the relevant Issuer, the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealer(s) in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- o The name of each underlying investor;
- o A unique identification number for each investor;
- o Whether an underlying investor has any “Associations” (as used in the SFC Code);
- o Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- o Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealer(s) named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the relevant Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant manager(s) may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant manager(s) with such evidence within the timeline requested.

## **TRANSFER RESTRICTIONS**

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter to the Registrar or (c) it is outside the United States and is not a U.S. person;



- (b) that it is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers;
- (c) that it is not formed for the purpose of investing in the relevant Issuer;
- (d) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Notes;
- (e) that it understands that the relevant Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories;
- (f) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the Guarantee have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and, accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (g) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the expiration of the applicable required holding period determined pursuant to Rule 144 under the Securities Act from the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only (a) to the relevant Issuer or any affiliate thereof, (b) inside the United States to a person who the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;
- (h) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to above, if then applicable;
- (i) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (j) except as otherwise provided in a supplement to the Offering Circular, either: (i) no assets of a Benefit Plan Investor, or non-U.S. plan, governmental or church plan that are subject to Similar Law have been used to acquire such Notes or an interest therein; or (ii) the purchase, holding and subsequent disposition of such Notes or an interest therein by such person will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or violation of Similar Law. Any purported purchase or transfer of such an interest that does not comply with the foregoing shall be null and void;
- (k) to the extent Benefit Plan Investors or Similar Law plans are prohibited from purchasing a Note or any interest therein under a supplement to the Offering Circular, it is not, and for so long as it holds such Note or interest it will not be, a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to Similar Law. Any purported purchase or transfer that does not comply with the foregoing shall be null and void;



- (l) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAS BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (**QIB**), PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN **INSTITUTIONAL ACCREDITED INVESTOR**) IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) THAT IS NOT, IN EACH CASE, (i) A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS, (ii) FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER AND (iii) A PLAN OR TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(D), (E) OR (F) OF RULE 144A IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 UNDER THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS (i) A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (ii) AN INSTITUTIONAL ACCREDITED INVESTOR PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL ACCREDITED INVESTOR, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITY.

EACH PURCHASER OF THIS SECURITY (OR ANY INTEREST HEREIN) AGREES THAT IT WILL BE DEEMED BY SUCH PURCHASE OF THIS SECURITY (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER ACQUIRES THIS SECURITY (OR ANY INTEREST HEREIN) THROUGH AND INCLUDING THE DATE ON WHICH THE PURCHASER DISPOSES OF THIS SECURITY (OR ANY INTEREST HEREIN), THAT, UNLESS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE OFFERING CIRCULAR, EITHER (I) IT IS NOT, IS NOT USING THE ASSETS OF, AND SHALL NOT AT ANY TIME HOLD THIS SECURITY (OR ANY INTEREST HEREIN) FOR OR ON BEHALF OF, AN “EMPLOYEE BENEFIT PLAN” AS

DEFINED IN SECTION 3(3) OF ERISA, THAT IS SUBJECT TO TITLE I OF ERISA, A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE PLAN ASSETS BY REASON OF AN EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN SUCH ENTITY OR A GOVERNMENTAL, CHURCH OR NON-US PLAN SUBJECT TO FEDERAL STATE, LOCAL OR NON-US LAWS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**) OR (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN), WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-US PLAN, A VIOLATION OF ANY APPLICABLE SIMILAR LAWS. ANY PURPORTED PURCHASE OR TRANSFER OF THIS SECURITY (OR ANY INTEREST HEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID.

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB OR AN INSTITUTIONAL ACCREDITED INVESTOR.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (m) that the Notes in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the relevant Issuer:

“UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, (**DTC**), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.”;

- (n) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a) (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (o) that the relevant Issuer, the Guarantor and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer and the Guarantor; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “*Form of the Notes*”.

The IAI Investment Letter will state, among other things, the following:

- (a) that the Institutional Accredited Investor has received a copy of the Offering Circular and such other information as it deems necessary in order to make its investment decision;
- (b) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Offering Circular and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;

- (c) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (d) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;
- (e) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (f) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$200,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or its foreign currency equivalent) principal amount of Registered Notes.

## SELLING RESTRICTIONS

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or, if Category 2 is specified in the Pricing Supplement, to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

If Category 2 is specified in the Pricing Supplement, in connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the two preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

Accordingly, if Category 1 is specified in the Pricing Supplement the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury Regulations promulgated thereunder (the **Code**).

In respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **D Rules**), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions Definitive Bearer Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);
- (d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf; and
- (e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the relevant Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations thereunder, including the D Rules.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent thereof in any other currency).

Unless otherwise stated in the applicable Pricing Supplement, the minimum denomination of each Definitive IAI Registered Note will be U.S.\$200,000 or its approximate equivalent in other Specified Currencies.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

#### **Prohibition of sales to EEA Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

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



If the Pricing Supplement specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area (each, a **Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (A) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (B) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (D) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (B) to (D) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

## United Kingdom

### *Prohibition of sales to UK Retail Investors*

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

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

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a **Public Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the Financial Conduct Authority, provided that any such prospectus has subsequently been completed by Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the relevant Issuer has consented in writing to its use for the purpose of that Public Offer;
- (B) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (D) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (B) to (D) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

### ***Other regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Hong Kong**

In relation to each Tranche of Notes issued by the relevant Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**), other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other

circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **Singapore**

Unless the Pricing Supplement in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been, and will not be, registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, unless the Pricing Supplement in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may such Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

If the Pricing Supplement in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been, and will not be, registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with

the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, if the Pricing Supplement in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may such Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuers, the Guarantor and any other Dealer shall have any responsibility therefor.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Dealers or any affiliate of any of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

None of the Issuers, the Guarantor and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the relevant Issuer and the relevant Dealer and set out in the applicable Pricing Supplement.

## **LEGAL MATTERS**

Certain U.S. legal matters and certain English legal matters will be passed upon for the Group by Sidley Austin LLP, the Group's U.S. and English counsel. Certain legal matters with respect to the Notes will be passed upon for the Group by Allen & Gledhill LLP with respect to matters of Singapore law. Allen Overy Shearman Sterling LLP, as U.S. and English counsel to the Dealers, will pass upon certain U.S. and English legal matters for the Dealers.



## **INDEPENDENT AUDITORS**

The financial statements of the Group as of 31 December 2023 and 2024 and for the years then ended, included in this Offering Circular, have been audited by PricewaterhouseCoopers LLP Singapore, independent auditors, as stated in their reports appearing therein.

## **GENERAL INFORMATION**

### **Authorisation**

The establishment of the Programme, the issue of Notes under the Programme and the giving of the Guarantee have been duly authorised by a resolution of the Board of Directors of STE dated 21 February 2020. The update of the Programme has been duly authorised by resolutions of the Board of Directors of STE dated 13 April 2022 and 27 March 2025.

The establishment of the Programme and the issue of Notes under the Programme have been duly authorised by a resolution of the Board of Directors of STE UK-Co dated 21 February 2020 and by a resolution of the Board of Directors of STE SG-Co dated 21 February 2020. The update of the Programme has been duly authorised by resolutions of the Board of Directors of STE UK-Co dated 14 April 2022 and 30 March 2025, resolutions of the Board of Directors of STE SG-Co dated 14 April 2022 and 27 March 2025, and by resolutions of the Board of Directors of STE US-Co dated 8 April 2022 and 28 March 2025.

### **Listing of Notes**

Application has been made to the SGX-ST for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. There is no assurance that the application to the SGX-ST for the listing of any Notes will be approved. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the relevant Issuer, the Guarantor, the Programme or the Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes will trade on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

For so long as any Notes issued by STE UK-Co, STE US-Co and by any foreign incorporated New Issuer are listed on the SGX-ST and the rules of the SGX-ST so require, STE UK-Co, STE US-Co and any such New Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. An announcement of such exchange will be made by or on behalf of STE UK-Co, STE US-Co and any such New Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

The relevant Pricing Supplement in respect of any Series will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed.

### **Documents Available**

Copies of the following documents will, when published, be available for inspection from the registered office of the Issuers and from the specified offices of the Issuing and Paying Agent:

- (a) the constitutional documents of the Issuers and the constitutional documents of the Guarantor (available at the Issuers' registered office only);
- (b) the most recently published audited unconsolidated annual financial statements of each of STE, STE UK-Co, STE SG-Co and STE US-Co (if published) and the most recently published unaudited interim financial statements (if any) of each of STE, STE UK-Co, STE SG-Co and STE US-Co, together with any audit or review reports prepared in connection therewith;

- (c) the most recently published audited consolidated annual financial statements of STE (if published) and the most recently published unaudited interim financial statements (if any) of STE, together with any audit or review reports prepared in connection therewith;
- (d) the Programme Agreement, the Agency Agreement, the Deed of Guarantee, the Deeds of Covenant, the Deed Poll and the CDP Deeds of Covenant;
- (e) a copy of this Offering Circular; and
- (f) any future offering circulars, prospectuses, information memoranda, supplements, Pricing Supplements (save that Pricing Supplements will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the relevant Issuer or the Issuing and Paying Agent as to its holding of the Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. In addition, the relevant Issuer may also apply to have the Notes accepted for clearance through CDP or DTC. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of CDP is #01-19/20 The Metropolis, 9 North Buona Vista Drive, Singapore 138588. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Group since 31 December 2024 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2024.

### **Litigation**

Neither the Issuers, the Guarantor nor any Material Subsidiary is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers or the Guarantor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuers, the Guarantor or the Group.

### **Auditors**

The auditor of the Guarantor for the financial year ended 31 December 2023 and 2024 is PricewaterhouseCoopers LLP Singapore, independent auditor, who has audited the Guarantor's consolidated financial statements, without qualification, in accordance with Singapore Standards on Auditing (**SSAs**) for the financial year ended on 31 December 2023 and 2024. The auditor of the Guarantor has no material interest in the Guarantor or the Group.

The reports of the auditor of the Guarantor are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditor who has authorised the contents of that part of this Offering Circular.

**Dealers transacting with the Issuer and the Guarantor**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuers, the Guarantor and their affiliates in the ordinary course of business.

# FINANCIAL STATEMENTS

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The financial statements set out herein are the consolidated financial statements of the Group.

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The consolidated financial statements set out herein have been reproduced from our annual reports for the year ended 31 December 2024 and 2023. Page references used in this Offering Circular are different from pages references set forth in the consolidated financial statements published in such annual reports. The consolidated financial statements have not been specifically prepared for inclusion in this Offering Circular.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the accompanying consolidated financial statements of Singapore Technologies Engineering Ltd ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### *What we have audited*

The financial statements of the Group and the Company comprise:

- the consolidated income statement of the Group for the year ended 31 December 2024;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of financial position of the Group as at 31 December 2024;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended;
- the notes to the consolidated financial statements, including material accounting policy information;
- the statement of financial position of the Company as at 31 December 2024; and
- the notes to the statement of financial position of the Company, including material accounting policy information.

### 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## 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 for the year ended 31 December 2024. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b><i>Impairment assessment of non-financial assets – goodwill</i></b></p> <p>Refer to Note C3 to the financial statements.</p> <p>As at 31 December 2024, the carrying value of the Group's goodwill amounted to \$3,147,820,000.</p> <p>Goodwill is allocated to the Group's cash generating units ("CGU") – Aerostructure &amp; Systems, Aerospace MRO, Smart Utilities &amp; Infrastructure, Mobility (Rail &amp; Road), Satcom, Specialty Vehicles, Robotics &amp; Autonomous Systems, Mission Software &amp; Services, Training &amp; Simulation Systems, Advanced Networks &amp; Sensors, and Defence Aerospace. There is a risk of impairment of certain CGUs in the United States which are operating in a challenging business environment.</p> <p>In accordance with SFRS(I) 1-36, management is required to perform an impairment assessment of goodwill annually by comparing the recoverable amount of the CGU with its carrying amount to determine whether there is any impairment loss.</p> <p>For the purpose of impairment testing, the recoverable amount of the CGU is determined based on the value-in-use calculations, using cash flow projections.</p> <p>We focused on this area because of the significant judgements required in estimating the revenue growth rate, gross profit margins, discount rate and terminal growth rate applied in computing the recoverable amount of the CGU.</p>	<p>We have assessed the appropriateness of management's identification of CGU and critically assessed the key assumptions used in the goodwill impairment assessment.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>evaluated management's key assumptions relating to revenue growth rates, gross profit margins, discount rates and terminal growth rates and understood how management has considered the impact of the market uncertainty in their estimates.</li> <li>reviewed the basis and methodology used to derive the recoverable amount of the CGU.</li> <li>assessed the appropriateness of management's assumptions by comparing to past historical performance and considering current developments.</li> <li>performed sensitivity analysis on management's assumptions relating to revenue growth rates, gross profit margins, discount rates and terminal growth rates.</li> <li>involved our valuation experts to evaluate the appropriateness of management's assumptions, relating to terminal growth rates and discount rates, by developing an independent expectation using economic and industry forecasts and rates of comparable companies with consideration for specific jurisdiction factors.</li> <li>considered the adequacy of the disclosures in the financial statements.</li> </ul> <p>Based on the audit procedures performed above, we found management's judgement and assumptions in relation to the determination of the recoverable amount to be appropriate, and the disclosure in this respect to be adequate.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Our Audit Approach (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue recognition based on stage of completion</b></p> <p>Refer to Note B2 to the financial statements.</p> <p>During the year ended 31 December 2024, the Group recognised revenue of \$11,275,659,000 relating to sale of goods, rendering of services and contract revenue. Some of these revenue are recognised based on the stage of completion of performance obligations of each individual contract, which are measured by reference to either assessment or surveys of work performed (output method) or the cost incurred relative to total estimated costs (input method).</p> <p>We focused on this area because of the significant management's judgement required in:</p> <ul style="list-style-type: none"> <li>determining each performance obligation within a contract;</li> <li>forecasting the costs to be incurred;</li> <li>forecasting the overall margins of these performance obligations; and</li> <li>assessing the stage of completion of each performance obligation.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>understood the end-to-end processes and validated key controls relating to revenue and receivables cycle.</li> <li>assessed the relevant internal control relating to customer contract acceptance and terms, change orders, monitoring of project development, cost incurred and estimating cost to complete.</li> <li>assessed the terms of the customer contracts and the appropriateness of the revenue recognition policies.</li> <li>assessed the contractual terms and evaluated the work status of the customer contracts and to ascertain the appropriateness of revenue recognised based on the stage of completion of each performance obligation.</li> <li>selected sample of contracts and assessed management's assumptions for determining stage of completion including estimated profit and cost to complete through interviews with management and verification to supporting documents.</li> <li>performed analysis and retrospective reviews of completed contracts to assess the appropriateness of management's assumptions applied.</li> </ul> <p>Based on the audit procedures performed above, we found the basis of the identification of performance obligations and the revenue recognised based on the stage of completion of each performance obligation to be appropriate.</p>

## Other Information

Management is responsible for the other information. The other information comprises the Corporate Overview, Performance Review, Sustainability, Corporate Governance, Directors' Statement and Corporate Information (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Other Information (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's 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 Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to directors 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 and SFRS(I)s, 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.

## Auditor's 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 auditor's 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Auditor's Responsibilities For The Audit Of The Financial Statements (continued)

- 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 auditor's 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 auditor's 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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 auditor's 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 auditor's report is Lam Hock Choon.



**PricewaterhouseCoopers LLP**  
Public Accountants and Chartered Accountants

Singapore  
26 February 2025

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# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2024 \$'000	2023 \$'000
<b>Revenue</b>	B2	<b>11,275,659</b>	10,101,021
Cost of sales		<b>(9,101,384)</b>	(8,128,269)
<b>Gross profit</b>		<b>2,174,275</b>	1,972,752
Distribution and selling expenses		<b>(206,606)</b>	(179,414)
Administrative expenses		<b>(797,380)</b>	(752,581)
Other operating expenses		<b>(192,783)</b>	(215,294)
Other income, net		<b>28,034</b>	14,647
<b>Profit from operations</b>	B3	<b>1,005,540</b>	840,110
Non-operating (expense)/income, net	B4	<b>(59)</b>	16,454
Share of results of associates and joint ventures, net of tax		<b>70,986</b>	58,093
<b>Earnings before interest and tax</b>		<b>1,076,467</b>	914,657
Finance income		<b>37,862</b>	41,286
Finance costs		<b>(251,644)</b>	(251,732)
Finance costs, net	E2	<b>(213,782)</b>	(210,446)
<b>Profit before taxation</b>		<b>862,685</b>	704,211
Taxation	B6	<b>(133,480)</b>	(99,785)
<b>Profit after taxation</b>		<b>729,205</b>	604,426
<b>Attributable to:</b>			
Shareholders of the Company		<b>702,256</b>	586,467
Non-controlling interests	F3	<b>26,949</b>	17,959
		<b>729,205</b>	604,426
<b>Earnings per share (cents)</b>	B5		
Basic		<b>22.53</b>	18.82
Diluted		<b>22.35</b>	18.69

The accompanying notes are an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2024 \$'000	2023 \$'000
<b>Profit after taxation</b>		<b>729,205</b>	604,426
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Defined benefit plan remeasurements		<b>13,246</b>	2,175
Net fair value changes on equity investment at FVOCI		<b>(1,937)</b>	2,769
		<b>11,309</b>	4,944
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Net fair value changes of cash flow hedges reclassified to income statement		<b>(9,209)</b>	(55,808)
Effective portion of changes in fair value of cash flow hedges		<b>(58,259)</b>	52,068
Share of net fair value changes on cash flow hedges of joint ventures		<b>3,858</b>	(3,343)
Foreign currency translation differences		<b>26,976</b>	(8,505)
Share of foreign currency translation differences of associates and joint ventures		<b>10,744</b>	(7,960)
Reserves released on disposal of subsidiaries		<b>2,007</b>	549
		<b>(23,883)</b>	(22,999)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(12,574)</b>	(18,055)
<b>Total comprehensive income for the year, net of tax</b>		<b>716,631</b>	586,371
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		<b>713,020</b>	553,846
Non-controlling interests	F3	<b>3,611</b>	32,525
		<b>716,631</b>	586,371

The accompanying notes are an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	C1	2,114,590	2,076,209
Right-of-use assets	C2	605,254	651,109
Associates and joint ventures	F4	621,455	567,404
Investments	E3	63,006	63,075
Intangible assets	C3	4,989,775	4,958,158
Long-term trade receivables	C6	36,510	11,314
Deferred tax assets	B6	264,484	214,178
Amounts due from related parties	C4	49,015	36,219
Advances and other receivables	C7	144,126	134,542
Derivative financial instruments	C16	9,433	36,895
		<b>8,897,648</b>	<b>8,749,103</b>
<b>Current assets</b>			
Inventories	C5	2,061,236	1,897,274
Contract assets	C13	2,567,423	2,240,100
Trade receivables	C6	1,461,259	1,581,261
Amounts due from related parties	C4	77,860	59,964
Advances and other receivables	C7	714,672	469,073
Derivative financial instruments	C16	10,559	28,789
Bank balances and other liquid funds	C8	430,642	353,337
		<b>7,323,651</b>	<b>6,629,798</b>
<b>Total assets</b>		<b>16,221,299</b>	<b>15,378,901</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Contract liabilities	C13	1,193,627	978,051
Deposits from customers		21,348	31,229
Trade payables and accruals	C9	3,485,697	3,155,075
Amounts due to related parties	C10	51,619	50,168
Provisions	C11	339,066	337,663
Provision for taxation		148,777	165,959
Borrowings	E4	2,945,104	2,563,661
Deferred income	C12	9,363	11,755
Post-employment benefits	D3	3,112	10,075
Derivative financial instruments	C16	40,884	18,722
		<b>8,238,597</b>	<b>7,322,358</b>
<b>Net current liabilities</b>		<b>(914,946)</b>	<b>(692,560)</b>

The accompanying notes are an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2024 \$'000	2023 \$'000
<b>Non-current liabilities</b>			
Contract liabilities	C13	1,599,390	1,274,916
Trade payables and accruals	C9	100,484	59,109
Provisions	C11	39,921	39,095
Deferred tax liabilities	B6	185,506	156,422
Borrowings	E4	2,876,432	3,544,431
Deferred income	C12	18,424	15,851
Post-employment benefits	D3	190,893	209,840
Derivative financial instruments	C16	20,805	4,543
		<b>5,031,855</b>	<b>5,304,207</b>
<b>Total liabilities</b>		<b>13,270,452</b>	<b>12,626,565</b>
<b>Net assets</b>		<b>2,950,847</b>	<b>2,752,336</b>
<b>Share capital and reserves</b>			
Share capital	E6	895,926	895,926
Treasury shares	E7	(32,806)	(29,644)
Capital reserves	E8	88,733	93,464
Other reserves	E9	(60,851)	(63,346)
Retained earnings		1,779,371	1,562,940
<b>Equity attributable to owners of the Company</b>		<b>2,670,373</b>	<b>2,459,340</b>
Non-controlling interests	F3	280,474	292,996
		<b>2,950,847</b>	<b>2,752,336</b>
<b>Total equity and liabilities</b>		<b>16,221,299</b>	<b>15,378,901</b>

The accompanying notes are an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Share capital \$'000	Treasury shares \$'000
At 1 January 2024	895,926	(29,644)
<b>Total comprehensive income for the year</b>		
Profit after taxation	–	–
<b>Other comprehensive income</b>		
Defined benefit plan remeasurements	–	–
Net fair value changes on equity investment at FVOCI	–	–
Net fair value changes of cash flow hedges reclassified to income statement	–	–
Effective portion of changes in fair value of cash flow hedges	–	–
Share of net fair value changes on cash flow hedges of joint ventures	–	–
Foreign currency translation differences	–	–
Share of foreign currency translation differences of associates and joint ventures	–	–
Reserves released on disposal of subsidiaries	–	–
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year, net of tax	–	–
Hedging gains and losses and cost of hedging transferred to the cost of inventory	–	–
<b>Transactions with owners of the Company, recognised directly in equity</b>		
<b>Contributions by and distributions to owners of the Company</b>		
Cost of share-based payment	–	–
Purchase of treasury shares	–	(33,325)
Treasury shares reissued pursuant to share plans	–	30,163
Dividends paid	–	–
Dividends paid to non-controlling interests	–	–
Total contributions by and distributions to owners of the Company	–	(3,162)
<b>Changes in ownership interests in subsidiaries</b>		
Acquisition of non-controlling interests in a subsidiary without a change in control	–	–
Disposal of subsidiary	–	–
<b>Total transactions with owners of the Company</b>	–	(3,162)
Transfer from retained earnings to statutory reserve	–	–
Transfer from other reserves to retained earnings	–	–
Balance at 31 December 2024	895,926	(32,806)

The accompanying notes are an integral part of the financial statements.

Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
93,464	(63,346)	1,562,940	2,459,340	292,996	2,752,336
–	–	702,256	702,256	26,949	729,205
–	–	13,418	13,418	(172)	13,246
–	(1,937)	–	(1,937)	–	(1,937)
–	(13,857)	–	(13,857)	4,648	(9,209)
–	(37,029)	–	(37,029)	(21,230)	(58,259)
–	3,858	–	3,858	–	3,858
–	35,828	–	35,828	(8,852)	26,976
–	10,744	–	10,744	–	10,744
–	(261)	–	(261)	2,268	2,007
–	(2,654)	13,418	10,764	(23,338)	(12,574)
–	(2,654)	715,674	713,020	3,611	716,631
–	443	–	443	–	443
–	31,392	–	31,392	83	31,475
–	–	–	(33,325)	–	(33,325)
(4,731)	(25,350)	–	82	(82)	–
–	–	(498,883)	(498,883)	–	(498,883)
–	–	–	–	(11,840)	(11,840)
(4,731)	6,042	(498,883)	(500,734)	(11,839)	(512,573)
–	(1,696)	–	(1,696)	(2,008)	(3,704)
–	–	–	–	(2,286)	(2,286)
(4,731)	4,346	(498,883)	(502,430)	(16,133)	(518,563)
–	259	(259)	–	–	–
–	101	(101)	–	–	–
88,733	(60,851)	1,779,371	2,670,373	280,474	2,950,847

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Share capital \$'000	Treasury shares \$'000
At 1 January 2023	895,926	(36,377)
<b>Total comprehensive income for the year</b>		
Profit after taxation	—	—
<b>Other comprehensive income</b>		
Defined benefit plan remeasurements	—	—
Net fair value changes on equity investment at FVOCI	—	—
Net fair value changes of cash flow hedges reclassified to income statement	—	—
Effective portion of changes in fair value of cash flow hedges	—	—
Share of net fair value changes on cash flow hedges of joint ventures	—	—
Foreign currency translation differences	—	—
Share of foreign currency translation differences of associates and joint ventures	—	—
Reserves released on disposal of subsidiaries	—	—
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year, net of tax	—	—
Hedging gains and losses and cost of hedging transferred to the cost of inventory	—	—
<b>Transactions with owners of the Company, recognised directly in equity</b>		
<b>Contributions by and distributions to owners of the Company</b>		
Capital contribution by non-controlling interests	—	—
Cost of share-based payment	—	—
Purchase of treasury shares	—	(20,821)
Treasury shares reissued pursuant to share plans	—	27,554
Dividends paid	—	—
Total contributions by and distributions to owners of the Company	—	6,733
<b>Changes in ownership interests in subsidiaries</b>		
Disposal of subsidiary	—	—
<b>Total transactions with owners of the Company</b>	—	6,733
Transfer from retained earnings to statutory reserve	—	—
Balance at 31 December 2023	895,926	(29,644)

The accompanying notes are an integral part of the financial statements.



Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
100,068	(34,437)	1,472,816	2,397,996	254,858	2,652,854
—	—	586,467	586,467	17,959	604,426
—	—	3,199	3,199	(1,024)	2,175
—	2,769	—	2,769	—	2,769
—	(51,696)	—	(51,696)	(4,112)	(55,808)
—	36,401	—	36,401	15,667	52,068
—	(3,343)	—	(3,343)	—	(3,343)
—	(12,540)	—	(12,540)	4,035	(8,505)
—	(7,960)	—	(7,960)	—	(7,960)
—	549	—	549	—	549
—	(35,820)	3,199	(32,621)	14,566	(18,055)
—	(35,820)	589,666	553,846	32,525	586,371
—	(265)	—	(265)	14	(251)
—	—	—	—	5,184	5,184
—	27,193	—	27,193	73	27,266
—	—	—	(20,821)	—	(20,821)
(6,604)	(20,879)	—	71	(71)	—
—	—	(498,680)	(498,680)	—	(498,680)
(6,604)	6,314	(498,680)	(492,237)	5,186	(487,051)
—	—	—	—	244	244
(6,604)	6,314	(498,680)	(492,237)	5,430	(486,807)
—	862	(862)	—	169	169
93,464	(63,346)	1,562,940	2,459,340	292,996	2,752,336

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Cash and cash equivalents comprise cash balances and fixed deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

Group	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	862,685	704,211
Adjustments:		
Share of results of associates and joint ventures, net of tax	(70,986)	(58,093)
Share-based payment expense	31,475	27,266
Depreciation charge	355,919	340,861
Property, plant and equipment written off	2,645	2,118
Intangible assets written off	4,603	–
Amortisation of other intangible assets	181,915	200,575
Amortisation of deferred income	(4)	(4)
(Write-back)/ impairment losses of property, plant and equipment	(24)	2,457
Impairment of goodwill and other intangible assets	–	10,162
Impairment losses on loan to an associate	1,635	–
Gain on disposal of property, plant and equipment	(11,490)	(14,867)
Loss/(gain) on disposal of subsidiaries	59	(16,454)
Loss on disposal of investment	–	24,132
Gain on ineffective portion/discontinuation of cash flow hedges	(2,910)	(27,941)
Changes in fair value of associates	1,869	5,398
Changes in fair value of investments	10,538	657
Changes in fair value of financial instruments and hedged items	27,166	1,603
Interest expense	224,459	235,829
Interest income	(17,409)	(13,345)
Unrealised currency translation (gains)/losses	(14,068)	2,063
<b>Operating profit before working capital changes</b>	<b>1,588,077</b>	<b>1,426,628</b>
Changes in:		
Inventories	(109,279)	(206,060)
Contract assets	(293,965)	(148,519)
Trade receivables	109,354	(437,738)
Amounts due from related parties	(7,417)	(3,464)
Advances and other receivables	(247,404)	(115,756)
Contract liabilities	520,991	438,702
Deposits from customers	(10,371)	(4,978)
Trade payables and accruals	313,014	338,900
Amounts due to related parties	707	913
Provisions	(2,053)	40,780
Deferred income	185	(3,567)
<b>Cash generated from operations</b>	<b>1,861,839</b>	<b>1,325,841</b>
Interest received	15,939	11,569
Income tax paid	(159,721)	(158,853)
<b>Net cash from operating activities</b>	<b>1,718,057</b>	<b>1,178,557</b>

The accompanying notes are an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2024 \$'000	2023 \$'000
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		190,872	261,723
Proceeds from disposal of intangible assets		–	120,941
Proceeds from disposal of investments		–	2,033
Purchase of property, plant and equipment		(480,494)	(540,272)
Purchase of investments		(10,778)	(11,002)
Additions to other intangible assets		(64,519)	(75,644)
Dividends from associates and joint ventures		48,213	56,054
Investments in associates and joint ventures		(18,677)	(116,141)
Repayment of loans by associate		–	85,726
Loans to associates and joint ventures		(24,166)	(988)
Acquisition of controlling interests in subsidiary, net of cash acquired		(54,782)	–
Disposal of subsidiaries, net of cash disposed		–	16,813
<b>Net cash used in investing activities</b>		<b>(414,331)</b>	<b>(200,757)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank loans		568,222	621,354
Proceeds from medium-term note issuance		–	676,800
Proceeds from issuance of commercial papers		1,821,720	1,901,135
Proceeds from settlement of derivatives		2,910	9,734
Proceeds from finance lease receivables		220	221
Repayment of bank loans		(843,689)	(865,375)
Repayment of commercial papers		(1,934,270)	(2,641,075)
Repayment of lease liabilities		(78,694)	(132,796)
Purchase of treasury shares		(33,325)	(20,821)
Acquisition of non-controlling interests in a subsidiary		(2,008)	–
Capital contribution from non-controlling interests of a subsidiary		–	5,184
Dividends paid to shareholders of the Company		(498,883)	(498,680)
Dividends paid to non-controlling interests		(11,840)	–
Interest paid		(211,385)	(281,756)
Restricted cash		(795)	1
<b>Net cash used in financing activities</b>		<b>(1,221,817)</b>	<b>(1,226,074)</b>
<b>Net change in cash and cash equivalents</b>		<b>81,909</b>	<b>(248,274)</b>
Cash and cash equivalents at beginning of the year		353,316	601,749
Effect of exchange rate changes on balances held in foreign currency		(5,399)	(159)
<b>Cash and cash equivalents at end of the year</b>	C8	<b>429,826</b>	<b>353,316</b>

The accompanying notes are an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## A. ABOUT THIS REPORT

### General

The Company is a public limited company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 1 Ang Mo Kio Electronics Park Road #07-01 ST Engineering Hub, Singapore 567710.

The principal activity of the Company is that of an investment holding company.

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

The consolidated financial statements of Singapore Technologies Engineering Ltd and its subsidiaries (collectively referred to as the Group) as at 31 December 2024 and for the year then ended were authorised and approved by the Board of Directors for issuance on 26 February 2025.

### Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

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

Accounting policies, estimates and critical accounting judgements applied to the preparation of the financial statements are disclosed together with the related accounting balance or financial statement matters discussed.

Information is only being included in the financial report to the extent it has been 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

The financial statements are presented in Singapore dollars (SGD) which is the Company's functional currency. All values are rounded to the nearest thousand (\$'000) unless otherwise indicated.

### Material accounting policy information

The accounting policies have been applied consistently by the Group entities to all periods presented in these financial statements unless otherwise indicated.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## Foreign currency

The major functional currencies of the Group entities are the Singapore dollar (SGD), the United States dollar (USD) and the Euro (EUR).

Transactions, assets and liabilities denominated in foreign currencies are translated into SGD at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined
Non-monetary assets and liabilities carried at cost	Date of transaction

Foreign exchange gains and losses resulting from translation of monetary assets and liabilities are recognised in the income statement, except for qualifying cash flow hedges, which are recognised in Other Comprehensive Income (OCI).

On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into SGD using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to profit or loss on disposal of the foreign operation.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B. BUSINESS PERFORMANCE

The highlights of the Group's financial performance during the financial year are:

- Revenue of \$11.3 billion, up 12%
- Earnings before interest and tax of \$1,076.5 million, up 18%
- Profit before taxation of \$862.7 million, up 23%
- Profit attributable to shareholders of \$702.3 million, up 20%
- Earnings per share of 22.53 cents per share, up 20%

<b>B1</b>	Segment information	<b>B4</b>	Non-operating (expense)/income, net
<b>B2</b>	Revenue	<b>B5</b>	Earnings per share
<b>B3</b>	Profit from operations	<b>B6</b>	Taxation

### B1 Segment information

The Group drives commercial business growth through businesses in Commercial Aerospace, and Urban Solutions & Satcom domains, which are also reportable business segments.

The Defence & Public Security segment integrates capabilities organised as a single segment which is a reportable business segment, comprising Digital Systems & Cyber, Land Systems, Marine and Defence Aerospace business areas.

Management reviews the segments' operating results regularly in order to allocate resources to the segments and to assess the segments' performance.

The principal activities of the business segments are outlined below:

Segments	Principal activities
Commercial Aerospace	Airframe, engines and components maintenance, repair and overhaul, original equipment manufacturer for nacelles, composite floorboard and passenger-to-freighter conversions and aviation asset management.
Defence & Public Security	Defence, public safety and security, critical information infrastructure solutions and others, including Group HQ functions.
Urban Solutions & Satcom	Smart mobility, smart utilities & infrastructure, urban environment solutions and satcom.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B1 Segment information (continued)

Inter-segment pricing is based on terms negotiated between the parties which are intended to reflect competitive terms.

2024	Commercial Aerospace \$'000	Defence & Public Security \$'000	Urban Solutions & Satcom \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	4,384,398	4,934,508	1,956,753	–	11,275,659
Inter-segment sales	55,874	36,472	52,414	(144,760)	–
	4,440,272	4,970,980	2,009,167	(144,760)	11,275,659
Reportable segment profit from operations	342,294	620,950	42,296	–	1,005,540
Non-operating expenses, net	26	–	(85)	–	(59)
Share of results of associates and joint ventures, net of tax	57,859	15,418	(2,291)	–	70,986
Earnings before interest and tax	400,179	636,368	39,920	–	1,076,467
Finance income					37,862
Finance costs					(251,644)
Profit before taxation					862,685
Taxation					(133,480)
Non-controlling interests					(26,949)
Profit attributable to shareholders					702,256
Other assets	4,835,204	6,680,634	6,011,880	(2,623,000)	14,904,718
Associates and joint ventures	499,310	102,765	19,380	–	621,455
Segment assets	5,334,514	6,783,399	6,031,260	(2,623,000)	15,526,173
Deferred tax assets					264,484
Bank balances and other liquid funds					430,642
Total Assets					16,221,299
Segment liabilities	1,939,312	6,217,255	1,098,336	(2,140,270)	7,114,633
Provision for taxation					148,777
Deferred tax liabilities					185,506
Borrowings					5,821,536
Total Liabilities					13,270,452
Capital expenditure	286,151	195,046	117,450	(21,881)	576,766
Depreciation and amortisation	183,371	167,785	190,635	(3,957)	537,834
Allowance for inventory obsolescence, net	7,189	27,306	7,636	–	42,131
Write-back of impairment loss	–	(24)	–	–	(24)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B1 Segment information (continued)

2023	Commercial Aerospace \$'000	Defence & Public Security \$'000	Urban Solutions & Satcom \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	3,905,269	4,251,967	1,943,785	–	10,101,021
Inter-segment sales	60,791	36,731	36,795	(134,317)	–
	3,966,060	4,288,698	1,980,580	(134,317)	10,101,021
Reportable segment profit from operations	282,665	542,872	14,573	–	840,110
Non-operating income, net	(309)	16,254	509	–	16,454
Share of results of associates and joint ventures, net of tax	54,880	8,291	(5,078)	–	58,093
Earnings before interest and tax	337,236	567,417	10,004	–	914,657
Finance income					41,286
Finance costs					(251,732)
Profit before taxation					704,211
Taxation					(99,785)
Non-controlling interests					(17,959)
Profit attributable to shareholders					586,467
Other assets	4,737,972	5,768,074	5,858,657	(2,120,721)	14,243,982
Associates and joint ventures	444,807	100,926	21,671	–	567,404
Segment assets	5,182,779	5,869,000	5,880,328	(2,120,721)	14,811,386
Deferred tax assets					214,178
Bank balances and other liquid funds					353,337
Total Assets					15,378,901
Segment liabilities	1,790,448	5,109,060	957,008	(1,660,424)	6,196,092
Provision for taxation					165,959
Deferred tax liabilities					156,422
Borrowings					6,108,092
Total Liabilities					12,626,565
Capital expenditure	310,273	363,615	118,838	(27,642)	765,084
Depreciation and amortisation	195,109	136,624	210,865	(1,162)	541,436
Allowance for inventory obsolescence, net	24,089	(1,262)	5,307	–	28,134
Impairment losses	–	3,283	9,336	–	12,619

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B1 Segment information (continued)

### Analysis by country of incorporation

Revenue is based on the subsidiaries' country of incorporation regardless of where the goods are produced or services rendered. Non-current assets, excluding derivative financial instruments and deferred tax assets, are based on the location of those assets.

	Revenue		Non-current assets	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Asia	6,771,555	5,760,303	2,574,923	2,446,852
U.S.	3,200,408	3,086,297	4,713,784	4,601,877
Europe	1,239,089	1,185,465	1,242,354	1,358,609
Others	64,607	68,956	92,670	90,692
	11,275,659	10,101,021	8,623,731	8,498,030

For the year ended 31 December 2024:

- Within Europe, revenue of approximately \$927,494,000 (2023: \$826,651,000) was from subsidiaries located in Germany.
- Within Asia, most of the revenue was from subsidiaries located in Singapore.
- The remaining revenue from subsidiaries in Asia, Europe and Others was individually insignificant.

As at 31 December 2024:

- Within Europe, non-current assets of approximately \$570,696,000 (2023: \$623,331,000), \$370,868,000 (2023: \$375,435,000) and \$227,840,000 (2023: \$315,111,000) were from subsidiaries located in Germany, Belgium and Ireland respectively.
- Within Asia, most of the non-current assets were from subsidiaries located in Singapore.
- The remaining non-current assets located in Asia, Europe and Others were individually insignificant.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### B2 Revenue

#### *Disaggregation of revenue*

In the following table, revenue is disaggregated by major products/services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Commercial Aerospace		Defence & Public Security	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Major products/services lines</b>				
Sale of goods	1,561,049	1,496,247	1,453,696	1,249,796
Service income	476,230	300,876	2,010,012	1,698,504
Contract revenue	2,402,993	2,168,937	1,507,272	1,340,398
	<b>4,440,272</b>	<b>3,966,060</b>	<b>4,970,980</b>	<b>4,288,698</b>
<b>Timing of revenue recognition</b>				
Transferred at a point in time	2,108,391	2,160,437	2,069,574	1,814,097
Transferred over time	2,331,881	1,805,623	2,901,406	2,474,601
	<b>4,440,272</b>	<b>3,966,060</b>	<b>4,970,980</b>	<b>4,288,698</b>

Urban Solutions & Satcom			Elimination		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
	436,411	491,938	(29,063)	(19,932)	3,422,093	3,218,049
	738,968	680,662	(46,470)	(41,992)	3,178,740	2,638,050
	833,788	807,980	(69,227)	(72,393)	4,674,826	4,244,922
	2,009,167	1,980,580	(144,760)	(134,317)	11,275,659	10,101,021
	703,892	741,958	(84,271)	(79,993)	4,797,586	4,636,499
	1,305,275	1,238,622	(60,489)	(54,324)	6,478,073	5,464,522
	2,009,167	1,980,580	(144,760)	(134,317)	11,275,659	10,101,021

Group	2024 \$'000	2023 \$'000
<b>Primary geographical markets</b>		
Asia	5,794,836	4,924,215
U.S.	2,599,341	2,448,772
Europe	2,130,103	2,015,610
Others	751,379	712,424
	11,275,659	10,101,021

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B2 Revenue (continued)

### Revenue from contracts with customers

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

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

#### (a) Revenue from sale of goods

Revenue is recognised when goods are delivered to the customer and the criteria for acceptance has been satisfied. Where applicable, a portion of the contract consideration is received in advance from the customers and the remaining consideration is received after delivery.

#### (b) Revenue from services rendered

Revenue from services rendered are recognised as performance obligations are satisfied. Payments are due from customers based on the agreed billing milestones stipulated in the contracts or based on the amounts certified by the customers.

Where performance obligations are satisfied over time as work progresses, revenue is recognised progressively based on the percentage of completion method. The stage of completion is assessed by reference to assessment of work performed (output method) or the cost incurred relative to total estimated costs (input method) depending on which method commensurate with the pattern of transfer of control to the customer. The related costs are recognised in profit or loss when they are incurred, unless they relate to future performance obligations.

If the value of services rendered for the contract exceeds payments received from the customer, a contract asset is recognised and presented separately on the statement of financial position. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. If the amounts invoiced to the customer exceed the value of services rendered, a contract liability is recognised and separately presented on the statement of financial position.

#### (c) Revenue from contracts

The Group builds specialised assets customised to customers' order for which the Group does not have an alternative use.

##### (i) Contracts with enforceable right to payment

The Group has determined that for contracts where the Group has an enforceable right to payment, the customer controls all of the work-in-progress. This is because under those contracts, the assets are at the customer's specification and the Group is entitled to reimbursement of costs incurred to date, including a reasonable margin when the contract is terminated by the customer. Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B2 Revenue (continued)

### (c) Revenue from contracts (continued)

#### (i) Contracts with enforceable right to payment (continued)

Revenue is recognised over time. The stage of completion is typically assessed by reference to either surveys of work performed (output method) or the cost incurred relative to total estimated costs (input method) depending on which method commensurate with the pattern of transfer of control to the customer.

#### (ii) Contracts without enforceable right to payment

For contracts where the Group does not have an enforceable right to payment, customers do not take control of the specialised asset until they are completed. At the inception of the contract, the customers usually make an advance payment that is not refundable if the contract is cancelled. The advance payment is presented as a contract liability. The rest of the consideration is only billed upon acceptance by the customer.

Revenue is recognised at a point in time when the assets are completed and have been accepted by customers.

When the period between the satisfaction of a performance obligation and payment by the customer exceeds a year, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would be reflected separately as a financing income from contract inception.

For contracts with variable consideration (i.e. liquidated damages, bonus and penalty adjustments), revenue is recognised to the extent that it is highly probable that a reversal of previously recognised revenue will not occur. Therefore, the amount of revenue recognised is adjusted for possibility of delays to the projects and ability to meet key performance indicators stipulated in the contract. The Group reviews the progress of the projects at each reporting date and updates the transaction price accordingly.

The Group accounts for modifications to the scope or price of a contract as separate contracts if the modification adds distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations to be satisfied. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as a continuation of the original contract and recognises a cumulative adjustment to revenue at the date of modification.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B2 Revenue (continued)

### Key estimates and judgement: Revenue recognition

Judgement is applied in determining:

- *whether performance obligations are distinct.*

Requires an assessment of whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer and if the promise is separately identifiable from other promises in the contract.

- *the transaction price for contracts with variable consideration (e.g. bonus, liquidated damages, penalties, etc).*

Requires an evaluation of potential risk and factors which may affect completion or delivery of the contract, in accordance with contract obligations.

- *estimated cost to complete.*

For revenue recognised over time, the percentage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated costs for each contract. In making the estimates, management relies on the expertise of its project team and past experience of completed projects. The estimated total costs are reviewed regularly and adjusted where necessary, with the corresponding effect of the change being recognised prospectively from the date of change.

## B3 Profit from operations

Profit from operations is arrived at after charging the following items (excluding those disclosed in the other notes to the financial statements):

Group	2024 \$'000	2023 \$'000
<b>After charging/(crediting)</b>		
Auditors' remuneration		
– auditors of the Company	3,134	2,751
– other auditors <sup>#</sup>	2,261	2,371
Non-audit fees		
– auditors of the Company	83	302
– other auditors <sup>#</sup>	43	432
Fees paid to a firm of which a director is a member	295	882
Research, design and development expenses <sup>*</sup>	189,766	187,894
Allowance for inventory obsolescence	42,131	28,134
Short-term lease expense	18,587	16,325
Low-value assets lease expense	7,484	2,136
Property, plant and equipment written off	2,645	2,118
Intangible assets written off	4,603	–
Loss on disposal of investment	–	24,132
Fair value changes of associates	1,869	5,398

<sup>#</sup> Includes the network of member firms of PricewaterhouseCoopers International Limited (PwCIL)

<sup>\*</sup> Amount before deducting government grants of \$13,900,000 (2023: \$18,917,000)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B3 Profit from operations (continued)

### Recognition and measurement

Government grants are recognised as a receivable at fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Grants relating to expenses are deducted in reporting the related expenses.

Grants relating to depreciable assets are recognised in profit or loss over the estimated useful lives of the relevant assets.

## B4 Non-operating (expense)/income, net

Group	2024 \$'000	2023 \$'000
Gain on disposal of subsidiaries	26	17,187
Loss on disposal of subsidiaries	(85)	(733)
	(59)	16,454

### Recognition and measurement

The assets and liabilities of the subsidiary, including any goodwill are derecognised when a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

## B5 Earnings per share

### Basic earnings per share

The weighted average number of ordinary shares used in the calculation of earnings per share is arrived at as follows:

Company	2024 '000	2023 '000
<u>Number of shares</u>		
Issued ordinary shares at beginning of the year	3,114,549	3,112,882
Effect of performance shares and restricted shares released	6,096	5,603
Effect of treasury shares held	(3,853)	(2,999)
Weighted average number of ordinary shares issued during the year	3,116,792	3,115,486

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B5 Earnings per share (continued)

### Diluted earnings per share

When calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted for the effect of all dilutive potential ordinary shares. The Group has two categories of dilutive potential ordinary shares from performance share plans and restricted share plans (2023: two categories of dilutive potential ordinary shares from performance share plans and restricted share plans).

The weighted average number of ordinary shares adjusted for the dilutive potential shares is as follows:

Company	2024 '000	2023 '000
<u>Number of shares</u>		
Weighted average number of ordinary shares (used in the calculation of basic earnings per share)	3,116,792	3,115,486
Adjustment for dilutive potential ordinary shares	25,122	22,599
Weighted average number of ordinary shares (diluted) during the year	3,141,914	3,138,085

## B6 Taxation

### (i) Tax expenses

Group	2024 \$'000	2023 \$'000
Current income tax		
Current year	174,406	200,475
Overprovision in respect of prior years	(5,100)	(7,274)
	169,306	193,201
Deferred income tax		
Current year	(25,217)	(87,238)
Overprovision in respect of prior years	(10,167)	(5,415)
Effect of change in tax rates	(442)	(763)
	(35,826)	(93,416)
	133,480	99,785

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

**B6 Taxation** (continued)**(i) Tax expenses** (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December is as follows:

Group	2024 \$'000	2023 \$'000
Profit before taxation	862,685	704,211
Taxation at Singapore statutory tax rate of 17% (2023: 17%)	146,656	119,716
Adjustments:		
Income not subject to tax	(11,518)	(11,528)
Expenses not deductible for tax purposes	23,052	24,042
Different tax rates of other countries	3,134	(5,513)
Overprovision in respect of prior years	(15,267)	(12,689)
Effect of change in tax rates	(442)	(763)
Effect of results of associates and joint ventures presented net of tax	(12,069)	(9,871)
Tax incentives	(5,343)	(3,987)
Deferred tax assets not recognised	7,011	2,592
Deferred tax assets previously not recognised now utilised/recognised	(2,311)	(3,113)
Others	577	899
	133,480	99,785

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### B6 Taxation (continued)

#### (ii) Deferred tax assets and liabilities

##### (a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Property, plant and equipment	(2,014)	(2,416)	231,508	200,611
Intangible assets	(4,591)	(4,392)	201,305	167,198
Allowance for doubtful debts	(3,281)	(2,775)	–	–
Allowance for inventory obsolescence	(55,455)	(40,327)	415	–
Provisions and accruals	(204,214)	(191,358)	8,066	8,048
Lease liabilities	(131,900)	(104,188)	–	6,253
Unabsorbed capital allowances and unutilised tax losses	(107,361)	(125,045)	9,459	10,720
Fair value of derivative financial instruments designated as cash flow hedges	(12,503)	(4,336)	1,031	10,777
Fair value of defined benefit plans	(6,644)	(7,236)	14,800	10,672
ROU assets	–	–	127,774	103,014
Unutilised tax benefits	(162,938)	(99,897)	–	–
Other items	(5,091)	(15,031)	22,656	21,952
Deferred tax (assets)/liabilities	(695,992)	(597,001)	617,014	539,245
Set off of tax	431,508	382,823	(431,508)	(382,823)
Net deferred tax (assets)/liabilities	(264,484)	(214,178)	185,506	156,422

The Group's lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, the Group considers the asset and liability collectively and accounts for the deferred taxation on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B6 Taxation (continued)

### (ii) Deferred tax assets and liabilities (continued)

#### (b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Group	2024 \$'000	2023 \$'000
Tax losses	389,933	375,232
Deductible temporary differences	11,971	5,618
	401,904	380,850

The Group has the above unrecognised deferred tax assets which have no expiry date except for the amount of \$92,093,000 (2023: \$88,733,000) which will expire from 2025 to 2044 (2023: 2024 to 2042). The unrecognised deferred tax assets can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

#### (c) Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2024, a deferred tax liability of \$209,610,000 (2023: \$177,299,000) for temporary difference of \$927,090,000 (2023: \$766,004,000) related to undistributed earnings of certain subsidiaries was not recognised as the Group has determined that the undistributed profits of its overseas subsidiaries will not be remitted to Singapore in the foreseeable future, but will be retained for organic growth and acquisitions.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B6 Taxation (continued)

### (ii) Deferred tax assets and liabilities (continued)

#### (d) Movement in deferred tax balances during the year

Group	As at 1 January 2023 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Utilisation of tax losses \$'000	Reclassification \$'000
Property, plant and equipment	160,925	39,405	–	10	–
Intangible assets	158,675	11,189	–	(5,670)	–
Allowance for doubtful debts	(2,182)	(632)	–	–	–
Allowance for inventory obsolescence	(43,418)	2,568	–	–	–
Provisions and accruals	(116,640)	(67,978)	–	(427)	–
Lease liabilities	(84,821)	(13,060)	–	(23)	–
Unabsorbed capital allowances and unutilised tax losses	(185,156)	16,599	–	52,502	–
Fair value of derivative financial instruments designated as cash flow hedges	(9,185)	3	15,700	23	–
Fair value of defined benefit plans	2,542	(3,360)	3,046	–	1,457
ROU assets	85,090	17,936	–	2	–
Unutilised tax benefits	(2,235)	(98,841)	–	(496)	–
Other items	5,649	2,755	–	(219)	(1,457)
	(30,756)	(93,416)	18,746	45,702	–



Exchange difference \$'000	As at 31 December 2023 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Acquisition of subsidiary \$'000	Utilisation of tax losses \$'000	Reclassification \$'000	Exchange difference \$'000	As at 31 December 2024 \$'000
(2,145)	198,195	20,869	—	—	—	6,492	3,938	229,494
(1,388)	162,806	28,420	—	2,876	—	(88)	2,700	196,714
39	(2,775)	(438)	—	—	—	(5)	(63)	(3,281)
523	(40,327)	(9,929)	—	—	—	(3,867)	(917)	(55,040)
1,735	(183,310)	(32,155)	—	—	130	21,956	(2,769)	(196,148)
(31)	(97,935)	(4,279)	—	—	—	(28,816)	(870)	(131,900)
1,730	(114,325)	(12,947)	—	—	27,173	2,972	(775)	(97,902)
(100)	6,441	—	(17,689)	—	—	(19)	(205)	(11,472)
(249)	3,436	(9)	4,182	—	—	2,364	(1,817)	8,156
(14)	103,014	213	—	—	—	23,675	872	127,774
1,675	(99,897)	(25,168)	—	—	—	(33,672)	(4,201)	(162,938)
193	6,921	(403)	—	—	—	9,008	2,039	17,565
1,968	(57,756)	(35,826)	(13,507)	2,876	27,303	—	(2,068)	(78,978)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

**B6 Taxation** (continued)**(ii) Deferred tax assets and liabilities** (continued)**(d) Movement in deferred tax balances during the year** (continued)

Group	As at 1 January 2022 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Acquisition/ deconsolidation of subsidiaries \$'000	Utilisation of tax losses \$'000
Property, plant and equipment	144,569	20,475	–	130	(50)
Intangible assets	141,072	18,439	–	–	–
Allowance for doubtful debts	(1,640)	(558)	–	–	–
Allowance for inventory obsolescence	(36,193)	(7,519)	–	–	–
Provisions and accruals	(138,199)	(40,179)	–	56,433	4,050
Lease liabilities	593	(1,084)	–	19	–
Unabsorbed capital allowances and unutilised tax losses	(98,243)	(100,193)	–	(56,272)	65,201
Fair value of derivative financial instruments designated as cash flow hedges	(8,453)	(2)	(1,054)	–	–
Fair value of defined benefit plans	(58,779)	4,727	37,642	–	–
ROU assets	–	–	–	–	–
Unutilised tax benefits	(1,272)	(976)	–	–	7
Other items	23,658	(3,104)	–	–	(2)
	(32,887)	(109,974)	36,588	310	69,206

				Recognised					
		As at	Recognised	in other	Utilisation			As at	
Reclassification	Exchange	31 December	in profit	comprehensive	of tax	Reclassification	Exchange	31 December	
\$'000	difference	2022	or loss	income	losses	\$'000	difference	2023	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	
(3,361)	(838)	160,925	39,405	–	10	–	(2,145)	198,195	
–	(836)	158,675	11,189	–	(5,670)	–	(1,388)	162,806	
1	15	(2,182)	(632)	–	–	–	39	(2,775)	
–	294	(43,418)	2,568	–	–	–	523	(40,327)	
653	602	(116,640)	(67,978)	–	(427)	–	1,735	(183,310)	
(84,386)	37	(84,821)	(13,060)	–	(23)	–	(31)	(97,935)	
(258)	4,609	(185,156)	16,599	–	52,502	–	1,730	(114,325)	
–	324	(9,185)	3	15,700	23	–	(100)	6,441	
17,153	1,799	2,542	(3,360)	3,046	–	1,457	(249)	3,436	
85,090	–	85,090	17,936	–	2	–	(14)	103,014	
(19)	25	(2,235)	(98,841)	–	(496)	–	1,675	(99,897)	
(14,873)	(30)	5,649	2,755	–	(219)	(1,457)	193	6,921	
–	6,001	(30,756)	(93,416)	18,746	45,702	–	1,968	(57,756)	

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### B6 Taxation (continued)

#### (ii) Deferred tax assets and liabilities (continued)

##### (e) OECD Pillar Two model rules

The Base Erosion and Profit Shifting (“BEPS”) Pillar Two model rules are applicable to the Group as the Group’s consolidated revenue is in excess of EUR 750 million. Singapore, where the Company is incorporated, will implement the Domestic Top-up Tax and Income Inclusion Rule under Pillar Two model rules for in-scope businesses from financial year beginning on or after 1 January 2025.

Under the Pillar Two model rules, the Pillar Two Effective Tax Rate (“ETR”) is assessed on a jurisdictional basis and top-up tax is payable if the jurisdictional ETR is below 15%. Transitional Country-by-Country Safe Harbour rules (“TCSH”) have also been developed to provide temporary relief from compliance obligations during the initial implementation period. Under the TCSH, the top-up tax for such jurisdiction is deemed to be zero if certain tests can be met for the selected jurisdiction.

Certain jurisdictions where the Group operates have implemented the Pillar Two legislation with effect from 1 January 2024. As of 31 December 2024, the Group has assessed that these jurisdictions have either met the tests under TCSH or did not have significant subsidiaries where the jurisdictional ETR is less than 15%. Accordingly, no top-up tax has been recognised for the financial year ended 31 December 2024.

The Pillar Two legislation has also been enacted or substantively enacted in certain jurisdictions where the Group operates, but not in effect as at 31 December 2024. For these jurisdictions, the Group has assessed that they have either met the tests under TCSH or did not have significant subsidiaries where the jurisdictional ETR is less than 15%, and therefore, no significant Pillar Two top-up taxes is expected.

Based on the current assessment, there is no material impact from exposure to Pillar Two legislation on the going concern of the Group and the Company, or on any asset impairment.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B6 Taxation (continued)

### Recognition and measurement

#### Current tax

Current tax is measured at the amount expected to be recovered from or paid to the tax authorities, using tax rates and tax laws that are enacted or substantively enacted by the reporting date.

#### Deferred tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

However, deferred tax assets and liabilities are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination which affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists and they relate to taxes levied by the same tax authority on the same taxable entity.

Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### Estimates and judgement: Income taxes

The Group is subject to income taxes in Singapore and jurisdictions where it has foreign operations. Judgement is required in determining the worldwide provision for income taxes and in assessing whether deferred tax balances are recognised on the statement of financial position. Changes in circumstances will alter expectations, which may impact the amount of provision for income taxes and deferred tax balances recognised.

#### Estimates and judgement: Recovery of deferred tax assets

Deferred tax assets are recognised for tax losses and deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available to utilise them. Judgement and estimates are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences and subsidiaries that have suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C. OPERATING ASSETS AND LIABILITIES

This section provides information relating to the operating assets and liabilities of the Group.

The Group maintains a strong financial position and credit rating to support the Group's strategy to maximise returns to the shareholders through efficient use of capital, taking into consideration the Group's expenditures, growth and investment requirements.

<b>C1</b>	Property, plant and equipment	<b>C9</b>	Trade payables and accruals
<b>C2</b>	Right-of-use assets	<b>C10</b>	Amounts due to related parties
<b>C3</b>	Intangible assets	<b>C11</b>	Provisions
<b>C4</b>	Amounts due from related parties	<b>C12</b>	Deferred income
<b>C5</b>	Inventories	<b>C13</b>	Contract balances
<b>C6</b>	Trade receivables	<b>C14</b>	Financial risk management objectives and policies
<b>C7</b>	Advances and other receivables	<b>C15</b>	Classification and fair value of financial instruments
<b>C8</b>	Bank balances and other liquid funds	<b>C16</b>	Derivative financial instruments

#### C1 Property, plant and equipment

Group	Freehold land*, buildings and improvements \$'000	Wharves, floating docks and boats \$'000
<b>Cost</b>		
At 1 January 2024	1,483,219	118,318
Additions	48,276	91
Disposals/write-off	(13,851)	–
Acquisition of subsidiary	6,682	–
Reclassifications	52,112	1,458
Translation difference	2,781	–
At 31 December 2024	1,579,219	119,867
<b>Accumulated depreciation and impairment</b>		
At 1 January 2024	887,548	103,483
Depreciation charge/impairment losses	62,845	1,680
Disposals/write-off	(12,572)	–
Reclassifications	565	–
Translation difference	3,583	–
At 31 December 2024	941,969	105,163
<b>Net book value</b>		
At 31 December 2024	637,250	14,704

\* Freehold land is recognised at cost of \$5,465,000 and is non-depreciable.

\*\* Others comprise transportation equipment, vehicles and satellites.

During the year, the Group performed an impairment assessment and recognised a write-back of impairment loss of \$24,000 on certain property, plant and equipment. The recoverable amounts of these property, plant and equipment were determined based on the fair market value of the property, plant and equipment, net of selling costs.

Plant and machinery \$'000	Production tools and equipment \$'000	Furniture, fittings, office equipment and others** \$'000	Aircraft and aircraft engines \$'000	Construction- in-progress \$'000	Total \$'000
1,219,193	560,271	552,311	612,626	205,819	4,751,757
51,678	54,518	57,660	111,360	151,769	475,352
(40,213)	(20,012)	(31,473)	(185,346)	(17)	(290,912)
123	13	903	–	225	7,946
54,433	5,320	6,213	6,298	(149,396)	(23,562)
6,289	6,230	4,332	14,221	1,776	35,629
1,291,503	606,340	589,946	559,159	210,176	4,956,210
716,769	405,987	390,827	170,934	–	2,675,548
69,940	41,953	58,190	25,889	–	260,497
(34,433)	(19,392)	(29,165)	(13,323)	–	(108,885)
(2,134)	(794)	(232)	(2,700)	–	(5,295)
5,564	5,549	2,978	2,081	–	19,755
755,706	433,303	422,598	182,881	–	2,841,620
535,797	173,037	167,348	376,278	210,176	2,114,590



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C1 Property, plant and equipment (continued)

Group	Freehold land*, buildings and improvements \$'000	Wharves, floating docks and boats \$'000
<b>Cost</b>		
At 1 January 2023	1,386,049	104,459
Additions	43,063	26,395
Disposals/write-off	(5,614)	(16,150)
Disposal of subsidiaries	(69)	–
Reclassifications	63,100	3,614
Translation difference	(3,310)	–
At 31 December 2023	1,483,219	118,318
<b>Accumulated depreciation and impairment</b>		
At 1 January 2023	838,624	102,217
Depreciation charge/impairment losses	55,954	1,266
Disposals/write-off	(5,454)	–
Reclassifications	1,048	–
Translation difference	(2,624)	–
At 31 December 2023	887,548	103,483
<b>Net book value</b>		
At 31 December 2023	595,671	14,835

\* Freehold land is recognised at cost of \$5,544,000 and is non-depreciable.

\*\* Others comprise transportation equipment, vehicles and satellites.

In the prior year, the Group performed an impairment assessment and recognised an impairment loss of \$2,457,000 on certain property, plant and equipment. The recoverable amounts of these property, plant and equipment were determined based on the fair market value of the property, plant and equipment, net of selling costs.

Reclassifications due to changes in the use of assets:

- (a) Property, plant and equipment with net book value amounting to \$18,267,000 (2023: \$23,944,000) were reclassified to inventories; and
- (b) Lease receivable of \$nil (2023: \$122,000) were reclassified to property, plant and equipment.

Plant and machinery \$'000	Production tools and equipment \$'000	Furniture, fittings, office equipment and others** \$'000	Aircraft and aircraft engines \$'000	Construction- in-progress \$'000	Total \$'000
1,089,831	525,131	519,696	887,029	82,527	4,594,722
137,927	51,000	59,257	16,586	207,560	541,788
(11,266)	(14,391)	(28,149)	(253,015)	(133)	(328,718)
(5)	—	(31)	—	—	(105)
6,767	2,306	4,412	(24,599)	(83,436)	(27,836)
(4,061)	(3,775)	(2,874)	(13,375)	(699)	(28,094)
1,219,193	560,271	552,311	612,626	205,819	4,751,757
665,991	388,954	366,230	156,358	—	2,518,374
65,148	33,535	52,754	44,823	—	253,480
(9,616)	(14,139)	(27,436)	(23,206)	—	(79,851)
(985)	(56)	1,458	(5,479)	—	(4,014)
(3,769)	(2,307)	(2,179)	(1,562)	—	(12,441)
716,769	405,987	390,827	170,934	—	2,675,548
502,424	154,284	161,484	441,692	205,819	2,076,209

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C1 Property, plant and equipment (continued)

### Operating lease

Included in the tables below are property, plant and equipment that the Group leases out, comprising aircraft and aircraft engines, furniture, fittings, office equipment and others\*. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Movements in these assets that are subject to operating leases are presented below.

Group	Furniture, fittings, office equipment and others* \$'000	Aircraft and aircraft engines \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2024	1,434	452,083	453,517
Additions	430	93,265	93,695
Disposals/write-off	–	(180,124)	(180,124)
Reclassifications	–	(16,198)	(16,198)
Translation difference	44	13,303	13,347
At 31 December 2024	1,908	362,329	364,237
<b>Accumulated depreciation</b>			
At 1 January 2024	889	67,827	68,716
Depreciation charge	486	17,924	18,410
Disposals/write-off	–	(8,528)	(8,528)
Reclassifications	–	(2,702)	(2,702)
Translation difference	35	1,878	1,913
At 31 December 2024	1,410	76,399	77,809
<b>Net book value</b>			
At 31 December 2024	498	285,930	286,428
<b>Group</b>	<b>Furniture, fittings, office equipment and others* \$'000</b>	<b>Aircraft and aircraft engines \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>			
At 1 January 2023	1,566	733,541	735,107
Additions	177	–	177
Disposals/write-off	(241)	(249,881)	(250,122)
Reclassifications	(38)	(18,631)	(18,669)
Translation difference	(30)	(12,946)	(12,976)
At 31 December 2023	1,434	452,083	453,517
<b>Accumulated depreciation</b>			
At 1 January 2023	1,036	53,587	54,623
Depreciation charge	134	38,809	38,943
Disposals/write-off	(241)	(21,627)	(21,868)
Reclassifications	(18)	(1,602)	(1,620)
Translation difference	(22)	(1,340)	(1,362)
At 31 December 2023	889	67,827	68,716
<b>Net book value</b>			
At 31 December 2023	545	384,256	384,801

\* Others comprise transportation equipment, vehicles and satellites.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C1 Property, plant and equipment (continued)

### (a) Property, plant and equipment pledged as security

Property, plant and equipment of certain overseas subsidiaries of the Group with a carrying value of \$17,140,000 (2023: \$42,688,000) are pledged as security for bank loans.

### (b) Major properties

Major land and buildings and improvements to premises are:

Location	Description	Tenure	Land area (sq. m.)	Net book value	
				2024 \$'000	2023 \$'000
Singapore					
1 Ang Mo Kio Electronics Park Road	Industrial and commercial buildings	30 years from 1.11.2011	25,272	33,184	33,120
3 Ang Mo Kio Electronics Park Road	Industrial and commercial buildings	30 years from 1.12.2015	36,225	115,330	89,919
100 Jurong East Street 21	Industrial and commercial buildings	30 years from 1.11.2018	11,232	39,881	43,487
249 Jalan Boon Lay	Industrial and commercial buildings	27 years from 1.10.2001 to 31.12.2028 renewable to 10.10.2065	208,261	80,119	77,277
People's Republic of China					
No 2, Huayu Road, Huli District, Xiamen 361017, Fujian	Factory building	50 years from 20.11.2008	38,618	34,517	35,069
Germany					
Grenzstr. 1, Dresden	Hangar and office building	Freehold	91,485	73,783	75,623

For this purpose, freehold land, buildings and improvements to premises are considered major properties if the net book value of these assets represents 5% or more of the Group's aggregated net book value in these categories.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C1 Property, plant and equipment (continued)

### Recognition and measurement

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises expenditure that is:

- directly attributable to the acquisition of the asset;
- subsequent costs incurred to replace parts that are eligible for capitalisation; and/or
- transfers from equity on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

### Disposals

Gains or losses on disposal of property, plant and equipment are included in profit or loss.

### Depreciation

Depreciation of property, plant and equipment is recognised in profit or loss on a straight-line basis over their useful lives, except for freehold land which are not depreciated. The estimated useful lives are as follows:

Item <sup>#</sup>		Useful life
Buildings and improvements	–	2 to 50 years <sup>^</sup>
Wharves, floating docks and boats	–	10 to 20 years
Plant and machinery	–	2 to 25 years
Production tools and equipment	–	2 to 20 years
Furniture, fittings, office equipment and others <sup>*</sup>	–	2 to 12 years
Aircraft and aircraft engines	–	2 to 30 years

<sup>#</sup> Property, plant and equipment purchased specifically for projects are depreciated over the useful life or the duration of the project, whichever is shorter.

<sup>^</sup> Refer to Note C1(b) Major Properties for details of the lease tenure used to approximate the useful lives of the leasehold land, buildings, and improvements.

<sup>\*</sup> Others comprise transportation equipment, vehicles, and satellites.

### Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

### Estimates and judgement: Depreciation charge

Management estimates the useful lives based on factors such as changes in the expected level of usage and technological developments. These are reassessed at each reporting date, and adjusted prospectively, where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C2 Right-of-use assets

The Group leases many assets including land, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee is presented below.

Group	Leasehold land \$'000	Wharves, floating docks and boats \$'000	Plant and machinery \$'000	Production tools and equipment \$'000	Furniture, fittings, office equipment and others* \$'000	Total \$'000
At 1 January 2024	623,728	1,141	11,763	488	13,989	651,109
Additions	26,219	–	1,087	1,020	7,523	35,849
Acquisition of subsidiary	2,852	–	–	–	–	2,852
Modifications of lease	9,215	–	(373)	12	44	8,898
Lease termination	(163)	–	(2,861)	–	(69)	(3,093)
Depreciation charge	(83,034)	(596)	(3,175)	(596)	(7,997)	(95,398)
Translation difference	4,003	–	21	1	1,012	5,037
At 31 December 2024	582,820	545	6,462	925	14,502	605,254
At 1 January 2023	554,049	1,737	14,860	187	10,959	581,792
Additions	117,004	–	565	617	11,092	129,278
Modifications of lease	82,727	–	18	(6)	(67)	82,672
Lease termination	(50,192)	–	(33)	–	(845)	(51,070)
Depreciation charge	(78,191)	(596)	(3,641)	(311)	(7,099)	(89,838)
Translation difference	(1,669)	–	(6)	1	(51)	(1,725)
At 31 December 2023	623,728	1,141	11,763	488	13,989	651,109

\* Others comprise transportation equipment, vehicles, and satellites.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C3 Intangible assets

Group	Goodwill \$'000	Dealer network and customer relationships \$'000	Development expenditure \$'000
<b>Cost</b>			
At 1 January 2024	3,091,480	1,026,859	806,740
Additions	–	–	58,977
Acquisition of subsidiary	19,927	8,882	–
Write-off	–	–	(4,603)
Reclassification	–	–	–
Translation difference	91,805	22,142	3,616
At 31 December 2024	3,203,212	1,057,883	864,730
<b>Accumulated amortisation and impairment losses</b>			
At 1 January 2024	55,248	183,393	330,391
Amortisation for the year*	–	70,441	52,096
Write-off	–	–	–
Reclassification	–	–	–
Translation difference	144	3,374	9,198
At 31 December 2024	55,392	257,208	391,685
<b>Net book value</b>			
At 31 December 2024	3,147,820	800,675	473,045



Commercial and intellectual property rights \$'000	Brands \$'000	Licenses \$'000	Technology agreement \$'000	Others \$'000	Total \$'000
746,835	78,452	48,495	33,304	83,308	5,915,473
6,570	—	18	—	—	65,565
7,096	—	—	—	—	35,905
—	—	—	—	(150)	(4,753)
—	—	—	—	(9,173)	(9,173)
20,211	2,266	12	1,020	3,279	144,351
780,712	80,718	48,525	34,324	77,264	6,147,368
260,760	20,678	40,711	27,403	38,731	957,315
55,124	1,172	514	2,565	3	181,915
—	—	—	—	(150)	(150)
—	—	—	—	611	611
3,064	534	(26)	881	733	17,902
318,948	22,384	41,199	30,849	39,928	1,157,593
461,764	58,334	7,326	3,475	37,336	4,989,775

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets (continued)

Group	Goodwill \$'000	Dealer network and customer relationships \$'000	Development expenditure \$'000
<b>Cost</b>			
At 1 January 2023	3,147,149	1,040,137	732,194
Additions	–	–	75,431
Disposal of subsidiaries	(307)	–	–
Disposals	–	–	–
Reclassification	–	–	–
Translation difference	(55,362)	(13,278)	(885)
At 31 December 2023	3,091,480	1,026,859	806,740
<b>Accumulated amortisation and impairment losses</b>			
At 1 January 2023	55,795	115,840	250,963
Amortisation for the year*	–	69,531	73,348
Impairment losses <sup>+</sup>	–	–	10,162
Disposal of subsidiaries	(307)	–	–
Disposals	–	–	–
Reclassification	–	–	–
Translation difference	(240)	(1,978)	(4,082)
At 31 December 2023	55,248	183,393	330,391
<b>Net book value</b>			
At 31 December 2023	3,036,232	843,466	476,349

\* Amortisation charge of \$181,915,000 (2023: \$200,575,000) is recognised in the income statement as part of:

- Other operating expenses of \$42,922,000 (2023: \$41,776,000); and
- Cost of sales of \$138,993,000 (2023: \$158,799,000)

+ During the year, the Group assessed that certain development expenditure were impaired as these intangible assets were not expected to be generating future economic benefits and impairment losses of \$nil (2023: \$9,336,000) and \$nil (2023: \$826,000) were recognised respectively in other operating expenses and cost of sales in the income statement.

Commercial and intellectual property rights \$'000	Brands \$'000	Licenses \$'000	Technology agreement \$'000	Others \$'000	Total \$'000
759,721	79,815	49,267	33,917	211,758	6,053,958
55	—	158	—	—	75,644
—	—	—	—	—	(307)
—	—	—	—	(120,941)	(120,941)
—	—	(1,191)	—	(3,250)	(4,441)
(12,941)	(1,363)	261	(613)	(4,259)	(88,440)
746,835	78,452	48,495	33,304	83,308	5,915,473
210,461	19,813	41,672	25,331	42,738	762,613
53,424	1,175	513	2,573	11	200,575
—	—	—	—	—	10,162
—	—	—	—	—	(307)
—	—	—	—	(4,084)	(4,084)
—	—	(1,477)	—	540	(937)
(3,125)	(310)	3	(501)	(474)	(10,707)
260,760	20,678	40,711	27,403	38,731	957,315
486,075	57,774	7,784	5,901	44,577	4,958,158

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C3 Intangible assets (continued)

#### Recognition and measurement

##### (i) Goodwill

Goodwill represents the excess of:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

##### (ii) Other intangible assets

Class of intangible assets	Background	Valuation method	Useful lives
Dealer network and customer relationships	Includes customer relationships and networks acquired	<b>Initial recognition:</b>  Separately acquired intangible assets are recognised at cost.	1 to 25 years
Commercial and intellectual property rights	Relates to intellectual property	Intangible assets arising from business combinations are recognised at fair value at the date of acquisition.	5 to 15 years
Brands	Includes brands of road construction equipment		20 to 70 years
Licenses	Relates to licenses to – conduct commercial aviation activities – purchase and lease Boeing parts – develop MRO capabilities for specific aircraft types	<b>Subsequent measurement:</b>  Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses following initial recognition.	10 to 38 years
Technology agreement	Relates to the intellectual property required to operate the EcoPower Engine Wash business	Amortisation is calculated on a straight-line basis over the estimated useful lives.	13 years

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets (continued)

### Recognition and measurement (continued)

#### (ii) Other intangible assets (continued)

Class of intangible assets	Background	Valuation method	Useful lives
Development expenditure	Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical and commercial feasibility of development. The capitalised costs are directly attributable to activities preparing the asset for its intended use, and capitalised borrowing costs. In any other circumstances, development costs are recognised in profit or loss as incurred.	(i) Initially recognised at cost  (ii) Subsequently, post development, the expenditure is carried at cost less any accumulated amortisation and accumulated impairment losses	PTF: 8 to 41 years  Others: 1 to 10 years

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated intangible assets, is recognised in profit or loss as incurred.

### Impairment review

The Group tests intangible assets for impairment to ensure they are not carried at above their recoverable amounts annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

These tests are performed by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows.

The recoverable amount is the higher of an asset or a CGU's fair value less costs to sell and value-in-use. The value-in-use calculations are based on discounted cash flows expected to arise from the asset.

### Reversal of impairment

Intangible assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C3 Intangible assets (continued)

#### Key estimates and judgement: Recognition and measurement of intangible assets

Key assumptions used in estimating the recoverable amount, useful life of an intangible asset (reassessed at each reporting date) requires management's judgement.

Aggregate carrying amounts of goodwill allocated to each CGU within the business segments and the key assumptions used in determining the recoverable amount of each CGU are as follows:

Group			Pre-tax discount rate		Terminal growth rate	
	2024 \$'000	2023 \$'000	2024 %	2023 %	2024 %	2023 %
<u>Commercial Aerospace</u>						
Aerostructure & Systems	59,863	59,437	9.6 – 11.1	10.0	1.6 – 3.0	1.6 – 3.0
Aerospace MRO	17,089	16,640	9.9	11.1	4.0	4.0
<u>Defence &amp; Public Security</u>						
Specialty Vehicles	103,998	100,493	11.2 – 12.4	13.3 – 16.0	2.3	2.3
Robotics & Autonomous Systems	35,590	34,533	10.7	11.0 – 12.0	2.5	2.3 – 2.5
Mission Software & Services	12,320	12,320	9.0	9.0	2.0	2.0
Training & Simulation Systems	15,479	15,018	15.0	15.1	3.0	3.0
Advanced Networks & Sensors	36,836	35,793	11.7	11.4	3.0	2.7
Cyber	19,927	–	15.0	–	2.0	–
Defence Aerospace	701	701	NA	NA	NA	NA
<u>Urban Solutions &amp; Satcom</u>						
Smart Utilities & Infrastructure	75,699	73,273	12.2	10.6	3.0	3.0
Mobility (Rail & Road)	2,333,262	2,263,951	7.0	8.0	4.0	4.0
Satcom	437,056	424,073	11.2	11.1	3.0	3.0
	<b>3,147,820</b>	<b>3,036,232</b>				

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets (continued)

### Recognition and measurement

The recoverable amounts of the CGUs are determined based on value-in-use calculations, using cash flow projections derived from the financial budgets approved by management for the next five to ten years. The key assumptions used in the calculation of recoverable amounts are as follows:

- The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.
- The long-term terminal growth rate has been determined based on either the nominal GDP rates for the country in which the CGU is based or the long-term growth rate estimated by management by reference to forecasts included in industry reports and expected market development.
- The revenue growth rate and gross profit margins are determined based on the past performance and expectations of market developments.

### Sensitivity to changes in assumptions:

- (a) Management has identified the following key assumption for which a change as set out below could cause the carrying amount to exceed the recoverable amount.

Business Segment	Assumption	Change required for carrying amount to equal the recoverable amount	
		2024 %	2023 %
Defence & Public Security	Revenue growth rate (average of next 5 years)	0.3	1.7

- (b) No sensitivity analysis was disclosed for the remaining CGUs as the Group believes that any reasonable possible change in the key assumptions is unlikely to result in any material impairment to the CGUs.

### Key estimates and judgement: Impairment of goodwill

Determination of potential impairment requires an estimation of the recoverable amount of the CGUs to which goodwill are allocated. Key assumptions made to the projected cash flows requiring judgement include growth rate estimates and discount rates.



## NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C4 Amounts due from related parties

Group	2024 \$'000	2023 \$'000
Trade:		
Associates	22,857	3,528
Joint ventures	25,519	38,626
Related parties	17,411	10,075
	<b>65,787</b>	52,229
Non-trade*:		
Associates	11,723	7,737
Joint ventures	52,515	37,913
Related parties	138	21
	<b>64,376</b>	45,671
Allowance for doubtful debts	<b>(3,288)</b>	(1,717)
	<b>126,875</b>	96,183
Receivable:		
Within 1 year	77,860	59,964
After 1 year	49,015	36,219
	<b>126,875</b>	96,183

Amounts due from related parties denominated in currencies other than the respective entities' functional currencies as at 31 December are as follows:

- \$1,581,000 (2023: \$2,252,000) denominated in USD
- \$5,632,000 (2023: \$1,783,000) denominated in EUR

\* Included in non-trade are:

- a long-term, unsecured, interest free loan of \$4,456,000 (2023: \$4,456,000) to an associate;
- a long-term, unsecured, 6% (2023: 6%) per annum interest-bearing loan of \$6,688,000 (2023: \$2,922,000) to an associate, repayable from 2029 to 2030; and
- loans of \$50,237,000 (2023: \$29,837,000) to joint ventures, bearing interest ranging from 3.00% to 6.38% (2023: 3.00% to 6.38%) per annum, which are the effective interest rates. The loans are unsecured and repayable from 2025 to 2029 (2023: 2025 to 2029).

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C5 Inventories

Group	2024 \$'000	2023 \$'000
Inventories of equipment and spares	2,061,236	1,897,274

In 2024, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to \$5,422,427,000 (2023: \$4,955,824,000).

### *Allowance for inventory obsolescence*

As at 31 December 2024, the inventories are stated after allowance for inventory obsolescence of \$343,154,000 (2023: \$310,364,000).

### **Recognition and measurement**

Inventories are measured at the lower of cost and net realisable value. Cost (comprising direct labour, material costs, direct expenses and an appropriate allocation of production overheads) is calculated on a first-in, first-out basis or weighted average cost basis depending on the nature and pattern of use of the inventories.

Cost may also include transfers from equity on qualifying cash flow hedges of foreign currency purchases of inventories. Allowance is made for deteriorated, damaged, obsolete and slow-moving inventories.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs to sell.

### **Estimates and judgement: Allowance for inventory obsolescence**

The allowance for inventory obsolescence is based on estimates from historical trends and expected utilisation of inventories. The actual amount of inventory write-offs could be higher or lower than the allowance made.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C6 Trade receivables

Group	2024 \$'000	2023 \$'000
Gross receivables	1,524,849	1,636,614
Allowance for doubtful debts	(27,080)	(44,039)
Trade receivables, net	1,497,769	1,592,575
Receivable:		
Within 1 year	1,461,259	1,581,261
After 1 year	36,510	11,314
	1,497,769	1,592,575

Trade receivables denominated in currencies other than the respective entities' functional currencies as at 31 December are as follows:

- \$277,024,000 (2023: \$313,735,000) denominated in USD
- \$33,420,000 (2023: \$100,199,000) denominated in EUR

### C7 Advances and other receivables

Group	2024 \$'000	2023 \$'000
Deposits	15,323	15,709
Interest receivables	5,607	4,183
Finance lease receivables	5,611	10,666
Other receivables	68,546	108,282
Advance payments to suppliers	549,270	266,730
Prepayments	210,928	192,114
Housing and car loans and advances to staff	3,513	5,931
	858,798	603,615
Receivable:		
Within 1 year	714,672	469,073
After 1 year	144,126	134,542
	858,798	603,615

The Group entered into finance lease arrangements with customers with terms ranging from 5.4 years to 8.1 years (2023: 5.4 years to 8.1 years) and effective interest rates ranging from 0.97% to 3.99% (2023: 0.97% to 3.99%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C8 Bank balances and other liquid funds

Group	2024 \$'000	2023 \$'000
Fixed deposits with financial institutions	5,262	13,267
Cash and bank balances	425,380	340,070
Bank balances and other liquid funds	430,642	353,337
Restricted cash	(816)	(21)
Cash and cash equivalents in the statement of cash flows	429,826	353,316

Fixed deposits with financial institutions mature at varying periods within 5 months (2023: 7 months) from the financial year end. Interest rates range from 1.5% to 5.2% (2023: 1.0% to 6.9%) per annum, which are also the effective interest rates.

Included in cash and cash equivalents are bank deposits amounting to \$61,767,000 (2023: \$48,233,000) which are not freely remissible for use by the Group because of currency exchange restrictions.

Cash and cash equivalents denominated in currencies other than the respective entities' functional currencies as at 31 December are as follows:

- \$139,273,000 (2023: \$42,900,000) denominated in USD
- \$29,638,000 (2023: \$9,801,000) denominated in EUR

## C9 Trade payables and accruals

Group	2024 \$'000	2023 \$'000
Trade payables	1,220,334	1,136,206
Non-trade payables	104,024	112,012
Purchase of property, plant and equipment	40,582	45,724
Accrued operating expenses*	2,204,368	1,902,266
Accrued interest payable	16,873	17,976
	3,586,181	3,214,184
Payable:		
Within 1 year	3,485,697	3,155,075
After 1 year	100,484	59,109
	3,586,181	3,214,184

Trade payables denominated in currencies other than the respective entities' functional currencies as at 31 December are as follows:

- \$191,053,000 (2023: \$268,992,000) denominated in USD
- \$51,413,000 (2023: \$70,889,000) denominated in EUR

\* Included in the accrued operating expenses is an amount of \$454,251,000 (2023: \$375,136,000) for the Group's obligations under its employee compensation schemes.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C10 Amounts due to related parties

Group	2024 \$'000	2023 \$'000
Trade:		
Associates	38,258	36,228
Joint ventures	1,119	1,708
Related parties	4,758	4,069
	44,135	42,005
Non-trade:		
Associates	449	1,300
Joint ventures*	7,018	6,863
Related parties	17	–
	7,484	8,163
	51,619	50,168
Payable:		
Within 1 year	51,619	50,168

Amounts due to related parties denominated in currencies other than the respective entities' functional currencies as at 31 December are \$4,818,000 (2023: \$9,075,000) denominated in USD.

\* Included in the amounts due to joint ventures (non-trade) is an amount of \$3,999,000 (2023: \$5,572,000) placed by joint ventures with a subsidiary of the Group under a cash pooling arrangement, where the effective interest rates ranging from 2.0% to 4.4% per annum (2023: 2.9% to 5.1%) are charged on the outstanding balance.

### C11 Provisions

Movements in provisions are as follows:

Group	Warranties \$'000	Onerous contracts \$'000	Closure costs \$'000	Restoration costs \$'000	Total \$'000
<b>2024</b>					
At 1 January 2024	225,823	101,733	936	48,266	376,758
Charged to profit or loss	50,787	4,988	–	566	56,341
Acquisition of subsidiary	569	120	–	300	989
Additions	–	–	–	1,235	1,235
Utilised	(48,598)	(8,556)	(87)	(1,275)	(58,516)
Translation difference	894	1,157	–	129	2,180
At 31 December 2024	229,475	99,442	849	49,221	378,987

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C11 Provisions (continued)

Group	Warranties \$'000	Onerous contracts \$'000	Closure costs \$'000	Restoration costs \$'000	Total \$'000
<b>2023</b>					
At 1 January 2023	190,847	98,028	963	47,308	337,146
Charged to profit or loss	65,939	29,327	–	811	96,077
Additions	–	–	–	279	279
Utilised	(29,484)	(23,602)	(27)	(56)	(53,169)
Reclassification	–	(821)	–	–	(821)
Translation difference	(1,479)	(1,199)	–	(76)	(2,754)
At 31 December 2023	225,823	101,733	936	48,266	376,758
<b>Group</b>				<b>2024 \$'000</b>	<b>2023 \$'000</b>
Provisions:					
Within 1 year				339,066	337,663
After 1 year				39,921	39,095
				<b>378,987</b>	<b>376,758</b>

### Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

#### (i) Warranties

The warranty provision represents the best estimate of the Group's contractual obligations at the reporting date.

Under the terms of the revenue contracts with key customers, the Group is obligated to make good, by repair or replacement, engineering or manufacturing defects that become apparent within the warranty period from the date of sale. The warranty obligation varies from 0.1 year to 15 years. The Group's experience of the proportion of its products sold that requires repair or replacement differs from year to year as every contract is customised to the specification of the customers.

The estimation of the provision for warranty expenses is based on the Group's past claim experience over the duration of the warranty period and the industry average in relation to warranty exposures and represents the best estimates of the costs expected to incur per dollar of sales.

The warranty provision made as at 31 December 2024 is expected to be incurred over the applicable warranty periods.

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C11 Provisions (continued)

### Recognition and measurement (continued)

#### (ii) Onerous contracts

Provision for onerous contracts on uncompleted contracts is recognised immediately in profit or loss when it is determinable.

#### (iii) Closure costs

Provision for closure costs is made in respect of the expected costs that the Group will undertake between the cessation of certain operations of the Group to the completion of their liquidation.

#### (iv) Restoration costs

Provision for restoration costs is made for dismantlement, removal or restoration costs expected to be incurred on expiry of lease agreements.

### Estimates and judgement: Provision for warranty

The provision for warranty is based on estimates from known and expected warranty work to be performed after completion. The warranty expense incurred could be higher or lower than the provision made.

### Estimates and judgement: Provision for onerous contracts

The Group conducts a critical review of all its long-term contracts regularly. Judgement is used to estimate the total cost to complete as the long-term contracts progress. When it is probable that the total unavoidable costs of meeting the obligations under the contract exceed the long-term contracts revenue, a provision for onerous contract is recognised immediately.

## C12 Deferred income

Group	2024 \$'000	2023 \$'000
Government grants	26,029	23,576
Deferred rents	1,758	4,030
	<b>27,787</b>	<b>27,606</b>
Recognise:		
Within 1 year	9,363	11,755
After 1 year	18,424	15,851
	<b>27,787</b>	<b>27,606</b>

Government grants relate mainly to grants received to subsidise the cost of capital assets.



# NOTES TO THE FINANCIAL STATEMENTS

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## C13 Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

Group	2024 \$'000	2023 \$'000	2022 \$'000
Contract assets	2,567,423	2,240,100	2,099,676
Contract liabilities	(2,793,017)	(2,252,967)	(1,817,927)

The timing of revenue recognition, billings and cash collections results in billed accounts receivable (included in trade receivables), unbilled receivables (contract assets), and customer advances (contract liabilities) on the statement of financial position.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. If the value of services rendered exceeds payments received from the customer, a contract asset is recognised and presented separately. Costs to fulfil are recognised in profit and loss when the related revenue is recognised. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

Contract assets include costs to fulfil of \$879,755,000 (2023: \$769,031,000). Costs to fulfil of \$1,699,786,000 (2023: \$1,602,067,000) were recognised in profit and loss during the year.

The contract liabilities primarily relate to advance consideration received from customers for contract revenue. If the amounts invoiced to the customer exceed the value of services rendered, a contract liability is recognised and presented separately.

These assets and liabilities are reported on the statement of financial position on a contract-by-contract basis at each reporting date.

The contract assets balance increased as the Group provided more services and transferred more goods ahead of the agreed payment schedules.

The contract liabilities increased due to more consideration received by the Group ahead of the provision of services and goods.

### Revenue recognised in relation to contract liabilities

Group	2024 \$'000	2023 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	631,774	816,520

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C13 Contract balances (continued)

### Transaction price allocated to the remaining performance obligations

The aggregate amount of transaction price allocated to the remaining performance obligations as at 31 December 2024 is \$28,535,966,000 and the Group expects to recognise \$8,846,859,000 as revenue relating to the unsatisfied (or partially unsatisfied) performance obligations in 2025 with the remaining \$19,689,107,000 in 2026 and beyond.

As at 31 December 2023, the aggregate amount of transaction price allocated to the remaining performance obligations was \$27,446,653,000 and the Group expected to recognise \$7,886,342,000 as revenue relating to the unsatisfied (or partially unsatisfied) performance obligations in 2024 with the remaining \$19,560,311,000 in 2025 and beyond.

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

### Estimates and judgement: Contract balances

Judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

## C14 Financial risk management objectives and policies

The Group has exposure to the following financial risks arising from its operations and the use of financial instruments:

- Interest rate
- Foreign exchange
- Market
- Liquidity
- Credit

The Group's principal financial instruments, other than foreign exchange contracts and derivatives, comprise bank guarantees, performance bonds and bank loans, finance leases and hire purchase contracts, investments, cash and short-term deposits.

All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors' resolutions, with banking mandates, which define the permitted financial instruments and facilities limits. All financial transactions require dual signatories. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation. The purpose of engaging in treasury transactions is solely for hedging. The Group's treasury mandates allow only foreign exchange spot, forward or non-deliverable forward, foreign exchange swap, cross currency swap, purchase of foreign exchange call, put or collar option, forward rate agreement, interest rate swap, purchase of interest rate cap, floor or collar option. These instruments are generic in nature with no embedded or leverage features and any deviation from these instruments would require specific approval from the Board of Directors.

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

The policies for managing each of these risks are broadly summarised below:

### Interest rate risk

As at reporting date, the interest rate profile of the interest-bearing financial instruments is:

Group	2024 \$'000	2023 \$'000
<b>Fixed rate instruments</b>		
Financial assets	72,254	61,148
Financial liabilities	(4,027,016)	(3,764,106)
	<b>(3,954,762)</b>	<b>(3,702,958)</b>
<b>Variable rate instruments</b>		
Financial liabilities	(1,798,519)	(2,349,558)
	<b>(1,798,519)</b>	<b>(2,349,558)</b>

The Group has cash balances placed with reputable banks and financial institutions. The Group manages its interest rate risk on its interest income by placing the cash balances in varying maturities and interest rate terms with due consideration to operating cash flow requirements and optimising yield.

The Group's debts include bank loans, medium-term notes, commercial papers and lease liabilities (2023: bank loans, medium-term notes, commercial papers and lease liabilities). The Group seeks to minimise its interest rate risk exposure through tapping different sources of funds to refinance the debt instruments and/or enter into interest rate swaps.

An increase/decrease of 50 basis points in interest rate, with all other variables being held constant, would lead to a reduction/increase of the Group's profit or loss by approximately \$9.0 million (2023: \$11.7 million).

The Group's policy is to maintain at least 50% of its borrowings at fixed rate, using floating-to-fixed interest rate swaps to achieve this when necessary. During 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in USD.

Included in the variable rate borrowings is United States Commercial Papers (USCP) of \$1.8 billion (2023: \$1.9 billion) whose interest rate on each rollover correlates with Secured Overnight Financing Rate (SOFR). To hedge the variability of the cash flows of the USCP, the Group has entered into a 5-year interest rate swap of notional amount of \$54.4 million as at 31 December 2024 (2023: \$92.4 million) with key terms that match part of the outstanding USCP on which it pays a fixed rate and receives a variable rate.

The Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

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## C14 Financial risk management objectives and policies (continued)

### *Interest rate risk* (continued)

Hedge ineffectiveness/discontinuation of cash flow hedge for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
- differences in critical terms between the interest rate swaps and loans;
- early repayment of loans.

Gain on ineffective portion/discontinuation of cash flow hedge of \$2,914,000 has been recognised in relation to the interest rate swaps in finance income or finance costs in profit or loss for 2024 (2023: \$9,734,000).

Information relating to the Group's interest rate risk exposure is also disclosed in the notes on the Group's borrowings, investments and loans receivable, where applicable.

### *Foreign exchange risk*

The Group is exposed to foreign exchange risk from its global operations and revenues, costs and borrowings denominated in a currency other than the respective entities' functional currencies. The Group's foreign exchange exposures are primarily from USD and EUR and manages its exposure through forward currency contracts and embedded derivatives.

The Group's centralised Treasury Unit monitors the current and projected foreign currency cash flows within the Group and aims to reduce the exposure of the net position by transacting with the banks where appropriate.

No foreign exchange sensitivity analysis was disclosed as a reasonable change in the exchange rates would not result in any significant impact on the Group's results.

### *Market risk*

The Group has strategic investments in unquoted equity shares. The market value of these investments will fluctuate with market conditions.

No sensitivity analysis was disclosed as a reasonable change in the market value of these investments would not result in any significant impact on the Group's results.

### *Liquidity risk*

To manage liquidity risk, the Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly. Notwithstanding the Group's net current liabilities position of \$915 million as at 31 December 2024, it has available financial resources to meet its obligations as and when they fall due. To ensure that the Group is not exposed to short-term liquidity risk, its outstanding USCP of \$1.8 billion are backstopped by a committed revolving credit facility (RCF) of \$2.0 billion. The RCF remained undrawn as at 31 December 2024 and was more than enough to refinance all the outstanding USCP, if needed, and to cover the Group's net current liabilities position. The Group has very strong credit ratings (Aaa by Moody's and AA+ by S&P) which provide it ready access to additional borrowings as necessary. The Group's medium-term notes, USCP and committed credit facilities do not have any financial covenants.

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### Liquidity risk (continued)

The table below analyses the maturity profile of the Group's financial liabilities based on the contractual undiscounted cash flows including estimated interest payments and excluding impact of netting arrangements.

Group	Contractual cash flow \$'000	Within 1 year \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000
<b>2024</b>				
Bank loans	(403,363)	(26,492)	(365,991)	(10,880)
Commercial papers	(1,821,720)	(1,821,720)	–	–
Medium-term notes	(3,223,919)	(1,083,014)	(1,709,216)	(431,689)
Lease liabilities	(740,636)	(99,787)	(242,793)	(398,056)
Trade and other payables	(3,637,800)	(3,537,316)	(99,380)	(1,104)
Derivative financial instruments:				
• Gross-settled forward currency contracts				
– payments	(2,463,756)	(1,853,563)	(610,193)	–
– receipts	2,401,798	1,812,095	589,703	–
• Net-settled interest rate swaps	3,636	1,636	2,000	–
Financial guarantees	(82,333)	–	(43,981)	(38,352)
<b>2023</b>				
Bank loans	(686,966)	(514,315)	(94,311)	(78,340)
Commercial papers	(1,901,135)	(1,901,135)	–	–
Medium-term notes	(3,198,901)	(73,817)	(2,695,763)	(429,321)
Lease liabilities	(767,260)	(92,046)	(244,248)	(430,966)
Trade and other payables	(3,264,352)	(3,205,243)	(58,052)	(1,057)
Derivative financial instruments:				
• Gross-settled forward currency contracts				
– payments	(2,206,641)	(1,606,569)	(600,072)	–
– receipts	2,240,348	1,619,003	621,345	–
• Net-settled interest rate swaps	(162)	1,760	(1,056)	(866)
Financial guarantees	(80,234)	–	(28,638)	(51,596)

Except for the cash flows arising from the intra-group financial guarantee, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

At the reporting date, the Group does not consider it probable that a claim will be made against the Group under the financial guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### Liquidity risk (continued)

#### Recognition and measurement

Financial guarantees are financial instruments issued by the Group to joint ventures that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

Expected credit loss (ECL) is a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

#### Credit risk

Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Where appropriate, the Company or its subsidiaries obtain collaterals from customers or arrange master netting agreements. Cash terms, advance payments, and letters of credit or bank guarantees are required for customers of lower credit standing.

The carrying amounts of financial assets and contract assets represent the Group's maximum exposures to credit risk, before taking into account any collateral held.

Group	2024 \$'000	2023 \$'000
Investments	63,006	63,075
Derivative financial instruments	19,992	65,684
Contract assets	2,567,423	2,240,100
Trade receivables	1,497,769	1,592,575
Amounts due from related parties	126,875	96,183
Advances and other receivables	98,600	144,771
Bank balances and other liquid funds	430,642	353,337
	<b>4,804,307</b>	<b>4,555,725</b>

(Reversal of impairment losses)/impairment losses on financial assets and contract assets recognised in profit or loss are as follows:

Group	2024 \$'000	2023 \$'000
Trade receivables	(76)	3,615
Contract balances arising from contracts with customers	(6,789)	(673)
	<b>(6,865)</b>	<b>2,942</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### Exposure to credit risk

As at 31 December 2024, 22% (2023: 22%) of trade receivables and contract assets relate to three major customers of the Group.

The table below analyses the trade receivables and contract assets by the Group's main reportable segments:

Group	Carrying amount	
	2024 \$'000	2023 \$'000
Commercial Aerospace	943,987	834,714
Defence & Public Security	2,000,497	1,910,020
Urban Solutions & Satcom	1,066,491	1,087,941
	<b>4,010,975</b>	<b>3,832,675</b>

A summary of the Group's exposures to credit risk for trade receivables and contract assets is as follows:

	2024		2023		2022	
	Not credit impaired \$'000	Credit impaired \$'000	Not credit impaired \$'000	Credit impaired \$'000	Not credit impaired \$'000	Credit impaired \$'000
<b>Group</b>						
<i>Receivables measured at lifetime ECL:</i>						
Trade receivables and contract assets	4,010,975	45,497	3,832,675	68,820	3,263,167	70,751
Loss allowance	–	(45,497)	–	(68,820)	–	(70,751)
<b>Total</b>	<b>4,010,975</b>	<b>–</b>	<b>3,832,675</b>	<b>–</b>	<b>3,263,167</b>	<b>–</b>

### Expected credit loss assessment

#### Trade receivables and contract assets

For specific trade receivables and contract assets identified by the Group to be credit impaired, the Group recognised a loss allowance equal to lifetime ECL. Hence, the recoverability of these balances is assessed separately from the allowance matrix.

For the remaining trade receivables and contract assets, the Group uses an allowance matrix to measure the ECL of trade receivables and contract assets from its customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the common credit risk characteristics.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Based on this assessment, the Group has concluded that the ECLs from these trade receivables and contract assets are immaterial.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### Expected credit loss assessment (continued)

The table below shows the aging and loss allowance analysis of the Group's trade receivables as at 31 December 2024 and 2023:

	Not past due \$'000	1 – 90 days \$'000	91 – 180 days \$'000	181 – 360 days \$'000	> 360 days \$'000	Total \$'000
<b>2024</b>						
<b>Commercial Aerospace</b>						
Trade receivables and contract assets	884,070	65,138	4,453	3,752	3,415	960,828
Loss allowance	(9,376)	(3,006)	(571)	(1,194)	(2,694)	(16,841)
<b>Defence &amp; Public Security</b>						
Trade receivables and contract assets	1,898,051	101,981	8,034	1,728	3,943	2,013,737
Loss allowance	(9,105)	(598)	(167)	(66)	(3,304)	(13,240)
<b>Urban Solutions &amp; Satcom</b>						
Trade receivables and contract assets	993,243	63,172	10,831	5,341	9,320	1,081,907
Loss allowance	(1,448)	(1,785)	(1,538)	(1,325)	(9,320)	(15,416)
<b>2023</b>						
<b>Commercial Aerospace</b>						
Trade receivables and contract assets	790,908	61,663	6,920	2,707	5,850	868,048
Loss allowance	(23,113)	(3,212)	(1,016)	(1,159)	(4,834)	(33,334)
<b>Defence &amp; Public Security</b>						
Trade receivables and contract assets	1,811,112	98,956	6,789	1,582	5,234	1,923,673
Loss allowance	(9,093)	(101)	(108)	(124)	(4,227)	(13,653)
<b>Urban Solutions &amp; Satcom</b>						
Trade receivables and contract assets	1,014,715	56,240	11,593	5,936	21,290	1,109,774
Loss allowance	(4,000)	(1,250)	(733)	(2,042)	(13,808)	(21,833)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### *Expected credit loss assessment* (continued)

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year were as follows:

Group	Lifetime ECL	
	2024 \$'000	2023 \$'000
At 1 January	68,820	70,751
(Reversal of impairment loss)/impairment loss recognised	(6,865)	2,942
Amounts written off	(16,149)	(4,573)
Translation difference	(309)	(300)
At 31 December	45,497	68,820

### Bank balances and other liquid funds

Bank balances and other liquid funds are placed with financial institutions, which mainly have long-term rating of A3 by Moody's or A- by Standard & Poor's or the equivalent by a reputable credit rating agency. Impairment on bank balances and other liquid funds has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances and other liquid funds to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on bank balances and other liquid funds is insignificant.

### Other financial assets

Other financial assets comprise amounts due from related parties and other receivables, which are mostly short-term in nature. Impairment on other financial assets has been measured on the 12-month expected loss basis and reflects the short maturities of exposures. The Group considers its other financial assets to have low credit risk and the amount of the allowance on other financial assets is insignificant.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C14 Financial risk management objectives and policies (continued)

#### *Expected credit loss assessment* (continued)

##### **Recognition and measurement**

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost, contract assets (as defined in SFRS(I) 15), and debt investments at FVOCI, but not for equity investments.

Loss allowances of the Group are measured using either the simplified or general approach.

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track record, current macroeconomics situation as well as general industry trend.

##### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or payment remains outstanding for more than a reasonable range of past due days;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### *Expected credit loss assessment* (continued)

#### **Recognition and measurement** (continued)

##### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

##### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### **Estimates and judgement: Impairment of financial assets and contract assets**

Impairment of financial assets and contract assets are estimated based on historical loss experience for assets with similar credit risk characteristics. The estimated ECL is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments

Group	Carrying amount		
	Amortised cost \$'000	FVTPL \$'000	Fair value – hedging instruments \$'000
<b>2024</b>			
<b>Financial assets measured at fair value</b>			
Investments	–	5,364	–
Associates	–	8,208	–
Derivative financial instruments	–	8,337	11,655
	–	21,909	11,655
<b>Financial assets at amortised cost</b>			
Trade receivables	1,497,769	–	–
Amounts due from related parties	126,875	–	–
Advances and other receivables	98,600	–	–
Bank balances and other liquid funds	430,642	–	–
	2,153,886	–	–
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments	–	(26,408)	(35,281)
<b>Financial liabilities at amortised cost</b>			
Trade payables and accruals	–	–	–
Amounts due to related parties	–	–	–
Borrowings	–	–	–
	–	–	–

Carrying amount			Fair value			
FVOCI – equity instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
57,642	–	63,006	–	9,145	53,861	63,006
–	–	8,208	–	–	8,208	8,208
–	–	19,992	–	19,992	–	19,992
57,642	–	91,206	–	29,137	62,069	91,206
–	–	1,497,769				
–	–	126,875				
–	–	98,600				
–	–	430,642				
–	–	2,153,886				
–	–	(61,689)	–	(61,689)	–	(61,689)
–	(3,586,181)	(3,586,181)				
–	(51,619)	(51,619)				
–	(5,821,536)	(5,821,536)				
–	(9,459,336)	(9,459,336)				

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

Group	Carrying amount		
	Amortised cost \$'000	FVTPL \$'000	Fair value – hedging instruments \$'000
<b>2023</b>			
<b>Financial assets measured at fair value</b>			
Investments	–	15,606	–
Associates	–	9,970	–
Derivative financial instruments	–	19,251	46,433
	–	44,827	46,433
<b>Financial assets at amortised cost</b>			
Trade receivables	1,592,575	–	–
Amounts due from related parties	96,183	–	–
Advances and other receivables	144,771	–	–
Bank balances and other liquid funds	353,337	–	–
	2,186,866	–	–
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments	–	(12,914)	(10,351)
<b>Financial liabilities at amortised cost</b>			
Trade payables and accruals	–	–	–
Amounts due to related parties	–	–	–
Borrowings	–	–	–
	–	–	–



Carrying amount			Fair value			
FVOCI – equity instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
47,469	–	63,075	–	–	63,075	63,075
–	–	9,970	–	–	9,970	9,970
–	–	65,684	–	65,684	–	65,684
47,469	–	138,729	–	65,684	73,045	138,729
–	–	1,592,575				
–	–	96,183				
–	–	144,771				
–	–	353,337				
–	–	2,186,866				
–	–	(23,265)	–	(23,265)	–	(23,265)
–	(3,214,184)	(3,214,184)				
–	(50,168)	(50,168)				
–	(6,108,092)	(6,108,092)				
–	(9,372,444)	(9,372,444)				

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Movements in Level 1 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on quoted price (Level 1).

Group	2024 \$'000	2023 \$'000
<b>Equity instruments (quoted), at FVTPL</b>		
At 1 January	–	26,273
Total unrealised losses recognised in profit or loss, other income, net	–	(24,132)
Disposal during the year	–	(2,033)
Translation difference	–	(108)
At 31 December	–	–

### Movements in Level 2 and 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 2 and 3).

Group	2024 \$'000	2023 \$'000
<b>Associates</b>		
At 1 January	9,970	15,460
Total unrealised losses recognised in profit or loss, other income, net	(1,869)	(5,398)
Translation difference	107	(92)
At 31 December	8,208	9,970
<b>Equity instruments (unquoted), at FVTPL</b>		
At 1 January	15,606	16,445
Total unrealised losses recognised in profit or loss, other income, net	(10,538)	(657)
Translation difference	296	(182)
At 31 December	5,364	15,606
<b>Equity instruments (unquoted), at FVOCI</b>		
At 1 January	47,469	33,986
Addition during the year	11,445	11,002
Disposal during the year	(668)	–
Changes in fair value of investments	(1,836)	2,769
Translation difference	1,232	(288)
At 31 December	57,642	47,469
	71,214	73,045

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement

#### (a) Non-derivative financial assets and liabilities

##### Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

Financial assets	Classification	Subsequent measurement
<b>Amortised cost</b>	<ul style="list-style-type: none"> <li>The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and</li> <li>The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> </ul>	Measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<b>Debt investments at FVOCI</b>	<ul style="list-style-type: none"> <li>The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and</li> <li>The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> </ul>	Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	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 OCI. This election is made on an investment-by-investment basis.	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 the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C15 Classification and fair value of financial instruments (continued)

#### Recognition and measurement (continued)

##### (a) Non-derivative financial assets and liabilities (continued)

#### Classification and subsequent measurement (continued)

Financial assets	Classification	Subsequent measurement
<b>FVTPL*</b>	All other financial assets are classified as measured at FVTPL. Financial assets that are held-for-trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
	<p>* On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.</p>	

#### Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement (continued)

#### (a) Non-derivative financial assets and liabilities (continued)

##### Classification and subsequent measurement (continued)

##### Assessment of whether contractual cash flows are solely payments of principal and interest

For assessment purposes, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contingent events, leverage features, modifications of the time value of money and other limiting terms in the contractual terms of the instrument, which changes the timing or amount of contractual cash flows such that the cash flows of the instrument would not be reflective of solely payments of principal and interest.

##### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing those financial assets.

##### Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

### Derecognition

##### Financial assets

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

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement (continued)

#### (b) Fair value

The Group has an established approach with respect to the measurement of fair values.

#### *Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table shows the levels of fair value hierarchy, and the respective valuation technique used in measuring the fair values, as well as significant unobservable inputs:

	Types of financial instruments	Valuation method
Level 1	<b>FVOCI</b> – Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
	<b>FVTPL</b> – Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
Level 2	<b>FVOCI</b> – Equity investments (unquoted)	Determined by reference to the most recent purchase price.
	<b>Derivatives</b> – Forward currency contracts – Interest rate swaps – Embedded derivatives	Determined based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
	<b>FVTPL</b> – Investment in associates – Equity investments (unquoted)	Determined by reference to the most recent purchase price.
Level 3	<b>FVOCI</b> – Equity investment (unquoted)	Determined based on latest funding round.
	<b>FVTPL</b> – Investment in associates – Equity investments (unquoted)	Determined based on valuation performed using adjusted market multiples. Changing one or more of the inputs to reasonable alternative assumptions is not expected to have a material impact on the changes in fair value.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement (continued)

#### (b) Fair value (continued)

##### *Measurement of fair values*

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the Group assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. In 2024 and 2023, there were no transfers between the different levels of fair value hierarchy.

The following methods and assumptions are used to estimate the fair value of other classes of financial instruments:

Types of financial instruments	Valuation method
Bank balances, other liquid funds and short-term receivables	Carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.
Short-term borrowings and other current payables	
Long-term receivables	Estimated based on the expected cash flows discounted to present value.
Long-term payables	Estimated based on present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments

### Cash flow hedges

At 31 December 2024, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

Group	Within 1 year	Between 1 to 5 years	More than 5 years
<b>2024</b>			
<b>Foreign currency risk</b>			
<i>Nominal amount of forward exchange contracts</i>			
<i>(in thousands of SGD)</i>	<b>820,831</b>	<b>545,248</b>	–
– Average EUR:USD forward contract rate	<b>1.0841</b>	<b>1.1233</b>	–
– Average USD:SGD forward contract rate	<b>1.3008</b>	<b>1.3343</b>	–
– Average EUR:SGD forward contract rate	<b>1.4406</b>	–	–
– Average CAD:SGD forward contract rate	<b>0.9907</b>	<b>0.9657</b>	–
<i>Nominal amount of embedded derivatives</i>			
<i>(in thousands of SGD)</i>	<b>63,079</b>	<b>473,630</b>	<b>138,261</b>
– Average SGD:USD	<b>0.7476</b>	<b>0.7760</b>	<b>0.8184</b>
– Average SGD:EUR	<b>0.6788</b>	<b>0.6956</b>	<b>0.6997</b>
– Average SGD:GBP	<b>0.6277</b>	<b>0.6438</b>	<b>0.6606</b>
<b>Interest rate risk</b>			
<i>Nominal amount of interest rate swaps</i>	<b>43,588</b>	<b>300,000</b>	–
– Average fixed interest rate	<b>2.7883</b>	<b>2.1921</b>	–
<b>2023</b>			
<b>Foreign currency risk</b>			
<i>Nominal amount of forward exchange contracts</i>			
<i>(in thousands of SGD)</i>	615,356	520,045	–
– Average EUR:USD forward contract rate	1.1110	1.0987	–
– Average USD:SGD forward contract rate	1.3346	1.3379	–
– Average EUR:SGD forward contract rate	1.5216	1.4510	–
– Average CAD:SGD forward contract rate	1.0372	0.9705	–
<i>Nominal amount of embedded derivatives</i>			
<i>(in thousands of SGD)</i>	119,668	364,205	193,863
– Average EUR:SGD	1.6629	1.6772	–
– Average USD:SGD	1.3932	–	–
– Average SGD:USD	0.7426	0.7660	0.8141
– Average SGD:EUR	0.6846	0.6887	0.6997
– Average SGD:GBP	0.6216	0.6404	0.6581
<b>Interest rate risk</b>			
<i>Nominal amount of interest rate swaps</i>	–	108,273	53,840
– Average fixed interest rate	–	2.7234	2.7010

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31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### Cash flow hedges (continued)

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

Group	Changes in value used for calculating hedge ineffectiveness \$'000	Cash flow hedge reserve \$'000
<b>2024</b>		
<b>Foreign currency risk</b>		
Sales	(41,503)	(20,437)
Receivables	(411)	(734)
Purchases	(3,007)	1,461
Payables	(294)	(269)
Embedded derivatives	(6,527)	(4,601)
<b>Interest rate risk</b>		
Variable rate borrowings	4,263	58,941
<b>2023</b>		
<b>Foreign currency risk</b>		
Sales	25,850	15,405
Receivables	—	(323)
Purchases	3,223	534
Payables	455	108
Embedded derivatives	20,213	1,926
<b>Interest rate risk</b>		
Variable rate borrowings	(2,822)	77,604

There are no balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied.

## NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C16 Derivative financial instruments (continued)

#### Cash flow hedges (continued)

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

Group	2024			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount \$'000	Assets \$'000	Liabilities \$'000	
<b>Foreign currency risk</b>				
Forward exchange contracts	1,366,078	5,105	(49,184)	Derivative financial instruments, advances and other receivables and trade payables and accruals
Embedded derivatives	674,969	5,263	(485)	Derivative financial instruments
<b>Interest rate risk</b>				
Interest rate swaps	343,588	3,509	(261)	Derivative financial instruments

During the year 2024						
Changes in the value of the hedging instrument recognised in OCI \$'000	Hedge ineffectiveness recognised in profit or loss \$'000	Line item in profit or loss that includes hedge ineffectiveness	Amount from hedging reserve transferred to cost of inventory \$'000	Amount reclassified from hedging reserve to profit or loss \$'000	Line item in profit or loss affected by the reclassification	
(45,215)	—	—	443	9,069	Revenue/ Cost of sales / Operating expenses/ Finance costs, net	
(6,527)	—	—	—	—	—	
4,263	—	—	—	(22,926)	Finance costs	

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### C16 Derivative financial instruments (continued)

#### Cash flow hedges (continued)

Group	2023			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount \$'000	Assets \$'000	Liabilities \$'000	
<b>Foreign currency risk</b>				
Forward exchange contracts	1,135,400	32,968	(13,086)	Derivative financial instruments, advances and other receivables and trade payables and accruals
Embedded derivatives	483,873	13,909	(2,604)	Derivative financial instruments
<b>Interest rate risk</b>				
Interest rate swaps	162,113	5,340	(977)	Derivative financial instruments
Treasury lock	–	–	–	–

	During the year 2023					
	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount from hedging reserve transferred to cost of inventory	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
	\$'000	\$'000		\$'000	\$'000	
Revenue/ Cost of sales / Operating expenses/ Finance costs, net	29,528	—	—	(265)	(4,709)	
	20,213	—	—	—	—	—
Finance costs	(2,822)	—	—	—	(22,438)	
Finance costs	—	—	—	—	(24,549)	

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### Cash flow hedges (continued)

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:

Group	Hedging reserve	
	2024 \$'000	2023 \$'000
<b>Balance at 1 January</b>	<b>87,631</b>	106,533
Change in fair value:		
Foreign currency risk	<b>(51,742)</b>	49,741
Interest rate risk	<b>4,263</b>	(2,822)
Equity accounted joint ventures	<b>3,858</b>	(3,343)
Amount reclassified to profit or loss:		
Foreign currency risk	<b>9,069</b>	(4,709)
Interest rate risk	<b>(22,926)</b>	(46,987)
Amount included in the cost of non-financial items:		
Foreign currency risk – inventory purchases	<b>443</b>	(265)
Tax movements on reserves during the year	<b>10,450</b>	(10,517)
<b>Balance at 31 December</b>	<b>41,046</b>	87,631

### Derivative financial instruments and hedge accounting

The derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered into. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit or loss.

#### Designation of hedges

At inception or upon reassessment of the hedge arrangement, the Group documents the relationship between hedging instrument and hedged item, and the methods that will be used to measure the effectiveness of the hedged relationship, as well as risk management policies and strategies in undertaking various hedged transactions.

The Group also documents its assessment, both at inception and on an ongoing basis, the economic relationship between hedging instruments and hedged item, including whether derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged item.



# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### Cash flow hedges (continued)

#### Derivative financial instruments and hedge accounting (continued)

	Category	Subsequent measurement
(1)	<b>Cash flow hedges</b>	<p>When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income limited to the cumulative changes in the fair value of the hedged item and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument do not match the changes in fair value of the hedged item) is recognised immediately in profit or loss.</p> <p>The amount accumulated in equity is retained in other comprehensive income, and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects profit or loss or be capitalised in the initial carrying amount of the non-financial item.</p> <p>If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.</p>
(2)	<b>Fair value hedges</b>	Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
(3)	<b>Net investment hedges</b>	<p>The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.</p> <p>When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.</p>

#### Estimates and judgement: Interest rate benchmark reform

Following the global financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other inter-bank offered rates (IBORs) has become a priority for global regulators.

To transition existing contracts and agreements that reference LIBOR to Secured Overnight Financing Rate (SOFR), adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition.

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### Cash flow hedges (continued)

#### Derivative financial instruments and hedge accounting (continued)

##### Estimates and judgement: Interest rate benchmark reform (continued)

The Group's treasury function is managing the Group's LIBOR transition plan. The greatest change will be amendments to the contractual terms of the LIBOR-referenced interest rate swap and the corresponding update of the hedge designation.

Relief applied

The Group has applied the following Phase 1 reliefs that were introduced by the amendments made to SFRS(I) 9 Financial Instruments:

- When considering the 'highly probable' requirement, the Group has assumed that the variable interest rate on which the Group's hedged debt is based does not change as a result of IBOR reform;
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the variable interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by the IBOR reform; and
- The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Assumptions made

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that no changes to the terms of the floating rate debt are anticipated to reflect its current expectations.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## D. EMPLOYEE BENEFITS

The Group uses the following programmes to reward and recognise employees and key executives, including key management personnel.

- Economic Value Added (EVA)-based Incentive Scheme
- Defined contribution plans
- Post-employment benefits
- Share plans

The Group believes that these programmes reinforce the value of ownership and incentivise and drive performance both individually and collectively to maximise returns to the shareholders.

<b>D1</b>	Economic Value Added (EVA)-based Incentive Scheme	<b>D3</b>	Post-employment benefits
<b>D2</b>	Personnel expenses	<b>D4</b>	Share-based payment arrangements

### D1 Economic Value Added (EVA)-based Incentive Scheme

The Group adopts an incentive compensation plan, which is tied to the creation of EVA, as well as attainment of individual and Group performance goals for its key executives. An EVA bank is used to hold incentive compensation credited in any year.

Typically, a portion of EVA-based bonus declared in the financial year is paid out in cash each year, with the balance being deferred for payment in the following years.

#### Estimates and judgement: EVA-based Incentive Scheme (EBIS)

Estimates of the Group's obligations arising from the EBIS at the reporting 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. Negative EVA will result in a clawback of EVA bonus accumulated in previous years.

## NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### D2 Personnel expenses

Group	2024 \$'000	2023 \$'000
Wages and salaries	2,566,567	2,388,422
Contributions to defined contribution plans	246,889	220,696
Defined benefit plan expenses	15,578	18,917
Share-based payments	39,375	33,845
Other personnel expenses	356,322	336,630
	<b>3,224,731</b>	<b>2,998,510</b>

#### Recognition and measurement

##### (i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

##### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and will have no legal or constructive obligation to pay further amounts. The Group's contributions to the defined contribution plans are recognised in the income statement as expenses in the financial year to which they relate.

### D3 Post-employment benefits

Group	2024 \$'000	2023 \$'000
Net defined benefit liabilities	194,005	208,926
Liability for staff benefits	–	10,989
Total post-employment benefit liabilities	<b>194,005</b>	<b>219,915</b>
Non-current	190,893	209,840
Current	3,112	10,075
	<b>194,005</b>	<b>219,915</b>

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## D3 Post-employment benefits (continued)

### Movement in net defined benefit liability/(asset)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability/(asset) and its components:

Group	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Balance at 1 January	534,004	529,010	(325,078)	(322,617)	208,926	206,393
<b>Included in profit or loss</b>						
Current service cost	5,678	8,460	–	–	5,678	8,460
Interest cost/(income)	24,182	24,505	(15,351)	(15,566)	8,831	8,939
Administrative expenses	(92)	(291)	1,161	1,809	1,069	1,518
	29,768	32,674	(14,190)	(13,757)	15,578	18,917
<b>Included in OCI</b>						
Remeasurement loss/(gain):						
• Actuarial loss/(gain) arising from:						
– financial assumptions	(26,358)	9,200	(283)	4	(26,641)	9,204
– experience assumptions	42	(3,559)	(167)	(111)	(125)	(3,670)
• Return on plan assets excluding interest income	–	–	8,051	(11,346)	8,051	(11,346)
	(26,316)	5,641	7,601	(11,453)	(18,715)	(5,812)
<b>Others</b>						
Contributions paid by the employer	(6,187)	(5,087)	(4,242)	(4,849)	(10,429)	(9,936)
Benefits paid	(21,369)	(20,216)	21,364	19,689	(5)	(527)
Translation difference	8,069	(8,018)	(9,419)	7,909	(1,350)	(109)
Balance at 31 December	517,969	534,004	(323,964)	(325,078)	194,005	208,926

The expenses are recognised in the following line items in profit or loss:

Group	2024 \$'000	2023 \$'000
Cost of sales	12,520	7,298
Administrative expenses	1,470	9,595
Other operating expenses	812	1,008
Finance cost, net	776	1,016
Defined benefit obligation expenses	15,578	18,917

## NOTES TO THE FINANCIAL STATEMENTS

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### D3 Post-employment benefits (continued)

#### *Movement in net defined benefit liability/(asset) (continued)*

The fair value of plan assets in each category are as follows:

Group	2024 \$'000	2023 \$'000
Equity securities	96,374	121,596
Government bonds	58,660	58,620
Derivatives	406	8,610
Property occupied by the Group	14,480	14,341
Funds managed by a trustee	140,559	109,178
Funds with insurance companies	13,485	12,733
Fair value of plan assets	323,964	325,078

All equity securities and government bonds have quoted prices in active markets. All government bonds have an average rating of A+.

In the case of the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

#### *Defined benefit obligation*

##### (a) Actuarial assumptions

The following relates to the actuarial assumptions of significant post-employment defined benefit plans for subsidiaries in Germany and United States of America. The remaining defined benefit plans are not material to the Group and additional disclosures are not shown at the reporting date.

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

Group	2024 %	2023 %
Discount rate	4.2	4.1
Future salary growth	3.1	3.4
Future pension growth	2.1	2.4

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## D3 Post-employment benefits (continued)

### Defined benefit obligation (continued)

#### (a) Actuarial assumptions (continued)

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date are as follows:

Group	2024		2023	
	Germany	U.S.	Germany	U.S.
<i>Longevity at age 65 for current pensioners:</i>				
Males	20.9	20.3	20.8	20.2
Females	24.3	22.3	24.2	22.2
<i>Longevity at age 65 for current members aged 45:</i>				
Males	23.6	21.8	23.5	21.7
Females	26.5	23.7	26.4	23.7

At 31 December 2024, the weighted average duration of the defined benefit obligation was 19.6 years (2023: 20.1 years) for the subsidiaries in Germany and 10.2 years (2023: 10.8 years) for the subsidiary in United States of America.

#### (b) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Group	2024		2023	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Discount rate (0.5% movement)	(28,161)	33,291	(30,406)	36,233
Future salary growth (0.25% movement)	67	(57)	126	(115)
Future pension growth (0.25% movement)	1,238	(1,192)	1,422	(1,353)
Future mortality (10% movement)	(9,088)	10,307	(9,638)	10,952

### Recognition and measurement

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The fair value of any plan assets is deducted. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

# NOTES TO THE FINANCIAL STATEMENTS

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## D4 Share-based payment arrangements

### PSP2020 (PSP)

The PSP is established with the objective of motivating Senior Management Executives to strive for sustained long-term growth and performance in ST Engineering and its subsidiaries (ST Engineering Group or the Group). Awards of performance shares are granted conditional on performance targets set based on the ST Engineering Group corporate objectives.

The performance measures used in PSP grants are Absolute Total Shareholder Return (TSR) taking reference to the Group's Cost of Equity and Earnings Per Share (EPS) Growth against pre-determined targets. In addition to the PSP performance targets being met, final award for PSP is conditional upon satisfactory performance of the recipient.

### RSP2010 and RSP2020 (RSP)

The RSP is established with the objective of retaining and motivating managers and above to strive for sustained long-term growth of the Group. The plans also aim to foster a share ownership culture among employees within the Group and to better align employees' incentives with shareholders' interests.

A minimum threshold performance is required for any shares to be released to the recipients at the end of the performance period. The shares will vest equally over a four-year performance period, subject to continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.

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

Group	2024		2023	
	PSP	RSP	PSP	RSP
<b>Outstanding awards</b>				
Balance at 1 January	6,356,672	16,241,986	6,069,216	14,210,928
Granted	3,065,506	8,147,708	2,196,621	8,195,870
Lapsed	(1,468)	(679,285)	(44,305)	(663,357)
Released	(1,835,622)	(6,173,128)	(1,864,860)	(5,501,455)
Balance at 31 December	7,585,088	17,537,281	6,356,672	16,241,986

These shares were awarded by reissuance of treasury shares.



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## D4 Share-based payment arrangements (continued)

### Singapore Technologies Engineering Performance Share Plan (PSP) and Singapore Technologies Engineering Restricted Share Plan (RSP)

Group	PSP		RSP	
	Year of grant		Year of grant	
	2024	2023	2024	2023
Volatility of the Company's shares (%)	13.22	14.54	11.29 – 14.41	14.48 – 21.03
Risk-free rate (%)	3.12	3.10	3.04 – 3.61	2.99 – 3.32
Share price (\$)	3.97	3.43	3.97	3.43
Dividend yield	(–Management's forecast in line with dividend policy–)		(–Management's forecast in line with dividend policy–)	

The fair value of the performance and restricted shares is determined on grant date using the Monte Carlo simulation model.

During the current year, ERCC has determined that the Group has met the PSP targets set and hence 1,835,622 performance shares were awarded in respect of the grant made in 2021 under PSP2010. In the prior year, 1,864,860 performance shares were awarded in respect of the grant made in 2020 under PSP2010.

The Group provides cash-settled share-based payments for eligible employees.

Group	2024 \$'000	2023 \$'000
Expense arising from cash-settled share-based payment transactions	8,328	6,984
Closing balance of liability for cash-settled share-based payment	9,270	7,542

### Recognition and measurement

The Group operates a number of share-based payment plans. A description of each type of share-based payment arrangement that existed at any time during the period is described in the Directors' Statement.

#### Equity-settled share-based payment plan

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

#### Cash-settled share-based payment plan

The fair value of the employee services received in exchange for the grant is recognised as an expense with the recognition of a corresponding liability over the vesting period. Until the liability is settled, it is remeasured at each reporting date with changes in fair value recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E. CAPITAL STRUCTURE AND FINANCING

This section provides information relating to the Group's capital structure and how they affect the Group's financial position and performance, and how the risks are managed.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy financial metrics in order to support its business and maximise shareholder value. Capital consists of total shareholders' funds and gross debts.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic and financial market conditions. The Group may adjust the dividend payout to shareholders, buy back or issue new shares to optimise capital structure within the Group.

<b>E1</b>	Capital management	<b>E6</b>	Share capital
<b>E2</b>	Finance costs, net	<b>E7</b>	Treasury shares
<b>E3</b>	Investments	<b>E8</b>	Capital reserves
<b>E4</b>	Borrowings	<b>E9</b>	Other reserves
<b>E5</b>	Commitments and contingent liabilities	<b>E10</b>	Dividends

### E1 Capital management

The Group is currently in a net debt position and will continue to be guided by prudent financial policies of which gearing is an important aspect. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

Group	2024 \$'000	2023 \$'000
Gross debt		
Bank loans	379,084	651,248
Commercial papers	1,818,963	1,898,687
Medium-term notes	3,050,174	2,956,501
Lease liabilities	573,315	601,656
	<b>5,821,536</b>	<b>6,108,092</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E1 Capital management (continued)

Group	2024 \$'000	2023 \$'000
Shareholders' funds		
Share capital	895,926	895,926
Treasury shares	(32,806)	(29,644)
Capital and other reserves	27,882	30,118
Retained earnings	1,779,371	1,562,940
	<b>2,670,373</b>	<b>2,459,340</b>
Non-controlling interests	280,474	292,996
	<b>2,950,847</b>	<b>2,752,336</b>
Gross debt/equity ratio	2.0	2.2
Gross debt	5,821,536	6,108,092
Less: cash and cash equivalents	(429,826)	(353,316)
Net debt	<b>5,391,710</b>	<b>5,754,776</b>

## E2 Finance costs, net

Group	2024 \$'000	2023 \$'000
<b>Finance income</b>		
Interest income		
– bank deposits	9,356	8,329
– finance lease	146	568
– others	7,907	4,448
Exchange gain, net	17,524	–
Fair value changes of financial instruments		
– gain on forward currency contract not designated as hedging instrument	19	–
Gain on ineffective portion/discontinuation of cash flow hedges	2,910	27,941
	<b>37,862</b>	<b>41,286</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E2 Finance costs, net (continued)

Group	2024 \$'000	2023 \$'000
<b>Finance costs</b>		
Interest expense		
– bank loans and overdrafts	(21,341)	(35,888)
– medium-term notes and commercial papers	(180,908)	(179,520)
– lease liabilities	(19,367)	(16,959)
– contracts with customers	(927)	(910)
– others	(1,916)	(2,552)
Exchange loss, net	–	(14,300)
Fair value changes of financial instruments		
– loss on forward currency contract not designated as hedging instrument	(26,795)	(1,603)
– loss on forward currency contract designated as hedging instrument	(390)	–
	<b>(251,644)</b>	<b>(251,732)</b>
Finance costs, net, recognised in profit or loss	<b>(213,782)</b>	<b>(210,446)</b>

### Recognition and measurement

Finance income comprises interest income, dividend income, gains on disposal and fair valuation of financial assets and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss when the shareholder's right to receive payment is established.

Finance costs comprise interest expense, losses on disposal and fair valuation of financial assets, and losses on hedging instruments that are recognised in profit or loss. Interest expense that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and liabilities are reported on a net basis as either finance income or finance cost.

## E3 Investments

Group	2024 \$'000	2023 \$'000
Equity shares, at FVTPL		
– unquoted	5,364	15,606
Equity shares, at FVOCI		
– unquoted	57,642	47,469
<b>Total investments, net of impairment losses</b>	<b>63,006</b>	<b>63,075</b>
Represented by:		
Long-term investments	63,006	63,075
	<b>63,006</b>	<b>63,075</b>

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings

Group	Note	Non-current \$'000	Current \$'000	Total \$'000
<b>31 December 2024</b>				
Bank loans	(a)	369,129	9,955	379,084
Commercial papers	(b)	–	1,818,963	1,818,963
Medium-term notes	(c)	2,030,465	1,019,709	3,050,174
Lease liabilities	(d)	476,838	96,477	573,315
		<b>2,876,432</b>	<b>2,945,104</b>	<b>5,821,536</b>
<b>31 December 2023</b>				
Bank loans	(a)	72,810	578,438	651,248
Commercial papers	(b)	–	1,898,687	1,898,687
Medium-term notes	(c)	2,956,501	–	2,956,501
Lease liabilities	(d)	515,120	86,536	601,656
		<b>3,544,431</b>	<b>2,563,661</b>	<b>6,108,092</b>

### (a) Bank loans

	Currency	Effective interest rate		Maturity		Group	
		2024 %	2023 %	2024	2023	2024 \$'000	2023 \$'000
Bank loans	USD	–	6.5	–	2024	–	148,601
	EUR	1.4 – 1.6	1.4 – 1.6	2026 – 2029	2026 – 2029	34,409	43,835
	SGD	2.5	3.7 – 4.1	2027	2024	300,000	420,000
	CNH	2.7	2.7	2026 – 2027	2026	44,675	38,812
						<b>379,084</b>	651,248
– Unsecured						<b>361,943</b>	629,038
– Secured						<b>17,141</b>	22,210
At the end of the year						<b>379,084</b>	651,248

There are bank loans which are secured by assets as follows:

Secured by	Loan amount (\$)
Certain property, plant and equipment of subsidiaries	– \$6,355,000 (2023: \$9,892,000)
Subsidiary's land use right	– \$10,786,000 (2023: \$12,318,000)

All bank loans are denominated in the respective entities' functional currency.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### E4 Borrowings (continued)

#### (b) Commercial papers

Group	2024 \$'000	2023 \$'000
Principal	1,821,720	1,901,135
Unamortised interest	(2,577)	(2,305)
Unamortised costs	(180)	(143)
	<b>1,818,963</b>	<b>1,898,687</b>

At the end of the financial year, commercial papers issued under the US\$3.0 billion U.S. Commercial Paper Programme, which are denominated in United States Dollars, are unsecured and due in 2025 (2023: 2024) with interest rates ranging from 4.42% to 4.66% (2023: 5.35% to 5.43%) per annum.

#### (c) Medium-term notes

Group	2024 \$'000	2023 \$'000
Principal	3,060,000	2,969,100
Unamortised discount	(9,826)	(12,599)
	<b>3,050,174</b>	<b>2,956,501</b>
Unamortised discount:		
At the beginning of the year	12,599	11,476
Additions	–	4,010
Amortisation for the year	(3,107)	(2,657)
Translation difference	334	(230)
At the end of the year	<b>9,826</b>	<b>12,599</b>

On 29 April 2020, the Group issued US\$750 million 1.50% notes due in 2025 under its S\$5.0 billion Multicurrency Medium Term Note Programme. The bonds bore interest at a fixed rate of 1.50% per annum and interest was payable every six months from the date of issue. The bonds were unconditionally and irrevocably guaranteed by the Company. On 5 May 2022, the Group issued US\$700 million of 5-year bonds and US\$300 million of 10-year bonds. The bonds bore interest at a fixed rate of 3.375% and 3.75% per annum and interest was payable every six months from the date of issue. The bonds were unconditionally and irrevocably guaranteed by the Company. On 24 May 2023, the Group issued US\$500 million of 3-year bonds. The bonds bore interest at a fixed rate of 4.125% per annum and interest was payable every six months from the date of issue. The bonds were unconditionally and irrevocably guaranteed by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### (d) Lease liabilities

The Group leases various assets including real estate leases, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee is presented below.

Group	2024 \$'000	2023 \$'000
Maturity analysis – contractual undiscounted cash flows		
Within 1 year	99,787	92,046
Between 1 and 5 years	242,793	244,248
After 5 years	398,056	430,966
Total undiscounted lease liabilities at 31 December	740,636	767,260
Lease liabilities included in the statement of financial position at 31 December	573,315	601,656
Repayable:		
Within 1 year	96,477	86,536
After 1 year	476,838	515,120
	573,315	601,656

The total cash outflow for leases recognised in the statement of cash flows is \$97,106,000 (2023: \$149,104,000).

### (i) Real estate leases

The Group leases land and buildings for its office space, hangar and production facilities. The leases run for a period of 5 to 30 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

The Group sub-leases some of its properties under operating and finance leases.

### Extension options

Some leases of office buildings contain extension options exercisable by the Group up to the day before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### (d) Lease liabilities (continued)

#### (i) Real estate leases (continued)

#### Estimates and judgement: Extension options – Lease terms

Extension option is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option. The leases for office buildings contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

	Lease liabilities recognised (discounted) \$'000	Potential future lease payments not included in lease liabilities (discounted) \$'000
<b>2024 Group</b>		
Office buildings	57,007	77,278
<b>2023 Group</b>		
Office buildings	62,293	87,560

#### (ii) Other leases

The Group leases vehicles and equipment, with lease terms of 3 years to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group monitors the use of these vehicles and equipment and reassesses the estimated amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-of-use assets.

The Group also leases IT equipment and machinery. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### Reconciliation of movements of liabilities and assets to cash flows arising from financing activities

Group	Liabilities		Assets		Total
	Borrowings \$'000	Trade payables and accruals \$'000	Amounts due to related parties \$'000	Restricted Cash \$'000	
<b>Balance at 1 January 2024</b>	<b>6,108,092</b>	<b>3,214,184</b>	<b>50,168</b>	<b>(21)</b>	<b>9,372,423</b>
<b>Changes from financing cash flows</b>					
Proceeds from bank loans	568,222	–	–	–	568,222
Proceeds from commercial papers	1,821,720	–	–	–	1,821,720
Repayment of bank loans	(843,689)	–	–	–	(843,689)
Repayment of commercial papers	(1,934,270)	–	–	–	(1,934,270)
Repayment of lease liabilities	(78,694)	–	–	–	(78,694)
Interest paid	(124,216)	(87,169)	–	–	(211,385)
Restricted cash	–	–	–	(795)	(795)
<b>Total changes from financing cash flows</b>	<b>(590,927)</b>	<b>(87,169)</b>	<b>–</b>	<b>(795)</b>	<b>(678,891)</b>
Changes arising from obtaining or losing control of subsidiaries	–	–	–	–	–
The effect of changes in foreign exchange rates	156,023	4,382	–	–	160,405
Change in fair value	12,407	–	–	–	12,407
<b>Liability-related other changes</b>					
Working capital changes	(41,334)	369,186	1,451	–	329,303
New leases	38,414	–	–	–	38,414
Interest expense	138,861	85,598	–	–	224,459
<b>Total liability-related other changes</b>	<b>135,941</b>	<b>454,784</b>	<b>1,451</b>	<b>–</b>	<b>592,176</b>
<b>Balance at 31 December 2024</b>	<b>5,821,536</b>	<b>3,586,181</b>	<b>51,619</b>	<b>(816)</b>	<b>9,458,520</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### Reconciliation of movements of liabilities and assets to cash flows arising from financing activities (continued)

Group	Liabilities			Assets	
	Borrowings \$'000	Trade payables and accruals \$'000	Amounts due to related parties \$'000	Restricted Cash \$'000	Total \$'000
<b>Balance at 1 January 2023</b>	6,534,537	2,899,210	41,887	(22)	9,475,612
<b>Changes from financing cash flows</b>					
Proceeds from bank loans	621,354	–	–	–	621,354
Proceeds from commercial papers	1,901,135	–	–	–	1,901,135
Proceeds from medium-term note issuance	676,800	–	–	–	676,800
Repayment of bank loans	(865,375)	–	–	–	(865,375)
Repayment of commercial papers	(2,641,075)	–	–	–	(2,641,075)
Repayment of lease liabilities	(132,796)	–	–	–	(132,796)
Interest paid	(127,404)	(154,352)	–	–	(281,756)
Restricted cash	–	–	–	1	1
<b>Total changes from financing cash flows</b>	<b>(567,361)</b>	<b>(154,352)</b>	<b>–</b>	<b>1</b>	<b>(721,712)</b>
Changes arising from obtaining or losing control of subsidiaries	–	–	–	–	–
The effect of changes in foreign exchange rates	(129,494)	(12,403)	–	–	(141,897)
Change in fair value	6,055	–	–	–	6,055
<b>Liability-related other changes</b>					
Working capital changes	36,694	327,456	8,281	–	372,431
New leases	146,105	–	–	–	146,105
Interest expense	81,556	154,273	–	–	235,829
<b>Total liability-related other changes</b>	<b>264,355</b>	<b>481,729</b>	<b>8,281</b>	<b>–</b>	<b>754,365</b>
<b>Balance at 31 December 2023</b>	<b>6,108,092</b>	<b>3,214,184</b>	<b>50,168</b>	<b>(21)</b>	<b>9,372,423</b>

## E5 Commitments and contingent liabilities

### (i) Capital commitments

Group	2024 \$'000	2023 \$'000
Capital expenditure contracted but not provided for in the financial statements*	<b>414,384</b>	137,052

\* Major capital expenditure included hangar, data centre, plant and machinery, production tools and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E5 Commitments and contingent liabilities (continued)

### (ii) Leases – As lessee

As at 31 December 2024, the Group has certain non-cancellable future minimum lease payments for short-term leases or leases for low-value assets amounting to \$3,161,000 (31 December 2023: \$4,333,000).

### (iii) Leases – As lessor

The Group has entered into non-cancellable operating leases on its aircraft, aircraft engines and certain property, plant and equipment. The remaining lease terms range from 0.1 year to 9 years (2023: 0.6 year to 10 years).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Group	2024 \$'000	2023 \$'000
Less than 1 year	16,250	18,443
1 to 2 years	9,625	15,173
2 to 3 years	7,638	7,206
3 to 4 years	6,049	5,346
4 to 5 years	5,536	5,419
More than 5 years	19,333	18,502
Total undiscounted lease payments	64,431	70,089

### (iv) Contingent liabilities (unsecured)

The Group is a party to various claims that arise in the normal course of the Group's business. The total liabilities on these matters cannot be determined with certainty. However, in the opinion of management, the ultimate liability, to the extent not otherwise provided for, will not materially impact the consolidated financial statements of the Group.

The Company has issued corporate guarantees to banks and other lenders for the borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the lenders if the related parties fail to make principal or interest payments when due in accordance with the terms of their borrowings.

## Recognition and measurement

### As a lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E5 Commitments and contingent liabilities (continued)

### Recognition and measurement (continued)

#### As a lessee (continued)

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented in Note C2.

The lease liability is initially measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original terms.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E5 Commitments and contingent liabilities (continued)

### Recognition and measurement (continued)

#### As a lessor

The Group leases equipment under finance leases and office spaces under operating leases to non-related parties.

Finance leases are leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees.

The leased asset is derecognised and the present value of the lease receivable is recognised on the statement of financial position and included in “Trade and other receivables”. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduces the amount of income recognised over the lease term.

Operating leases are leases where the Group retains substantially all risks and rewards incidental to ownership. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within “Trade and other receivables”. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within “Other income”. The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

## NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### E6 Share capital

Company	2024 \$'000	2023 \$'000
Issued and fully paid, with no par value		
At the beginning and end of the year 3,122,495,197 ordinary shares	895,926	895,926

Included in share capital is a special share issued to the Minister for Finance. The special share enjoys all the rights attached to the ordinary shares. In addition, the special share carries the right to approve any resolution to be passed by the Company, either in general meeting or by its Board of Directors, on certain matters specified in the Company's Constitution. The special share may be converted at any time into an ordinary share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

#### Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### E7 Treasury shares

Company	2024 \$'000	2023 \$'000
At the beginning of the year	(29,644)	(36,377)
Purchased during the year	(33,325)	(20,821)
Reissuance of treasury shares pursuant to share plans	30,163	27,554
At the end of the year	(32,806)	(29,644)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the year, the Company purchased 7,880,700 (2023: 5,700,000) of its ordinary shares by way of on-market purchases. The shares, held as treasury shares, were included as deduction against shareholders' equity. 8,008,750 (2023: 7,366,315) treasury shares, at a cost of \$30,163,000 (2023: \$27,554,000), were reissued pursuant to its RSP and PSP.

#### Recognition and measurement

When ordinary shares are reacquired by the Company, the consideration paid is recognised as a deduction from equity. Reacquired shares are classified as treasury shares. When treasury shares are sold, or reissued subsequently, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on transaction is presented as a change in equity of the Company. No gain or loss is recognised in profit or loss.

Treasury shares have no voting rights and no dividends are allocated to them.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E8 Capital reserves

Included in capital reserves are:

- (a) an amount of \$115,948,000 (2023: \$115,948,000) relating to share premium of the respective pooled enterprises, namely ST Engineering Aerospace Ltd., ST Engineering Urban Solutions Ltd., ST Engineering Land Systems Ltd. and ST Engineering Marine Ltd. classified as capital reserve upon the pooling of interests during the year ended 31 December 1997; and
- (b) an amount of \$27,215,000 (2023: \$22,484,000) relating to realised loss (2023: realised loss) on reissuance of treasury shares under share-based payment arrangements as at 31 December 2024.

Capital reserves are non-distributable.

## E9 Other reserves

Group	2024 \$'000	2023 \$'000
Foreign currency translation reserve	(179,380)	(225,691)
Statutory reserve	2,714	2,455
Fair value reserve	39,021	87,442
Share-based payment reserve	93,539	87,497
Premium paid on acquisition of non-controlling interests	(16,745)	(15,049)
	(60,851)	(63,346)
Fair value reserve movement arising from other comprehensive income comprises:		
Net fair value changes on financial assets:		
– Net fair value changes during the year for FVOCI equity instruments	(1,937)	2,769
Foreign currency translation reserve movement arising from other comprehensive income comprises:		
Foreign currency translation differences arising from:		
– Translation of loans forming part of net investments in foreign entities	(4,186)	2,468
– Share of translation difference of associates and joint ventures	10,744	(7,960)
– Reserves released on disposal of subsidiaries	(261)	549
– Translation of foreign entities	40,014	(15,008)
	46,311	(19,951)

Other reserves are non-distributable.

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### E9 Other reserves (continued)

Type of reserve	Nature
<b>Foreign currency translation reserve</b>	Comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities.
<b>Statutory reserve</b>	Statutory reserve comprises transfers from revenue reserve in accordance with the regulations of the foreign jurisdiction in which the Group's subsidiaries and joint ventures operate, principally in the People's Republic of China and France where the subsidiaries and joint ventures are required to make appropriation to a Statutory Reserve Fund and Enterprise Expansion Fund. The laws of these countries restrict the distribution and use of these statutory reserves.
<b>Fair value reserve</b>	Fair value reserve comprises the cumulative fair value changes of financial instruments at FVOCI and the effective portion of hedging instruments, until they are disposed or impaired.
<b>Share-based payment reserve</b>	Represents the cumulative value of services received for the issuance of the options and shares under the share plans of the Company issued to employees and non-executive directors.
<b>Premium paid on acquisition of non-controlling interests</b>	Difference between the consideration paid on acquisition of non-controlling interests and the carrying value of the proportionate share of the net assets acquired.

### E10 Dividends

Company	2024 \$'000	2023 \$'000
Final dividend paid in respect of the previous financial year of 4.0 cents (2023: 4.0 cents) per ordinary share	124,795	124,722
Interim dividends paid in respect of the current financial year of 12.0 cents (2023: 12.0 cents) per ordinary share	374,088	373,958
	<b>498,883</b>	<b>498,680</b>

The Directors propose a final dividend of 5.0 cents (2023: 4.0 cents) per ordinary share amounting to \$156.1 million (2023: \$124.9 million) in respect of the financial year ended 31 December 2024. These dividends have not been recognised as a liability as at year end as they are subject to the approval by shareholders at the Annual General Meeting of the Company.



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## F. GROUP STRUCTURE

This section explains significant aspects of ST Engineering's group structure, including joint arrangements that the Group has interest in, its controlled entities and how changes have affected the Group structure. It also provides information on business acquisitions and disposals made during the financial year as well as information relating to ST Engineering's related parties, the extent of related party transactions and the impact they had on the Group's financial performance and position.

<b>F1</b>	Subsidiaries	<b>F4</b>	Associates and joint ventures
<b>F2</b>	Acquisition and disposal of controlling interests in subsidiaries in 2024/2023	<b>F5</b>	Related party information
<b>F3</b>	Non-controlling interests in subsidiaries		

### F1 Subsidiaries

Details of the significant subsidiaries of the Group are as follows:

	Country of incorporation	Effective equity interest held by the Group	
		2024 %	2023 %
MRA Systems, LLC <sup>1</sup>	U.S.	100	100
ST Engineering Aerospace Ltd.	Singapore	100	100
ST Engineering Defence Aviation Services Pte. Ltd.	Singapore	100	100
ST Engineering Digital Systems Pte. Ltd.	Singapore	100	100
ST Engineering iDirect, Inc. <sup>1</sup>	U.S.	100	100
ST Engineering IHQ Pte. Ltd.	Singapore	100	100
ST Engineering Land Systems Ltd.	Singapore	100	100
ST Engineering Marine Ltd.	Singapore	100	100
ST Engineering North America, Inc. <sup>1</sup>	U.S.	100	100
ST Engineering RHQ Ltd. <sup>2</sup>	United Kingdom	100	100
ST Engineering Urban Solutions Ltd.	Singapore	100	100
STE TransCore Holdings, Inc. <sup>1</sup>	U.S.	100	100
TransCore Partners, LLC <sup>1</sup>	U.S.	100	100

<sup>1</sup> Audited by PricewaterhouseCoopers U.S. for consolidation purposes.

<sup>2</sup> Audited by Critchleys Audit LLP (UK) in country of incorporation and PricewaterhouseCoopers LLP Singapore for consolidation purposes.

All significant subsidiaries that are required to be audited under the law in the country of incorporation are audited by PricewaterhouseCoopers LLP Singapore and network of member firms of PricewaterhouseCoopers International Limited (PwCIL), except as indicated above.

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### F2 Acquisition and disposal of controlling interests in subsidiaries in 2024/2023

#### Acquisition of controlling interests in subsidiary in 2024

##### (i) Acquisition of controlling interests in D'Crypt Pte. Ltd. (D'Crypt)

On 29 February 2024, the Group acquired 100% of D'Crypt for a net cash consideration of \$77,869,000. D'Crypt's main principal activity is cryptographic technology.

D'Crypt contributed revenue of \$62,847,000 and net profit of \$7,194,000 to the Group for the period from 29 February 2024 to 31 December 2024.

Had the above business been consolidated from 1 January 2024, the Group's consolidated revenue and net profit for the year ended 31 December 2024 would have been higher by \$8,433,000 and lower by \$4,186,000 respectively.

#### Identifiable assets acquired and liabilities assumed

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Fair values recognised on acquisition 2024 \$'000
Property, plant and equipment	7,946
Right-of-use assets	2,852
Intangible assets	15,978
Inventories	6,846
Contract assets	19,345
Trade receivables	1,881
Advances and other receivables	10,204
Bank balances and other liquid funds	23,087
Contract liabilities	(13,449)
Trade payables and accruals	(8,360)
Amounts due to related parties	(78)
Provisions	(689)
Provision for taxation	(651)
Non-current contract liabilities	(451)
Non-current trade payables and accruals	(3,643)
Deferred tax liabilities	(2,876)
Total identifiable net assets	57,942
Goodwill arising on consolidation	19,927
Total purchase consideration	77,869
<b>Cash outflow on acquisition:</b>	
Cash consideration paid	77,869
Less: cash acquired	(23,087)
Net cash outflow on acquisition	54,782

The Group incurred acquisition-related transaction expenses of \$419,000 on professional fees, which have been included in administrative expenses in the Group's income statement.

# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## **F2 Acquisition and disposal of controlling interests in subsidiaries in 2024/2023 (continued)**

### ***Acquisition of controlling interest in subsidiary in 2023***

There was no acquisition of subsidiary in 2023.

### ***De-consolidation and disposal of controlling interests in subsidiaries in 2024***

During the year, the Group completed the liquidation VT Hackney, S.A. de C.V., ST Kinetics International Pte. Ltd., ST Engineering Electronics (Tianjin) Co., Ltd and ST Engineering Aerospace Seats Pte. Ltd. as part of the Group's portfolio rationalisation. The subsidiaries were dormant prior to disposal.

### ***De-consolidation and disposal of controlling interests in subsidiaries in 2023***

During the year, the Group completed the liquidation of Kinetics Systems (Shanghai) Co. Ltd, SDG Kinetics Pte. Ltd., ST Engineering (Israel) Smart Cities Ltd, ST Engineering (Myanmar) Co., Ltd., STET Homeland Security Services Pte Ltd, ST Engineering Aerospace (Guangzhou) Aero-Technologies & Engineering Co Ltd and Technicae Projetos e Servicos Automotivos Ltda. as part of the Group's portfolio rationalisation. The subsidiaries were dormant prior to disposal.

With regards to the sale of the entire issued and outstanding equity interests in VT Halter Marine, Inc and ST Engineering Halter Marine and Offshore, Inc (the Sale) in 2022, following the finalisation of post-closing net working capital adjustments, an additional gain on disposal of \$16,321,000 was recorded in the current year.

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### F3 Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries with material non-controlling interests (NCI), based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences from the Group's accounting policies. The summarised financial information is not adjusted for percentage ownership held by NCI.

Name of subsidiary 2024	ST Engineering Aerospace Services Company Pte. Ltd. \$'000
<b>NCI percentage</b>	20%
<b>Principal place of business/Country of incorporation</b>	Singapore
Revenue	369,713
Profit after taxation	19,502
Other comprehensive (loss)/income	(7,123)
<b>Total comprehensive income/(loss)</b>	<b>12,379</b>
Attributable to NCI:	
– Profit	3,900
– Other comprehensive (loss)/income	(1,425)
– <b>Total comprehensive income/(loss)</b>	<b>2,475</b>
Non-current assets	168,219
Current assets	253,886
Non-current liabilities	(68,388)
Current liabilities	(156,269)
<b>Net assets</b>	<b>197,448</b>
<b>Net assets attributable to NCI</b>	<b>39,490</b>
Cash flows from operating activities	54,434
Cash flows used in investing activities	(19,463)
Cash flows (used in)/from financing activities*	(24,226)
<b>Net changes in cash and cash equivalents</b>	<b>10,745</b>
* including dividends to NCI	(4,000)

ST Aerospace Technologies (Xiamen) Company Ltd \$'000	Elbe Flugzeugwerke GmbH \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
20% China 414,324	45% Germany 1,005,217			
24,855	38,953			
267	(40,561)			
25,122	(1,608)			
4,971	17,529	4,553	(4,004)	26,949
53	(18,252)	2,463	(6,177)	(23,338)
5,024	(723)	7,016	(10,181)	3,611
53,772	526,310			
170,956	453,135			
(65,752)	(333,935)			
(65,101)	(247,974)			
93,875	397,536			
18,775	178,892	57,412	(14,095)	280,474
11,419	40,367			
(6,326)	(21,548)			
780	(13,290)			
5,873	5,529			
(738)	—			

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### F3 Non-controlling interests in subsidiaries (continued)

Name of subsidiary 2023	ST Engineering Aerospace Services Company Pte. Ltd. \$'000
<b>NCI percentage</b>	20%
<b>Principal place of business/Country of incorporation</b>	Singapore
Revenue	363,634
Profit after taxation	32,011
Other comprehensive income/(loss)	38
<b>Total comprehensive income</b>	32,049
Attributable to NCI:	
– Profit	6,402
– Other comprehensive income/(loss)	8
<b>– Total comprehensive income/(loss)</b>	6,410
Non-current assets	159,432
Current assets	264,191
Non-current liabilities	(75,234)
Current liabilities	(143,325)
<b>Net assets</b>	205,064
<b>Net assets attributable to NCI</b>	41,013
Cash flows from/(used in) operating activities	62,044
Cash flows (used in)/from investing activities	(8,784)
Cash flows (used in)/from financing activities*	(36,563)
<b>Net changes in cash and cash equivalents</b>	16,697
* including dividends to NCI	–

Eco-Services, LLC \$'000	ST Aerospace Technologies (Xiamen) Company Ltd \$'000	Elbe Flugzeugwerke GmbH \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
49.9% U.S.	20% China	45% Germany			
21,514	210,134	906,384			
2,718	7,568	22,438			
(821)	(2,840)	26,584			
1,897	4,728	49,022			
1,356	1,514	10,097	2,453	(3,863)	17,959
(410)	(568)	11,963	429	3,144	14,566
946	946	22,060	2,882	(719)	32,525
10,428	50,025	571,654			
40,732	210,913	501,494			
(178)	(37,289)	(338,756)			
(6,225)	(151,207)	(333,549)			
44,757	72,442	400,843			
22,334	14,488	180,379	37,224	(2,442)	292,996
3,018	(32,277)	37,689			
(1,553)	(5,158)	6,428			
–	38,668	(14,748)			
1,465	1,233	29,369			
–	–	–			

## NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### F4 Associates and joint ventures

Group	2024 \$'000	2023 \$'000
Unquoted shares, at fair value	8,208	9,970
Unquoted shares, at cost	514,215	495,522
Goodwill on acquisition	38	38
Share of net assets acquired	514,253	495,560
Impairment in associates	(8,000)	(8,000)
Share of post-acquisition reserves	106,994	69,874
	613,247	557,434
	621,455	567,404
Represented by:		
Interest in associates	345,896	307,024
Interest in joint ventures	275,559	260,380
	621,455	567,404

*Details of material associates and joint ventures are as follows:*

Name	Principal activities	Country of incorporation/ place of business	Effective equity interest held by the Group	
			2024 %	2023 %
<u>Associates</u>				
Shanghai Technologies Aerospace Company Limited <sup>1</sup>	Aircraft and component maintenance, repair, overhaul and other related maintenance business	People's Republic of China	49	49
ST Aerospace (Guangzhou) Aviation Services Company Limited <sup>1</sup>	Aircraft and component maintenance, repair, overhaul and other related maintenance business	People's Republic of China	44	44
Turbine Coating Services Pte. Ltd.	Repair, refurbishment and upgrading of aircraft jet engine turbine blades and vanes	Singapore	24.5	24.5



# NOTES TO THE FINANCIAL STATEMENTS

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(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

*Details of material associates and joint ventures are as follows:* (continued)

Name	Principal activities	Country of incorporation/ place of business	Effective equity interest held by the Group	
			2024 %	2023 %
<u>Associates</u> (continued)				
Turbine Overhaul Services Pte. Ltd.	Repair and service of gas and steam turbine components	Singapore	49	49
CityCab Pte. Ltd. <sup>1</sup>	Rental of taxis and the provision of charge card facilities	Singapore	46.5	46.5
Experia Events Pte. Ltd. <sup>1</sup>	Organising and management of conferences, exhibitions and other related activities, including the biennial Singapore Airshow event	Singapore	33	33
<u>Joint ventures</u>				
Total Engine Asset Management Pte. Ltd. <sup>1</sup>	Leasing of engines	Singapore	50	50
Keystone Holdings (Global) Pte. Ltd. <sup>1</sup>	Investment holding	Singapore	50	50
SPTel Pte. Ltd.	Running, operation, management and supply of telecommunications services	Singapore	51	51
Juniper Aviation Investment Pte Ltd	Investment holding	Singapore	50	50

<sup>1</sup> Not audited by PricewaterhouseCoopers LLP Singapore.

The associates and joint ventures listed above are audited by PricewaterhouseCoopers LLP Singapore and network of member firms of PricewaterhouseCoopers International Limited (PwCIL), except as indicated otherwise.

None of the associates and joint ventures of the Group are considered significant in accordance with Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules.

# NOTES TO THE FINANCIAL STATEMENTS

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## F4 Associates and joint ventures (continued)

### Associates

The following table summarises the information of each of the Group's material associates, which are equity-accounted, based on their respective financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisitions and differences with the Group's accounting policies. The summarised financial information is not adjusted for percentage ownership held by the Group.

Name of associate 2024	Shanghai Technologies Aerospace Company Limited \$'000	ST Aerospace (Guangzhou) Aviation Services Company Limited \$'000
Percentage of interest	49%	44%
Revenue	95,338	176,345
Profit after taxation	15,289	34,961
Other comprehensive income	387	566
<b>Total comprehensive income</b>	<b>15,676</b>	<b>35,527</b>
Attributable to NCI	–	–
Attributable to investee's shareholders	15,676	35,527
Non-current assets	64,686	128,614
Current assets	79,602	94,209
Non-current liabilities	(84)	(41,601)
Current liabilities	(21,213)	(230)
<b>Net assets</b>	<b>122,991</b>	<b>180,992</b>
Attributable to NCI	–	–
Attributable to investee's shareholders	122,991	180,992
<b>Group's interest in net assets of investee at beginning of the year</b>	<b>52,585</b>	<b>64,004</b>
Group's share of:		
– Profit/(loss) for the year	7,491	15,383
– Total other comprehensive income/(loss)	190	249
Total comprehensive income/(loss)	7,681	15,632
Group's contribution during the year	–	–
Dividends received during the year	–	–
Carrying amount of interest in investee at end of the year	60,266	79,636

Fair value changes of unquoted investments held by the Group's Corporate Venture Capital Unit is recognised in Other income, net in the income statement.

Turbine Coating Services Pte. Ltd. \$'000	Turbine Overhaul Services Pte. Ltd. \$'000	CityCab Pte. Ltd. \$'000	Experia Events Pte. Ltd. \$'000	Immaterial associates \$'000	Total \$'000
24.5%	49%	46.5%	33%		
28,522	385,438	87,795	55,549		
10,613	63,115	18,694	17,230		
1,649	5,008	—	—		
12,262	68,123	18,694	17,230		
—	—	58	—		
12,262	68,123	18,636	17,230		
21,648	59,245	90,496	35,556		
46,479	246,134	61,847	63,813		
(3,265)	(4,922)	(38,519)	(5,584)		
(7,232)	(120,415)	(32,752)	(15,614)		
57,630	180,042	81,072	78,171		
—	—	936	—		
57,630	180,042	80,136	78,171		
13,396	80,962	38,641	20,114	37,322	307,024
2,600	30,927	8,666	5,686	(3,937)	66,816
404	2,454	—	—	(1,905)	1,392
3,004	33,381	8,666	5,686	(5,842)	68,208
—	—	—	—	10,000	10,000
(2,281)	(26,120)	(10,044)	—	(891)	(39,336)
14,119	88,223	37,263	25,800	40,589	345,896

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## F4 Associates and joint ventures (continued)

### Associates (continued)

Name of associate 2023	Shanghai Technologies Aerospace Company Limited \$'000	ST Aerospace (Guangzhou) Aviation Services Company Limited \$'000
Percentage of interest	49%	44%
Revenue	75,725	148,879
Profit/(loss) after taxation	6,502	31,500
Other comprehensive loss	(4,306)	(5,536)
<b>Total comprehensive income/(loss)</b>	<b>2,196</b>	<b>25,964</b>
Attributable to NCI	–	–
Attributable to investee's shareholders	2,196	25,964
Non-current assets	68,567	127,862
Current assets	58,857	61,331
Non-current liabilities	–	(15,097)
Current liabilities	(20,108)	(28,632)
<b>Net assets</b>	<b>107,316</b>	<b>145,464</b>
Attributable to NCI	–	–
Attributable to investee's shareholders	107,316	145,464
<b>Group's interest in net assets of investee at beginning of the year</b>	<b>51,509</b>	<b>55,041</b>
Group's share of:		
– Profit/(loss) for the year	3,186	13,860
– Total other comprehensive loss	(2,110)	(2,436)
Total comprehensive income/(loss)	1,076	11,424
Group's contribution during the year	–	–
Dividends received during the year	–	(2,461)
Carrying amount of interest in investee at end of the year	52,585	64,004

Fair value changes of unquoted investments held by the Group's Corporate Venture Capital Unit is recognised in Other income, net in the income statement.

Turbine Coating Services Pte. Ltd. \$'000	Turbine Overhaul Services Pte. Ltd. \$'000	CityCab Pte. Ltd. \$'000	Experia Events Pte. Ltd. \$'000	Immaterial associates \$'000	Total \$'000
24.5%	49%	46.5%	33%		
22,894	253,899	86,592	11,355		
14,139	61,522	15,649	(4,867)		
(49)	(3,587)	—	—		
14,090	57,935	15,649	(4,867)		
—	—	(22)	—		
14,090	57,935	15,671	(4,867)		
19,415	54,847	79,696	38,142		
45,591	232,424	74,095	63,923		
(2,922)	(5,008)	(34,933)	(5,275)		
(7,401)	(117,035)	(34,922)	(35,849)		
54,683	165,228	83,936	60,941		
—	—	835	—		
54,683	165,228	83,101	60,941		
11,160	78,603	55,489	21,720	39,714	313,236
3,464	30,146	7,287	(1,606)	(408)	55,929
(12)	(1,758)	—	—	(4,985)	(11,301)
3,452	28,388	7,287	(1,606)	(5,393)	44,628
—	—	—	—	3,500	3,500
(1,216)	(26,029)	(24,134)	—	(500)	(54,340)
13,396	80,962	38,642	20,114	37,321	307,024

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### F4 Associates and joint ventures (continued)

#### Joint ventures

The following table summarises the information of each of the Group's material joint ventures, adjusted for any differences with the Group's accounting policies and reconciles the carrying amount of the Group's interest in joint ventures and the share of profit and other comprehensive income of equity-accounted investment (net of tax). The summarised financial information is not adjusted for the percentage ownership held by the Group.

Name of joint venture 2024	Keystone Holdings (Global) Pte. Ltd. \$'000
Percentage of interest	50%
Revenue	54,842
Profit/(loss) after taxation <sup>a</sup>	4,668
Other comprehensive income	10,150
<b>Total comprehensive income/(loss)</b>	<b>14,818</b>
<sup>a</sup> Includes:	
– Depreciation and amortisation of:	17,841
– Interest expense of:	16,111
– Income tax expense of:	1,066
Non-current assets	498,687
Current assets <sup>b</sup>	41,613
Non-current liabilities <sup>c</sup>	(230,755)
Current liabilities <sup>d</sup>	(90,603)
<b>Net assets excluding goodwill</b>	<b>218,942</b>
<sup>b</sup> Includes cash and cash equivalents of:	48,639
<sup>c</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions) of:	(230,755)
<sup>d</sup> Includes current financial liabilities (excluding trade and other payables and provisions) of:	(97,448)
<b>Group's interest in net assets of investee at beginning of the year</b>	<b>112,595</b>
Share of total comprehensive income/(loss)	4,829
Group's contribution during the year	49
Dividends received during the year	(8,002)
<b>Carrying amount of interest in investee at end of the year</b>	<b>109,471</b>

Total Engine Asset Management Pte. Ltd. \$'000	SPTel Pte. Ltd. \$'000	Juniper Aviation Investment Pte Ltd. \$'000	Immaterial joint ventures \$'000	Total \$'000
50%	51%	50%		
81,014	71,529	30,571		
10,910	(4,447)	(2,068)		
9,454	–	2,856		
20,364	(4,447)	788		
2,372	9,416	14,076		
4,515	2,393	17,335		
51	–	520		
1,241,354	132,664	344,370		
21,049	30,989	114,039		
(485,487)	(98,113)	(360,758)		
(597,721)	(32,724)	(5,624)		
179,195	32,816	92,027		
8,039	9,319	27,212		
(485,487)	(98,113)	(354,989)		
(592,662)	(6,764)	(4,555)		
78,863	21,671	37,670	9,581	260,380
10,182	(2,291)	394	2,265	15,379
678	–	7,950	–	8,677
(125)	–	–	(750)	(8,877)
89,598	19,380	46,014	11,096	275,559

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### F4 Associates and joint ventures (continued)

#### Joint ventures (continued)

Name of joint venture 2023	Keystone Holdings (Global) Pte. Ltd. \$'000
Percentage of interest	50%
Revenue	20,561
Profit/(loss) after taxation <sup>a</sup>	16,056
Other comprehensive (loss)	(5,934)
<b>Total comprehensive income/(loss)</b>	<b>10,122</b>
<sup>a</sup> Includes:	
– Depreciation and amortisation of:	11,048
– Interest expense of:	3,200
– Income tax expense of:	(447)
Non-current assets	495,589
Current assets <sup>b</sup>	49,335
Non-current liabilities <sup>c</sup>	(200,288)
Current liabilities <sup>d</sup>	(119,447)
<b>Net assets excluding goodwill</b>	<b>225,189</b>
<sup>b</sup> Includes cash and cash equivalents of:	29,902
<sup>c</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions) of:	(200,288)
<sup>d</sup> Includes current financial liabilities (excluding trade and other payables and provisions) of:	(96,270)
<b>Group's interest in net assets of investee at beginning of the year</b>	<b>35,169</b>
Share of total comprehensive income/(loss)	5,061
Group's contribution during the year	72,638
Dividends received during the year	(273)
<b>Carrying amount of interest in investee at end of the year</b>	<b>112,595</b>



Total Engine Asset Management Pte. Ltd. \$'000	SPTel Pte. Ltd. \$'000	Juniper Aviation Investment Pte Ltd. \$'000	Immaterial joint ventures \$'000	Total \$'000
50%	51%	50%		
62,832	62,426	13,932		
6,560	(9,221)	(12,882)		
(7,480)	–	(1,572)		
(920)	(9,221)	(14,454)		
21,663	8,456	9,889		
38,968	2,166	13,516		
625	–	1,156		
928,079	122,553	208,015		
23,080	28,285	157,563		
(575,971)	(78,579)	(264,132)		
(217,463)	(34,996)	(26,106)		
157,725	37,263	75,340		
8,122	14,171	2,727		
(575,971)	(78,579)	(268,656)		
(212,197)	(6,778)	(1,753)		
62,899	26,397	21,759	8,715	154,939
(460)	(4,703)	(7,227)	1,843	(5,486)
16,865	–	23,138	–	112,641
(441)	–	–	(1,000)	(1,714)
78,863	21,694	37,670	9,558	260,380

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Basis of consolidation

#### (i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer to Note C3.

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

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustment is made to goodwill, and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

#### (ii) Subsidiaries

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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Consistent accounting policies are applied to like transactions and events in similar circumstances. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the NCI to have a deficit balance.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Basis of consolidation (continued)

#### (iii) Acquisitions of entities under amalgamation

The Company's interests in ST Engineering Aerospace Ltd., ST Engineering Urban Solutions Ltd., ST Engineering Land Systems Ltd., and ST Engineering Marine Ltd. (collectively referred to as the Scheme Companies) resulted from the amalgamation of the Scheme Companies pursuant to a scheme of arrangement under Section 210 of the Singapore Companies Act 1967 in 1997.

As the amalgamation of the Scheme Companies constitutes a uniting of interests, the pooling of interests method has been adopted in the preparation of the consolidated financial statements in connection with the amalgamation.

Under the pooling of interests method, the combined assets, liabilities and reserves of the pooled enterprises are recorded at their existing carrying amounts at the date of amalgamation. The excess or deficiency of amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) over the amount recorded for the share capital acquired is recorded as capital reserve.

#### (iv) Loss of control

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

#### (v) Investments in associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 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, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for by the Group using the equity method (except for those acquired by the Group's Corporate Venture Capital Unit) and are recognised initially at cost, which includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interest, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Basis of consolidation (continued)

#### (v) Investments in associates and joint ventures (continued)

For investments in associates acquired by the Group's Corporate Venture Capital Unit, the Group has elected to measure its investments in associates at FVTPL in accordance with SFRS(I) 9 *Financial Instruments*.

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

#### (vi) Transactions eliminated on consolidation

All significant inter-company balances and transactions are eliminated on consolidation.

### Recognition and measurement

Goodwill that forms part of the carrying amount of an investment in an associate and/or joint venture is not recognised separately and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate and/or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate and/or joint venture may be impaired.

### Estimates and judgements: Judgements made in applying accounting policies

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relates to assessing whether the Group has control over its investee companies.

During the year, the Group assessed the terms and conditions of the shareholders' agreement of subsidiaries that are not wholly-owned by the Group. The Group made critical judgements over:

- (a) its ability to exercise power over its investees;
- (b) its exposure or rights to variable returns for its investments with those investees; and
- (c) its ability to use its power to affect those returns.

The Group's judgement included considerations of its power exercised at the board of the respective investees and rights and obligations arising from matters reserved for the board as agreed with the other shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F5 Related party information

### Key management personnel compensation

Group	2024 \$'000	2023 \$'000
Short-term employee benefits	52,671	46,802
Contributions to defined contribution plans	736	687
Share-based payments	14,694	12,261
	<b>68,101</b>	<b>59,750</b>

In addition to related party information disclosed elsewhere in the financial statements, the Group has significant transactions with the following related parties on terms agreed between the parties:

Group	2024 \$'000	2023 \$'000
<b>Associates of the Group</b>		
Sales and services rendered	9,903	9,006
Purchases and services received	(116,180)	(112,533)
Dividend income	39,336	54,340
<b>Joint ventures of the Group</b>		
Sales and services rendered*	253,532	656,732
Purchases and services received	(35,374)	(12,901)
Dividend income	8,877	1,714
<b>Other related parties**</b>		
Sales and services rendered	71,477	61,788
Purchases and services received	(54,536)	(46,515)
Rental expense	(6,888)	(6,899)

\* Sales and services rendered to joint ventures of the Group include sales of aircraft of \$75,162,000 (FY2023: \$353,326,000) to Keystone 9 Limited and Juniper Aviation Holdings Limited.

\*\* Other related parties refer to subsidiaries, associates and joint ventures of the immediate holding company.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

G. OTHERS			
G1	Adoption of new standards and interpretations	G3	Climate change
G2	New standards and interpretations not adopted		

### G1 Adoption of new standards and interpretations

On 1 January 2024, the Group has adopted the new or amended SFRS(I)s and Interpretations of SFRS(I)s ("INT SFRS(I)s") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s and INT SFRS(I)s.

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

#### *Applicable to 2024 financial statements*

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants
- Amendments to SFRS(I) 1-7 *Statement of Cash Flows* and SFRS(I) 7 *Financial Instruments: Disclosures*: Supplier Finance Arrangements
- Amendments to SFRS(I) 16 *Leases*: Lease Liability in a Sale and Leaseback

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## G2 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's financial statements.

### *Applicable to 2025 financial statements*

- Amendments to SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates*: Lack of Exchangeability

### *Applicable to 2026 financial statements*

- Amendments to SFRS(I) 9 *Financial Instruments* and SFRS(I) 7 *Financial Instruments: Disclosures*: Amendments to the Classification and Measurement of Financial Instruments
- Annual Improvements to SFRS(I)s – Volume 11

### *Applicable to 2027 financial statements*

- SFRS(I) 18 *Presentation and Disclosure in Financial Statements*
- SFRS(I) 19 *Subsidiaries without Public Accountability: Disclosures*

## G3 Climate change

The Group has partnered with a global consultant to conduct a climate risks and opportunities assessment of its businesses as part of its journey to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Group has reviewed the physical risks that might impact its businesses under the Representative Concentration Pathway 8.5 scenario and used the International Energy Agency Net Zero Emissions 2050 scenario to assess transition risks. The Group concluded that the climate-related physical and transition risks impacting its businesses were minimal. Notwithstanding, there remains the risk that evolving demands for stronger protection over the environment, evolving laws and regulations and evolving decarbonisation policies may impact the Group's financial performance in the future. The Group continues to monitor and assess the potential impact of such developments on its operation and financial performance.

# STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AS AT 31 DECEMBER 2024

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

	Note	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	366	476
Right-of-use assets		134	90
Subsidiaries	3	1,958,153	1,634,953
		<b>1,958,653</b>	<b>1,635,519</b>
<b>Current assets</b>			
Amounts due from related parties	4	34,256	1,169
Advances and other receivables		239	101
Bank balances and other liquid funds	5	35,484	8,163
		<b>69,979</b>	<b>9,433</b>
<b>Total assets</b>		<b>2,028,632</b>	<b>1,644,952</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accruals	6	7,210	6,937
Amounts due to related parties	4	36,199	494
Provision for taxation		188	333
Lease liabilities		48	—
		<b>43,645</b>	<b>7,764</b>
<b>Net current assets</b>		<b>26,334</b>	<b>1,669</b>
<b>Non-current liabilities</b>			
Lease liabilities		44	—
		<b>44</b>	<b>—</b>
<b>Total liabilities</b>		<b>43,689</b>	<b>7,764</b>
<b>Net assets</b>		<b>1,984,943</b>	<b>1,637,188</b>
<b>Share capital and reserves</b>			
Share capital	7	895,926	895,926
Treasury shares	7	(32,806)	(29,644)
Capital reserves	7	(27,342)	(22,599)
Other reserves	7	83,403	77,348
Retained earnings		1,065,762	716,157
		<b>1,984,943</b>	<b>1,637,188</b>
<b>Total equity and liabilities</b>		<b>2,028,632</b>	<b>1,644,952</b>

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



# NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AS AT 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## 1. Basis of Preparation and Material Accounting Policy Information

The Statement of Financial Position of the Company is prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The Statement of Financial Position of the Company has been prepared on the historical cost convention, except as otherwise described in the accounting policies below.

The Statement of Financial Position of the Company are presented in Singapore dollars (SGD) which is the Company's functional currency. All values are rounded to the nearest thousand (\$'000) unless otherwise indicated.

Accounting policies, estimates and critical accounting judgements applied to the preparation of the Statement of Financial Position of the Company is consistent with the disclosures in the consolidated financial statements.

The Statement of Financial Position and Notes to the Statement of Financial Position of the Company as at 31 December 2024 were authorised and approved by the Board of Directors for issuance on 26 February 2025.

## 2. Property, plant and equipment

	Furniture, fittings, office equipment and others \$'000	Total \$'000
<b>2024</b>		
<i>Cost</i>		
At 1 January 2024	588	588
Additions	6	6
At 31 December 2024	594	594
<i>Accumulated depreciation</i>		
At 1 January 2024	112	112
Depreciation charge	116	116
At 31 December 2024	228	228
<i>Net book value</i>		
At 31 December 2024	366	366

## NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AS AT 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

### 2. Property, plant and equipment (continued)

	Furniture, fittings, office equipment and others \$'000	Total \$'000
<b>2023</b>		
<i>Cost</i>		
At 1 January 2023	437	437
Additions	562	562
Disposals	(411)	(411)
At 31 December 2023	588	588
<i>Accumulated depreciation</i>		
At 1 January 2023	425	425
Depreciation charge	97	97
Disposals	(410)	(410)
At 31 December 2023	112	112
<b>Net book value</b>		
<b>At 31 December 2023</b>	476	476

### 3. Subsidiaries

	2024 \$'000	2023 \$'000
Equity investments at cost		
At beginning of the year	1,634,953	1,537,911
Additions	323,200	97,042
At end of the year	1,958,153	1,634,953

### 4. Amounts due from/to related parties

Amounts due from/to related parties were non-trade related, unsecured, interest-free and repayable on demand.

### 5. Bank balances and other liquid funds

	2024 \$'000	2023 \$'000
Cash and bank balances	51	66
Amounts placed with a related corporation	35,433	8,097
Bank balances and other liquid funds	35,484	8,163

At the balance sheet date, the amounts placed with a related corporation, ST Engineering Treasury Pte. Ltd., under a cash pooling arrangement bears interest ranging from 2.0% to 4.4% (2023: 0% to 5.1%) per annum. The cash pooling arrangement administered by ST Engineering Treasury Pte. Ltd. is operated at the instructions of the Company. These amounts placed with a related corporation are subjected to an arrangement with a bank where bank balances are transferred from/to a bank account of the related corporation on a daily basis.

# NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AS AT 31 DECEMBER 2024

(CURRENCY – SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## 6. Other payables and accruals

	2024 \$'000	2023 \$'000
Accrued operating expenses	7,210	6,937

## 7. Share capital, treasury shares, capital reserves and other reserves

- Share capital and treasury shares have been explained and disclosed in Note E6 and Note E7.
- Capital reserves is relating to realised gain or loss on re-issuance of treasury shares under share-based payment arrangements as explained and disclosed in Note E8.
- Other reserves is relating to share-based payment reserve as explained and disclosed in Note E9.

## 8. Financial risk management

- **Interest rate risk:** No interest rate risk exposure was disclosed as the Company had assessed that a reasonable change in the interest rates would not result in any significant impact on the Company's results.
- **Foreign exchange risk:** No foreign exchange sensitivity analysis was disclosed as the Company had assessed that a reasonable change in exchange rates would not result in any significant impact on the Company's results.
- **Liquidity risk:** It is not expected that the cash flows associated with the liabilities of the Company could occur at significantly different amounts.
- **Credit risk:** The Company limits its exposure to credit risk on amounts due from related parties which are mostly short-term in nature and bank balances and other liquid funds placed with reputable financial institutions.

Management actively monitors the credit ratings of its debtors and does not expect any counterparty to fail to meet its obligations.

Cash and bank deposits are placed with reputable financial institutions.

As at 31 December 2024, there were no significant concentrations of credit risk.

- **Financial instruments by category:** The carrying amount of the different categories of financial instruments are as follows:

	2024 \$'000	2023 \$'000
Financial assets, at amortised cost	69,979	9,433
Financial liabilities, at amortised cost	(43,502)	(7,431)

# Independent Auditor's Report

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Report On The Audit Of The Financial Statements

### Our Opinion

In our opinion, the accompanying consolidated financial statements of Singapore Technologies Engineering Ltd ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

#### *What we have audited*

The financial statements of the Group and the Company comprise:

- the consolidated income statement of the Group for the year ended 31 December 2023;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of financial position of the Group as at 31 December 2023;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended;
- the notes to the consolidated financial statements, including material accounting policy information;
- the statement of financial position of the Company as at 31 December 2023; and
- the notes to the statement of financial position of the Company, including material accounting policy information.

### 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

# Independent Auditor's Report

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### 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 for the year ended 31 December 2023. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<b>Impairment assessment of non-financial assets – goodwill</b>	
Refer to Note C3 to the financial statements.	We have assessed the appropriateness of management's identification of CGU and critically assessed the key assumptions used in the goodwill impairment assessment.
As at 31 December 2023, the carrying value of the Group's goodwill amounted to \$3,036,232,000.	Our audit procedures included the following:
Goodwill is allocated to the Group's cash generating units ("CGU") - Aerostructure & Systems, Aerospace MRO, Smart Utilities & Infrastructure, Mobility (Rail & Road), Satcom, Specialty Vehicles, Robotics & Autonomous Systems, Mission Software & Services, Training & Simulation Systems, Advanced Networks & Sensors, and Defence Aerospace. There is a risk of impairment of certain CGUs in the United States which are operating in a challenging business environment.	<ul style="list-style-type: none"> <li>evaluated management's key assumptions relating to revenue growth rates, gross profit margins, discount rates and terminal growth rates and understood how management has considered the impact of the market uncertainty in their estimates.</li> <li>reviewed the basis and methodology used to derive the recoverable amount of the CGU.</li> <li>assessed the appropriateness of management's assumptions by comparing to past historical performance and considering current developments.</li> </ul>
In accordance with SFRS(I) 1-36, management is required to perform an impairment assessment of goodwill annually by comparing the recoverable amount of the CGU with its carrying amount to determine whether there is any impairment loss.	<ul style="list-style-type: none"> <li>performed sensitivity analysis on management's assumptions relating to revenue growth rates, gross profit margins, discount rates and terminal growth rates.</li> <li>involved our valuation experts to evaluate the appropriateness of management's assumptions, relating to terminal growth rates and discount rates, by developing an independent expectation using economic and industry forecasts and rates of comparable companies with consideration for specific jurisdiction factors.</li> </ul>
For the purpose of impairment testing, the recoverable amount of the CGU is determined based on the value-in-use calculations, using cash flow projections.	
We focused on this area because of the significant judgements required in estimating the revenue growth rate, gross profit margins, discount rate and terminal growth rate applied in computing the recoverable amount of the CGU.	<ul style="list-style-type: none"> <li>considered the adequacy of the disclosures in the financial statements.</li> </ul>
	Based on the audit procedures performed above, we found management's judgement and assumptions in relation to the determination of the recoverable amount to be appropriate, and the disclosure in this respect to be adequate.

# Independent Auditor's Report

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Our Audit Approach (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<b>Revenue recognition based on stage of completion</b>	
Refer to Note B2 to the financial statements.	Our audit procedures included the following:
During the year ended 31 December 2023, the Group recognised revenue of \$10,101,021,000 relating to sale of goods, rendering of services and contract revenue. Some of these revenue are recognised based on the stage of completion of performance obligations of each individual contract, which are measured by reference to either assessment or surveys of work performed (output method) or the cost incurred relative to total estimated costs (input method).	<ul style="list-style-type: none"> <li>understood the end-to-end processes and validated key controls relating to revenue and receivables cycle.</li> <li>assessed the relevant internal control relating to customer contract acceptance and terms, change orders, monitoring of project development, cost incurred and estimating cost to complete.</li> <li>assessed the terms of the customer contracts and the appropriateness of the revenue recognition policies.</li> <li>assessed the contractual terms and evaluated the work status of the customer contracts and to ascertain the appropriateness of revenue recognised based on the stage of completion of each performance obligation.</li> </ul>
We focused on this area because of the significant management's judgement required in:	
<ul style="list-style-type: none"> <li>determining each performance obligation within a contract;</li> <li>forecasting the costs to be incurred;</li> <li>forecasting the overall margins of these performance obligations; and</li> <li>assessing the stage of completion of each performance obligation.</li> </ul>	<ul style="list-style-type: none"> <li>selected sample of contracts and assessed management's assumptions for determining stage of completion including estimated profit and cost to complete through interviews with management and verification to supporting documents.</li> <li>performed analysis and retrospective reviews of completed contracts to assess the appropriateness of management's assumptions applied.</li> </ul>
	Based on the audit procedures performed above, we found the basis of the identification of performance obligations and the revenue recognised based on the stage of completion of each performance obligation to be appropriate.

## Other Information

Management is responsible for the other information. The other information comprises the Corporate Overview, Performance Review, Sustainability, Corporate Governance, Directors' Statement and Corporate Information (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not 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.

# Independent Auditor's Report

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Other Information (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's 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 Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to directors 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 and SFRS(I)s, 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.

## Auditor's 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 auditor's 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.

# Independent Auditor's Report

TO THE MEMBERS OF  
SINGAPORE TECHNOLOGIES ENGINEERING LTD

## Auditor's Responsibilities For The Audit Of The Financial Statements (continued)

- 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 auditor's 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 auditor's 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 auditor's 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 auditor's report is Lam Hock Choon.



**PricewaterhouseCoopers LLP**

Public Accountants and Chartered Accountants

Singapore  
28 February 2024



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# Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2023  
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2023 \$'000	2022 \$'000
<b>Revenue</b>	B2	<b>10,101,021</b>	9,035,103
Cost of sales		<b>(8,128,269)</b>	(7,336,446)
<b>Gross profit</b>		<b>1,972,752</b>	1,698,657
Distribution and selling expenses		<b>(179,414)</b>	(194,775)
Administrative expenses		<b>(752,581)</b>	(727,382)
Other operating expenses		<b>(215,294)</b>	(168,636)
Other income, net		<b>14,647</b>	56,670
<b>Profit from operations</b>	B3	<b>840,110</b>	664,534
Non-operating income, net	B4	<b>16,454</b>	37,288
Share of results of associates and joint ventures, net of tax		<b>58,093</b>	33,270
<b>Earnings before interest and tax</b>		<b>914,657</b>	735,092
Finance income		<b>41,286</b>	11,203
Finance costs		<b>(251,732)</b>	(148,829)
Finance costs, net	E2	<b>(210,446)</b>	(137,626)
<b>Profit before taxation</b>		<b>704,211</b>	597,466
Taxation	B6	<b>(99,785)</b>	(54,131)
<b>Profit after taxation</b>		<b>604,426</b>	543,335
<b>Attributable to:</b>			
Shareholders of the Company		<b>586,467</b>	535,012
Non-controlling interests	F3	<b>17,959</b>	8,323
		<b>604,426</b>	543,335
<b>Earnings per share (cents)</b>	B5		
Basic		<b>18.82</b>	17.18
Diluted		<b>18.69</b>	17.06

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2023 \$'000	2022 \$'000
<b>Profit after taxation</b>		<b>604,426</b>	543,335
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Defined benefit plan remeasurements		<b>2,175</b>	94,222
Net fair value changes on equity investment at FVOCI		<b>2,769</b>	(2,957)
		<b>4,944</b>	91,265
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Net fair value changes of cash flow hedges reclassified to income statement		<b>(55,808)</b>	27,468
Effective portion of changes in fair value of cash flow hedges		<b>52,068</b>	94,161
Share of net fair value changes on cash flow hedges of joint ventures		<b>(3,343)</b>	2,321
Foreign currency translation differences		<b>(8,505)</b>	(74,620)
Share of foreign currency translation differences of associates and joint ventures		<b>(7,960)</b>	(15,438)
Reserves released on disposal of subsidiaries		<b>549</b>	8,149
		<b>(22,999)</b>	42,041
<b>Other comprehensive income for the year, net of tax</b>		<b>(18,055)</b>	133,306
<b>Total comprehensive income for the year, net of tax</b>		<b>586,371</b>	676,641
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		<b>553,846</b>	666,695
Non-controlling interests	F3	<b>32,525</b>	9,946
		<b>586,371</b>	676,641

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	C1	2,076,209	2,076,348
Right-of-use assets	C2	651,109	581,792
Associates and joint ventures	F4	567,404	468,175
Investments	E3	63,075	76,704
Intangible assets	C3	4,958,158	5,291,345
Long-term trade receivables		11,314	11,163
Deferred tax assets	B6	214,178	198,237
Amounts due from related parties	C4	36,219	35,000
Advances and other receivables	C7	134,542	81,045
Derivative financial instruments	C16	36,895	17,064
		<b>8,749,103</b>	<b>8,836,873</b>
<b>Current assets</b>			
Inventories	C5	1,897,274	1,684,231
Contract assets	C13	2,240,100	2,099,676
Trade receivables	C6	1,581,261	1,152,328
Amounts due from related parties	C4	59,964	135,089
Advances and other receivables	C7	469,073	420,722
Derivative financial instruments	C16	28,789	33,295
Bank balances and other liquid funds	C8	353,337	601,771
		<b>6,629,798</b>	<b>6,127,112</b>
<b>Total assets</b>		<b>15,378,901</b>	<b>14,963,985</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Contract liabilities	C13	978,051	939,990
Deposits from customers		31,229	34,886
Trade payables and accruals	C9	3,155,075	2,826,498
Amounts due to related parties	C10	50,168	41,887
Provisions	C11	337,663	298,624
Provision for taxation		165,959	174,748
Borrowings	E4	2,563,661	3,627,969
Deferred income	C12	11,755	13,589
Post-employment benefits	D3	10,075	8,413
Derivative financial instruments	C16	18,722	38,606
		<b>7,322,358</b>	<b>8,005,210</b>
<b>Net current liabilities</b>		<b>(692,560)</b>	<b>(1,878,098)</b>

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2023 \$'000	2022 \$'000
<b>Non-current liabilities</b>			
Contract liabilities	C13	1,274,916	877,937
Trade payables and accruals	C9	59,109	72,712
Provisions	C11	39,095	38,522
Deferred tax liabilities	B6	156,422	167,481
Borrowings	E4	3,544,431	2,906,568
Deferred income	C12	15,851	17,588
Post-employment benefits	D3	209,840	206,296
Derivative financial instruments	C16	4,543	18,817
		<b>5,304,207</b>	<b>4,305,921</b>
<b>Total liabilities</b>		<b>12,626,565</b>	<b>12,311,131</b>
<b>Net assets</b>		<b>2,752,336</b>	<b>2,652,854</b>
<b>Share capital and reserves</b>			
Share capital	E6	895,926	895,926
Treasury shares	E7	(29,644)	(36,377)
Capital reserves	E8	93,464	100,068
Other reserves	E9	(63,346)	(34,437)
Retained earnings		1,562,940	1,472,816
<b>Equity attributable to owners of the Company</b>		<b>2,459,340</b>	<b>2,397,996</b>
Non-controlling interests	F3	292,996	254,858
		<b>2,752,336</b>	<b>2,652,854</b>
<b>Total equity and liabilities</b>		<b>15,378,901</b>	<b>14,963,985</b>

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2023  
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Share capital \$'000	Treasury shares \$'000
At 1 January 2023	895,926	(36,377)
<b>Total comprehensive income for the year</b>		
Profit after taxation	-	-
<b>Other comprehensive income</b>		
Defined benefit plan remeasurements	-	-
Net fair value changes on equity investment at FVOCI	-	-
Net fair value changes of cash flow hedges reclassified to income statement	-	-
Effective portion of changes in fair value of cash flow hedges	-	-
Share of net fair value changes on cash flow hedges of joint ventures	-	-
Foreign currency translation differences	-	-
Share of foreign currency translation differences of associates and joint ventures	-	-
Reserves released on disposal of subsidiaries	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	-	-
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-
<b>Transactions with owners of the Company, recognised directly in equity</b>		
<b>Contributions by and distributions to owners of the Company</b>		
Capital contribution by non-controlling interests	-	-
Cost of share-based payment	-	-
Purchase of treasury shares	-	(20,821)
Treasury shares reissued pursuant to share plans	-	27,554
Dividends paid	-	-
Total contributions by and distributions to owners of the Company	-	6,733
<b>Changes in ownership interests in subsidiaries</b>		
Disposal of subsidiary	-	-
<b>Total transactions with owners of the Company</b>	-	6,733
Transfer from retained earnings to statutory reserve	-	-
Balance at 31 December 2023	895,926	(29,644)

The accompanying notes are an integral part of the financial statements.

Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
100,068	(34,437)	1,472,816	2,397,996	254,858	2,652,854
-	-	586,467	586,467	17,959	604,426
-	-	3,199	3,199	(1,024)	2,175
-	2,769	-	2,769	-	2,769
-	(51,696)	-	(51,696)	(4,112)	(55,808)
-	36,401	-	36,401	15,667	52,068
-	(3,343)	-	(3,343)	-	(3,343)
-	(12,540)	-	(12,540)	4,035	(8,505)
-	(7,960)	-	(7,960)	-	(7,960)
-	549	-	549	-	549
-	(35,820)	3,199	(32,621)	14,566	(18,055)
-	(35,820)	589,666	553,846	32,525	586,371
-	(265)	-	(265)	14	(251)
-	-	-	-	5,184	5,184
-	27,193	-	27,193	73	27,266
-	-	-	(20,821)	-	(20,821)
(6,604)	(20,879)	-	71	(71)	-
-	-	(498,680)	(498,680)	-	(498,680)
(6,604)	6,314	(498,680)	(492,237)	5,186	(487,051)
-	-	-	-	244	244
(6,604)	6,314	(498,680)	(492,237)	5,430	(486,807)
-	862	(862)	-	169	169
93,464	(63,346)	1,562,940	2,459,340	292,996	2,752,336

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2023  
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Share capital \$'000	Treasury shares \$'000
At 1 January 2022	895,926	(33,475)
<b>Total comprehensive income for the year</b>		
Profit after taxation	—	—
<b>Other comprehensive income</b>		
Defined benefit plan remeasurements	—	—
Net fair value changes on equity investment at FVOCI	—	—
Net fair value changes of cash flow hedges reclassified to income statement	—	—
Effective portion of changes in fair value of cash flow hedges	—	—
Share of net fair value changes on cash flow hedges of joint ventures	—	—
Foreign currency translation differences	—	—
Share of foreign currency translation differences of associates and joint ventures	—	—
Reserves released on disposal of subsidiaries	—	—
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year, net of tax	—	—
Hedging gains and losses and cost of hedging transferred to the cost of inventory	—	—
<b>Transactions with owners of the Company, recognised directly in equity</b>		
<b>Contributions by and distributions to owners of the Company</b>		
Capital contribution by non-controlling interests	—	—
Cost of share-based payment	—	—
Purchase of treasury shares	—	(26,430)
Treasury shares reissued pursuant to share plans	—	23,528
Dividends paid	—	—
Dividends paid to non-controlling interests	—	—
Total contributions by and distributions to owners of the Company	—	(2,902)
<b>Changes in ownership interests in subsidiaries</b>		
Disposal of subsidiaries	—	—
<b>Total transactions with owners of the Company</b>	—	(2,902)
Transfer from retained earnings to statutory reserve	—	—
Balance at 31 December 2022	895,926	(36,377)

The accompanying notes are an integral part of the financial statements.



Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
103,940	(101,937)	1,548,308	2,412,762	255,453	2,668,215
–	–	535,012	535,012	8,323	543,335
–	–	75,096	75,096	19,126	94,222
–	(2,957)	–	(2,957)	–	(2,957)
–	12,008	–	12,008	15,460	27,468
–	110,463	–	110,463	(16,302)	94,161
–	2,321	–	2,321	–	2,321
–	(57,959)	–	(57,959)	(16,661)	(74,620)
–	(15,438)	–	(15,438)	–	(15,438)
–	8,149	–	8,149	–	8,149
–	56,587	75,096	131,683	1,623	133,306
–	56,587	610,108	666,695	9,946	676,641
–	3,983	–	3,983	(30)	3,953
–	–	–	–	50	50
–	24,809	–	24,809	84	24,893
–	–	–	(26,430)	–	(26,430)
(3,872)	(19,546)	–	110	(110)	–
–	–	(685,625)	(685,625)	–	(685,625)
–	–	–	–	(9,225)	(9,225)
(3,872)	5,263	(685,625)	(687,136)	(9,201)	(696,337)
–	1,692	–	1,692	(1,310)	382
(3,872)	6,955	(685,625)	(685,444)	(10,511)	(695,955)
–	(25)	25	–	–	–
100,068	(34,437)	1,472,816	2,397,996	254,858	2,652,854

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023  
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Cash and cash equivalents comprise cash balances and fixed deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

Group	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	<b>704,211</b>	597,466
Adjustments:		
Share of results of associates and joint ventures, net of tax	<b>(58,093)</b>	(33,270)
Share-based payment expense	<b>27,266</b>	24,893
Depreciation charge	<b>340,861</b>	337,602
Property, plant and equipment written off	<b>2,118</b>	3,844
Amortisation of other intangible assets	<b>200,575</b>	179,270
Amortisation of deferred income	<b>(4)</b>	(6)
Impairment of property, plant and equipment	<b>2,457</b>	42,378
Impairment of goodwill and other intangible assets	<b>10,162</b>	5,000
Gain on disposal of property, plant and equipment	<b>(14,867)</b>	(10,911)
Gain on disposal of subsidiaries	<b>(16,454)</b>	(37,288)
Gain on disposal of associate	<b>-</b>	(3,668)
Loss on disposal of investment	<b>24,132</b>	-
Gain on ineffective portion/discontinuation of cash flow hedges	<b>(27,941)</b>	-
Changes in fair value of associates	<b>5,398</b>	(1,471)
Changes in fair value of investments	<b>657</b>	(13,868)
Changes in fair value of financial instruments and hedged items	<b>1,603</b>	(1,932)
Interest expense	<b>235,829</b>	137,309
Interest income	<b>(13,345)</b>	(9,271)
Unrealised currency translation losses/(gains)	<b>2,063</b>	(330)
<b>Operating profit before working capital changes</b>	<b>1,426,628</b>	1,215,747
Changes in:		
Inventories	<b>(206,060)</b>	(354,852)
Contract assets	<b>(148,519)</b>	(249,371)
Trade receivables	<b>(437,738)</b>	(58,447)
Amounts due from related parties	<b>(3,464)</b>	25,671
Advances and other receivables	<b>(115,756)</b>	(97,895)
Contract liabilities	<b>438,702</b>	139,808
Deposits from customers	<b>(4,978)</b>	17,754
Trade payables	<b>104,398</b>	198,293
Amounts due to related parties	<b>913</b>	1,900
Other payables, accruals and provisions	<b>275,282</b>	(67,872)
Deferred income	<b>(3,567)</b>	3,438
<b>Cash generated from operations</b>	<b>1,325,841</b>	774,174
Interest received	<b>11,569</b>	6,942
Income tax paid	<b>(158,853)</b>	(108,021)
<b>Net cash from operating activities</b>	<b>1,178,557</b>	673,095

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Group	Note	2023 \$'000	2022 \$'000
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		261,723	20,308
Proceeds from disposal of intangible assets		120,941	–
Proceeds from disposal of associate and joint venture		–	8,832
Proceeds from disposal of investments		2,033	–
Purchase of property, plant and equipment		(540,272)	(762,927)
Purchase of investments		(11,002)	(16,124)
Additions to other intangible assets		(75,644)	(203,204)
Dividends from associates and joint ventures		56,054	40,475
Investments in associates and joint ventures		(116,141)	(25,051)
Repayment of loans by associate		85,726	196
Loans to associates and joint ventures		(988)	(58,298)
Acquisition of controlling interests in subsidiaries, net of cash acquired		–	(3,630,087)
Disposal of subsidiaries, net of cash disposed		16,813	54,392
<b>Net cash used in investing activities</b>		<b>(200,757)</b>	<b>(4,571,488)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank loans		621,354	1,098,690
Proceeds from medium-term note issuance		676,800	1,385,000
Proceeds from issuance of commercial papers		1,901,135	4,206,138
Proceeds from settlement of derivatives		9,734	124,425
Proceeds from finance lease receivables		221	233
Repayment of bank loans		(865,375)	(386,204)
Repayment of commercial papers		(2,641,075)	(1,852,969)
Repayment of lease liabilities		(132,796)	(83,894)
Purchase of treasury shares		(20,821)	(26,430)
Capital contribution from non-controlling interests of a subsidiary		5,184	50
Dividends paid to shareholders of the Company		(498,680)	(685,625)
Dividends paid to non-controlling interests		–	(9,225)
Interest paid		(281,756)	(72,382)
Deposits discharged/(pledged)		1	(22)
<b>Net cash (used in)/from financing activities</b>		<b>(1,226,074)</b>	<b>3,697,785</b>
<b>Net change in cash and cash equivalents</b>		<b>(248,274)</b>	<b>(200,608)</b>
Cash and cash equivalents at beginning of the year		601,749	815,924
Effect of exchange rate changes on balances held in foreign currency		(159)	(13,567)
<b>Cash and cash equivalents at end of the year</b>	C8	<b>353,316</b>	<b>601,749</b>

The accompanying notes are an integral part of the financial statements.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## A. About this report

### General

The Company is a public limited company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 1 Ang Mo Kio Electronics Park Road #07-01 ST Engineering Hub, Singapore 567710.

The principal activity of the Company is that of an investment holding company.

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

The consolidated financial statements of Singapore Technologies Engineering Ltd and its subsidiaries (collectively referred to as the Group) as at 31 December 2023 and for the year then ended were authorised and approved by the Board of Directors for issuance on 28 February 2024.

### Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

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

Accounting policies, estimates and critical accounting judgements applied to the preparation of the financial statements are disclosed together with the related accounting balance or financial statement matters discussed.

Information is only being included in the financial report to the extent it has been 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

The financial statements are presented in Singapore dollars (SGD) which is the Company's functional currency. All values are rounded to the nearest thousand (\$'000) unless otherwise indicated.

### Material accounting policy information

The accounting policies have been applied consistently by the Group entities to all periods presented in these financial statements unless otherwise indicated.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## Foreign currency

The major functional currencies of the Group entities are the Singapore dollar (SGD), the United States dollar (USD) and the Euro (EUR).

Transactions, assets and liabilities denominated in foreign currencies are translated into SGD at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined
Non-monetary assets and liabilities carried at cost	Date of transaction

Foreign exchange gains and losses resulting from translation of monetary assets and liabilities are recognised in the income statement, except for qualifying cash flow hedges, which are recognised in other comprehensive income (OCI).

On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into SGD using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to profit or loss on disposal of the foreign operation.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B. Business Performance

The highlights of the Group's financial performance during the financial year are:

- Revenue of \$10.1 billion, up 12%
- Earnings before interest and tax of \$914.7 million, up 24%
- Profit before taxation of \$704.2 million, up 18%
- Profit attributable to shareholders of \$586.5 million, up 10%
- Earnings per share of 18.82 cents per share, up 10%

<b>B1</b>	Segment information	<b>B4</b>	Non-operating income, net
<b>B2</b>	Revenue	<b>B5</b>	Earnings per share
<b>B3</b>	Profit from operations	<b>B6</b>	Taxation

### B1 Segment information

The Commercial cluster drives the Group's international growth through areas in Commercial Aerospace, and Urban Solutions & Satcom domains, which are also reportable business segments.

The Defence & Public Security cluster integrates capabilities organised as a single cluster which is a reportable business segment, comprising Digital Systems & Cyber, Land Systems, Marine and Defence Aerospace business areas.

Management reviews the segments' operating results regularly in order to allocate resources to the segments and to assess the segments' performance.

The principal activities of the business segments are outlined below:

Segments	Principal activities
Commercial Aerospace	Airframe, engines and components maintenance, repair and overhaul, original equipment manufacturer for nacelles, composite floorboard and passenger-to-freighter conversions and aviation asset management.
Defence & Public Security	Defence, public safety and security, critical information infrastructure solutions and others, including Group HQ functions.
Urban Solutions & Satcom	Smart mobility, smart utilities & infrastructure, urban environment solutions and satcom.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B1 Segment information (continued)

Inter-segment pricing is based on terms negotiated between the parties which are intended to reflect competitive terms.

2023	Commercial Aerospace \$'000	Defence & Public Security \$'000	Urban Solutions & Satcom \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	3,905,269	4,251,967	1,943,785	–	10,101,021
Inter-segment sales	60,791	36,731	36,795	(134,317)	–
	<b>3,966,060</b>	<b>4,288,698</b>	<b>1,980,580</b>	<b>(134,317)</b>	<b>10,101,021</b>
Reportable segment profit from operations	282,665	542,872	14,573	–	840,110
Non-operating income, net	(309)	16,254	509	–	16,454
Share of results of associates and joint ventures, net of tax	54,880	8,291	(5,078)	–	58,093
Earnings before interest and tax	337,236	567,417	10,004	–	914,657
Finance income					41,286
Finance costs					(251,732)
Profit before taxation					704,211
Taxation					(99,785)
Non-controlling interests					(17,959)
Profit attributable to shareholders					586,467
Other assets	4,737,972	5,768,074	5,858,657	(2,120,721)	14,243,982
Associates and joint ventures	444,807	100,926	21,671	–	567,404
Segment assets	5,182,779	5,869,000	5,880,328	(2,120,721)	14,811,386
Deferred tax assets					214,178
Bank balances and other liquid funds					353,337
Total Assets					15,378,901
Segment liabilities	1,790,448	5,109,060	957,008	(1,660,424)	6,196,092
Provision for taxation					165,959
Deferred tax liabilities					156,422
Borrowings					6,108,092
Total Liabilities					12,626,565
Capital expenditure	310,273	363,615	118,838	(27,642)	765,084
Depreciation and amortisation	195,109	136,624	210,865	(1,162)	541,436
Impairment losses	–	3,283	9,336	–	12,619

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B1 Segment information (continued)

2022	Commercial Aerospace \$'000	Defence & Public Security \$'000	Urban Solutions & Satcom \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	2,991,209	4,271,656	1,772,238	–	9,035,103
Inter-segment sales	61,550	47,889	48,566	(158,005)	–
	3,052,759	4,319,545	1,820,804	(158,005)	9,035,103
Reportable segment profit from operations	271,690	364,903	27,941	–	664,534
Non-operating income, net	327	31,844	5,117	–	37,288
Share of results of associates and joint ventures, net of tax	28,869	8,248	(3,847)	–	33,270
Earnings before interest and tax	300,886	404,995	29,211	–	735,092
Finance income					11,203
Finance costs					(148,829)
Profit before taxation					597,466
Taxation					(54,131)
Non-controlling interests					(8,323)
Profit attributable to shareholders					535,012
Other assets	4,870,823	4,539,902	6,173,792	(1,888,715)	13,695,802
Associates and joint ventures	318,469	102,787	46,919	–	468,175
Segment assets	5,189,292	4,642,689	6,220,711	(1,888,715)	14,163,977
Deferred tax assets					198,237
Bank balances and other liquid funds					601,771
Total Assets					14,963,985
Segment liabilities	1,842,187	4,205,294	1,029,410	(1,642,526)	5,434,365
Provision for taxation					174,748
Deferred tax liabilities					167,481
Borrowings					6,534,537
Total Liabilities					12,311,131
Capital expenditure	831,607	163,358	98,056	(36,929)	1,056,092
Depreciation and amortisation	195,698	140,997	179,298	879	516,872
Impairment losses	4,513	42,865	–	–	47,378



# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B1 Segment information (continued)

### Analysis by country of incorporation

Revenue is based on the subsidiaries' country of incorporation regardless of where the goods are produced or services rendered. Non-current assets, excluding derivative financial instruments and deferred tax assets, are based on the location of those assets.

	Revenue		Non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Asia	<b>5,760,303</b>	5,219,845	<b>2,446,852</b>	1,979,057
U.S.	<b>3,086,297</b>	2,852,309	<b>4,601,877</b>	4,788,762
Europe	<b>1,185,465</b>	899,513	<b>1,358,609</b>	1,758,155
Others	<b>68,956</b>	63,436	<b>90,692</b>	95,598
	<b>10,101,021</b>	9,035,103	<b>8,498,030</b>	8,621,572

For the year ended 31 December 2023:

- Within Europe, revenue of approximately \$826,651,000 (2022: \$614,447,000) was from subsidiaries located in Germany.
- Within Asia, most of the revenue was from subsidiaries located in Singapore.
- The remaining revenue from subsidiaries in Asia, Europe and Others was individually insignificant.

As at 31 December 2023:

- Within Europe, non-current assets of approximately \$623,331,000 (2022: \$618,701,000) and \$315,111,000 (2022: \$724,477,000) were from subsidiaries located in Germany and Ireland respectively.
- Within Asia, most of the non-current assets were from subsidiaries located in Singapore.
- The remaining non-current assets located in Asia, Europe and Others were individually insignificant.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B2 Revenue

### Disaggregation of revenue

In the following table, revenue is disaggregated by major products/services lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Commercial Aerospace		Defence & Public Security	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Major products/services lines</b>				
Sale of goods	<b>1,496,247</b>	1,292,277	<b>1,249,796</b>	1,187,011
Service income	<b>300,876</b>	130,101	<b>1,698,504</b>	1,604,584
Contract revenue	<b>2,168,937</b>	1,630,381	<b>1,340,398</b>	1,527,950
	<b>3,966,060</b>	3,052,759	<b>4,288,698</b>	4,319,545
<b>Timing of revenue recognition</b>				
Transferred at a point in time	<b>2,160,437</b>	1,680,176	<b>1,814,097</b>	1,699,289
Transferred over time	<b>1,805,623</b>	1,372,583	<b>2,474,601</b>	2,620,256
	<b>3,966,060</b>	3,052,759	<b>4,288,698</b>	4,319,545

	Urban Solutions & Satcom		Elimination		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
	491,938	569,464	(19,932)	(41,342)	3,218,049	3,007,410
	680,662	580,014	(41,992)	(39,425)	2,638,050	2,275,274
	807,980	671,326	(72,393)	(77,238)	4,244,922	3,752,419
	1,980,580	1,820,804	(134,317)	(158,005)	10,101,021	9,035,103
	741,958	835,367	(79,993)	(92,170)	4,636,499	4,122,662
	1,238,622	985,437	(54,324)	(65,835)	5,464,522	4,912,441
	1,980,580	1,820,804	(134,317)	(158,005)	10,101,021	9,035,103

Group	2023 \$'000	2022 \$'000
<b>Primary geographical markets</b>		
Asia	4,924,215	4,514,285
U.S.	2,448,772	2,229,652
Europe	2,015,610	1,642,526
Others	712,424	648,640
	10,101,021	9,035,103

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B2 Revenue (continued)

### Revenue from contracts with customers

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

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

#### (a) Revenue from sale of goods

Revenue is recognised when goods are delivered to the customer and the criteria for acceptance have been satisfied. Where applicable, a portion of the contract consideration is received in advance from the customers and the remaining consideration is received after delivery.

#### (b) Revenue from services rendered

Revenue from services rendered are recognised as performance obligations are satisfied. Payments are due from customers based on the agreed billing milestones stipulated in the contracts or based on the amounts certified by the customers.

Where performance obligations are satisfied over time as work progresses, revenue is recognised progressively based on the percentage of completion method. The stage of completion is assessed by reference to assessment of work performed (output method) or the cost incurred relative to total estimated costs (input method) depending on which method commensurate with the pattern of transfer of control to the customer. The related costs are recognised in profit or loss when they are incurred, unless they relate to future performance obligations.

If the value of services rendered for the contract exceeds payments received from the customer, a contract asset is recognised and presented separately on the statement of financial position. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. If the amounts invoiced to the customer exceed the value of services rendered, a contract liability is recognised and separately presented on the statement of financial position.

#### (c) Revenue from contracts

The Group builds specialised assets customised to customers' order for which the Group does not have an alternative use.

##### (i) Contracts with enforceable right to payment

The Group has determined that for contracts where the Group has an enforceable right to payment, the customer controls all of the work-in-progress. This is because under those contracts, the assets are at the customer's specification and the Group is entitled to reimbursement of costs incurred to date, including a reasonable margin when the contract is terminated by the customer. Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B2 Revenue (continued)

### Revenue from contracts with customers (continued)

#### (c) Revenue from contracts (continued)

##### (i) Contracts with enforceable right to payment (continued)

Revenue is recognised over time. The stage of completion is typically assessed by reference to either surveys of work performed (output method) or the cost incurred relative to total estimated costs (input method) depending on which method commensurate with the pattern of transfer of control to the customer.

##### (ii) Contracts without enforceable right to payment

For contracts where the Group does not have an enforceable right to payment, customers do not take control of the specialised asset until they are completed. At the inception of the contract, the customers usually make an advance payment that is not refundable if the contract is cancelled. The advance payment is presented as a contract liability. The rest of the consideration is only billed upon acceptance by the customer.

Revenue is recognised at a point in time when the assets are completed and have been accepted by customers.

When the period between the satisfaction of a performance obligation and payment by the customer exceeds a year, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would be reflected separately as a financing income from contract inception.

For contracts with variable consideration (i.e. liquidated damages, bonus and penalty adjustments), revenue is recognised to the extent that it is highly probable that a reversal of previously recognised revenue will not occur. Therefore, the amount of revenue recognised is adjusted for possibility of delays to the projects and ability to meet key performance indicators stipulated in the contract. The Group reviews the progress of the projects at each reporting date and updates the transaction price accordingly.

The Group accounts for modifications to the scope or price of a contract as separate contracts if the modification adds distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations to be satisfied. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as a continuation of the original contract and recognises a cumulative adjustment to revenue at the date of modification.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B2 Revenue (continued)

### Key estimates and judgement: Revenue recognition

Judgement is applied in determining:

- *whether performance obligations are distinct.*  
Requires an assessment of whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer and if the promise is separately identifiable from other promises in the contract.
- *the transaction price for contracts with variable consideration (e.g. bonus, liquidated damages, penalties, etc).*  
Requires an evaluation of potential risk and factors which may affect completion or delivery of the contract, in accordance with contract obligations.
- *estimated cost to complete.*  
For revenue recognised over time, the percentage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated costs for each contract. In making the estimates, management relies on the expertise of its project team and past experience of completed projects. The estimated total costs are reviewed regularly and adjusted where necessary, with the corresponding effect of the change being recognised prospectively from the date of change.

## B3 Profit from operations

Profit from operations are arrived at after charging the following items (excluding those disclosed in the other notes to the financial statements):

Group	2023 \$'000	2022 \$'000
<b>After charging/(crediting)</b>		
Auditors' remuneration		
- auditors of the Company	2,751	2,721
- other auditors #	2,371	2,661
Non-audit fees		
- auditors of the Company	302	533
- other auditors #	432	17
Fees paid to a firm of which a director is a member	882	498
Research, design and development expenses *	187,894	131,183
Allowance for inventory obsolescence	28,134	32,265
Short-term lease expense	16,325	15,304
Low-value assets lease expense	2,136	1,948
Property, plant and equipment written off	2,118	3,844
Gain on disposal of associate	-	(3,668)
Loss on disposal of investment	24,132	-
Fair value changes of associates	5,398	(1,471)

# Includes the network of member firms of PricewaterhouseCoopers International Limited (PwCIL)

\* Amount before deducting government grants of \$18,917,000 (2022: \$5,397,000)

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B3 Profit from operations

### Recognition and measurement

Government grants are recognised as a receivable at fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Grants relating to expenses are deducted in reporting the related expenses.

Grants relating to depreciable assets are recognised in profit or loss over the estimated useful lives of the relevant assets.

## B4 Non-operating income, net

Group	2023 \$'000	2022 \$'000
Gain on disposal of subsidiaries	17,187	37,288
Loss on disposal of subsidiaries	(733)	–
	<b>16,454</b>	<b>37,288</b>

### Recognition and measurement

The assets and liabilities of the subsidiary, including any goodwill are derecognised when a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

## B5 Earnings per share

### Basic earnings per share

The weighted average number of ordinary shares used in the calculation of earnings per share is arrived at as follows:

Company	2023 '000	2022 '000
<u>Number of shares</u>		
Issued ordinary shares at beginning of the year	3,112,882	3,113,669
Effect of performance shares and restricted shares released	5,603	4,698
Effect of treasury shares held	(2,999)	(3,467)
Weighted average number of ordinary shares issued during the year	<b>3,115,486</b>	<b>3,114,900</b>

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B5 Earnings per share (continued)

### Diluted earnings per share

When calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted for the effect of all dilutive potential ordinary shares. The Group has two categories of dilutive potential ordinary shares from performance share plans and restricted share plans (2022: two categories of dilutive potential ordinary shares from performance share plans and restricted share plans).

The weighted average number of ordinary shares adjusted for the dilutive potential shares is as follows:

Company	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares (used in the calculation of basic earnings per share)	3,115,486	3,114,900
Adjustment for dilutive potential ordinary shares	22,599	20,280
Weighted average number of ordinary shares (diluted) during the year	3,138,085	3,135,180

## B6 Taxation

### (i) Tax expenses

Group	2023 \$'000	2022 \$'000
Current income tax		
Current year	200,475	165,739
Overprovision in respect of prior years	(7,274)	(1,634)
	193,201	164,105
Deferred income tax		
Current year	(87,238)	(101,386)
Overprovision in respect of prior years	(5,415)	(9,883)
Effect of change in tax rates	(763)	1,295
	(93,416)	(109,974)
	99,785	54,131



# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B6 Taxation (continued)

### (i) Tax expenses (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December is as follows:

Group	2023 \$'000	2022 \$'000
Profit before taxation	704,211	597,466
Taxation at Singapore statutory tax rate of 17% (2022: 17%)	119,716	101,569
Adjustments:		
Income not subject to tax	(11,528)	(30,871)
Expenses not deductible for tax purposes	24,042	23,309
Different tax rates of other countries	(5,513)	(21,127)
Overprovision in respect of prior years	(12,689)	(11,517)
Effect of change in tax rates	(763)	1,295
Effect of results of associates and joint ventures presented net of tax	(9,871)	(5,653)
Tax incentives	(3,987)	(1,993)
Deferred tax assets not recognised	2,592	17,721
Deferred tax assets previously not recognised now utilised/recognised	(3,113)	(18,906)
Others	899	304
	99,785	54,131

# Notes to the Financial Statements

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## B6 Taxation (continued)

### (ii) Deferred tax assets and liabilities

#### (a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities	
	2023 \$'000	2022 \$'000 (restated)	2023 \$'000	2022 \$'000 (restated)
Property, plant and equipment	(2,416)	(1,420)	200,611	162,345
Intangible assets	(4,392)	(7,268)	167,198	165,943
Allowance for doubtful debts	(2,775)	(2,182)	–	–
Allowance for inventory obsolescence	(40,327)	(43,670)	–	252
Provisions and accruals	(191,358)	(128,124)	8,048	11,484
Lease liabilities	(104,188)	(86,428)	6,253	1,607
Unabsorbed capital allowances and unutilised tax losses	(125,045)	(197,060)	10,720	11,904
Fair value of derivative financial instruments designated as cash flow hedges	(4,336)	(16,703)	10,777	7,518
Fair value of defined benefit plans	(7,236)	(6,275)	10,672	10,274
ROU assets	–	–	103,014	85,090
Unutilised tax benefits	(99,897)	(2,235)	–	–
Other items	(15,031)	(18,196)	21,952	22,388
Deferred tax (assets)/liabilities	(597,001)	(509,561)	539,245	478,805
Set off of tax	382,823	311,324	(382,823)	(311,324)
Net deferred tax (assets)/liabilities	(214,178)	(198,237)	156,422	167,481

The Group's lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, the Group considers the asset and liability collectively and accounts for the deferred taxation on a net basis.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B6 Taxation (continued)

### (ii) Deferred tax assets and liabilities (continued)

#### (b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Group	2023 \$'000	2022 \$'000
Tax losses	375,232	291,234
Deductible temporary differences	5,618	2,136
Unabsorbed wear and tear allowance and investment allowance	–	94,511
	<b>380,850</b>	<b>387,881</b>

The Group has the above unrecognised deferred tax assets which have no expiry date except for the amount of \$88,733,000 which will expire from 2024 to 2042. The unrecognised deferred tax assets can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

#### (c) Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2023, a deferred tax liability of \$177,299,000 (2022: \$185,212,000) for temporary difference of \$766,004,000 (2022: \$741,796,000) related to undistributed earnings of certain subsidiaries was not recognised as the Group has determined that the undistributed profits of its overseas subsidiaries will not be remitted to Singapore in the foreseeable future, but will be retained for organic growth and acquisitions.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B6 Taxation (continued)

### (ii) Deferred tax assets and liabilities (continued)

#### (d) Movement in deferred tax balances during the year

Group	As at 1 January 2022 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Acquisition/ deconsolidation of subsidiaries \$'000	Utilisation of tax losses \$'000
Property, plant and equipment	144,569	20,475	–	130	(50)
Intangible assets	141,072	18,439	–	–	–
Allowance for doubtful debts	(1,640)	(558)	–	–	–
Allowance for inventory obsolescence	(36,193)	(7,519)	–	–	–
Provisions and accruals	(138,199)	(40,179)	–	56,433	4,050
Lease liabilities	593	(1,084)	–	19	–
Unabsorbed capital allowances and unutilised tax losses	(98,243)	(100,193)	–	(56,272)	65,201
Fair value of derivative financial instruments designated as cash flow hedges	(8,453)	(2)	(1,054)	–	–
Fair value of defined benefit plans	(58,779)	4,727	37,642	–	–
ROU assets	–	–	–	–	–
Unutilised tax benefits	(1,272)	(976)	–	–	7
Other items	23,658	(3,104)	–	–	(2)
	(32,887)	(109,974)	36,588	310	69,206

Reclassification \$'000	Exchange difference \$'000	As at 31 December 2022 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Utilisation of tax losses \$'000	Reclassification \$'000	Exchange difference \$'000	As at 31 December 2023 \$'000
(3,361)	(838)	160,925	39,405	–	10	–	(2,145)	198,195
–	(836)	158,675	11,189	–	(5,670)	–	(1,388)	162,806
1	15	(2,182)	(632)	–	–	–	39	(2,775)
–	294	(43,418)	2,568	–	–	–	523	(40,327)
653	602	(116,640)	(67,978)	–	(427)	–	1,735	(183,310)
(84,386)	37	(84,821)	(13,060)	–	(23)	–	(31)	(97,935)
(258)	4,609	(185,156)	16,599	–	52,502	–	1,730	(114,325)
–	324	(9,185)	3	15,700	23	–	(100)	6,441
17,153	1,799	2,542	(3,360)	3,046	–	1,457	(249)	3,436
85,090	–	85,090	17,936	–	2	–	(14)	103,014
(19)	25	(2,235)	(98,841)	–	(496)	–	1,675	(99,897)
(14,873)	(30)	5,649	2,755	–	(219)	(1,457)	193	6,921
–	6,001	(30,756)	(93,416)	18,746	45,702	–	1,968	(57,756)

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B6 Taxation (continued)

### (ii) Deferred tax assets and liabilities (continued)

#### (d) Movement in deferred tax balances during the year (continued)

Group	As at 1 January 2021 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Acquisition/ deconsolidation of subsidiaries \$'000	Utilisation of tax losses \$'000
Property, plant and equipment	128,062	15,085	–	(29)	–
Intangible assets	205,947	(65,942)	–	(851)	–
Allowance for doubtful debts	(1,702)	94	–	9	–
Allowance for inventory obsolescence	(27,751)	(8,503)	–	506	–
Provisions and accruals	(170,478)	33,885	–	17	–
Lease liabilities	1,112	(585)	–	–	–
Unabsorbed capital allowances and unutilised tax losses	(95,622)	(6,128)	–	(695)	4,626
Fair value of derivative financial instruments designated as cash flow hedges	4,438	121	(12,367)	–	–
Fair value of defined benefit plans	(49,390)	(18,633)	7,512	–	–
ROU assets	–	–	–	–	–
Unutilised tax benefits	(1,019)	(229)	–	–	–
Other items	23,536	18	–	–	–
	17,133	(50,817)	(4,855)	(1,043)	4,626

Exchange difference \$'000	As at 31 December 2021 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Acquisition/ deconsolidation of subsidiaries \$'000	Utilisation of tax losses \$'000	Reclassification \$'000	Exchange difference \$'000	As at 31 December 2022 \$'000
1,451	144,569	20,475	–	130	(50)	(3,361)	(838)	160,925
1,918	141,072	18,439	–	–	–	–	(836)	158,675
(41)	(1,640)	(558)	–	–	–	1	15	(2,182)
(445)	(36,193)	(7,519)	–	–	–	–	294	(43,418)
(1,623)	(138,199)	(40,179)	–	56,433	4,050	653	602	(116,640)
66	593	(1,084)	–	19	–	(84,386)	37	(84,821)
(424)	(98,243)	(100,193)	–	(56,272)	65,201	(258)	4,609	(185,156)
(645)	(8,453)	(2)	(1,054)	–	–	–	324	(9,185)
1,732	(58,779)	4,727	37,642	–	–	17,153	1,799	2,542
–	–	–	–	–	–	85,090	–	85,090
(24)	(1,272)	(976)	–	–	7	(19)	25	(2,235)
104	23,658	(3,104)	–	–	(2)	(14,873)	(30)	5,649
2,069	(32,887)	(109,974)	36,588	310	69,206	–	6,001	(30,756)

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## B6 Taxation (continued)

### (ii) Deferred tax assets and liabilities (continued)

#### (e) OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. In the Singapore 2023 Budget Statement, the Singapore government has announced that the country would implement the Global Anti-Base Erosion ("GloBE") rules including a domestic top-up tax ("DTT") from 1 January 2025. Since the Pillar Two legislation has not been enacted in Singapore, the jurisdiction in which Singapore Technologies Engineering Ltd is incorporated, and was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS(I) 1-12 issued in May 2023. Under the legislation, the Group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. All entities within the Group have an effective tax rate that exceeds 15%, except for entities that operates in United Arab Emirates (UAE) and Ireland. For 2023, the average effective tax rate (calculated in accordance with paragraph 86 of SFRS(I) 1-12) of the entities operating in UAE and Ireland are:

	Group entities operating in	
	UAE \$'000	Ireland \$'000
Tax expense for the year ended 31 December 2023	Nil	2,904
Accounting profit for the year ended 31 December 2023	14,919	25,953
Average effective tax rate	0%	11.2%

Although the average effective tax rate is below 15%, the Group might not be exposed to paying Pillar Two income taxes in relation to UAE and Ireland. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with paragraph 86 of SFRS(I) 1-12. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

Due to uncertainties surrounding when and how each jurisdiction will enact the legislations, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist them with applying the legislation.



# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## B6 Taxation (continued)

### Recognition and measurement

#### Current tax

Current tax is measured at the amount expected to be recovered from or paid to the tax authorities, using tax rates and tax laws that are enacted or substantively enacted by the reporting date.

#### Deferred tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

However, deferred tax assets and liabilities are not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination which affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists and they relate to taxes levied by the same tax authority on the same taxable entity.

Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### Estimates and judgement: Income taxes

The Group is subject to income taxes in Singapore and jurisdictions where it has foreign operations. Judgement is required in determining the worldwide provision for income taxes and in assessing whether deferred tax balances are recognised on the statement of financial position. Changes in circumstances will alter expectations, which may impact the amount of provision for income taxes and deferred tax balances recognised.

#### Estimates and judgement: Recovery of deferred tax assets

Deferred tax assets are recognised for tax losses and deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available to utilise them. Judgement and estimates are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences and subsidiaries that have suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C. Operating Assets and Liabilities

This section provides information relating to the operating assets and liabilities of the Group.

The Group maintains a strong financial position and credit rating to support the Group's strategy to maximise returns to the shareholders through efficient use of capital, taking into consideration the Group's expenditures, growth and investment requirements.

<b>C1</b>	Property, plant and equipment	<b>C9</b>	Trade payables and accruals
<b>C2</b>	Right-of-use assets	<b>C10</b>	Amounts due to related parties
<b>C3</b>	Intangible assets	<b>C11</b>	Provisions
<b>C4</b>	Amounts due from related parties	<b>C12</b>	Deferred income
<b>C5</b>	Inventories	<b>C13</b>	Contract balances
<b>C6</b>	Trade receivables	<b>C14</b>	Financial risk management objectives and policies
<b>C7</b>	Advances and other receivables	<b>C15</b>	Classification and fair value of financial instruments
<b>C8</b>	Bank balances and other liquid funds	<b>C16</b>	Derivative financial instruments

### C1 Property, plant and equipment

Group	Freehold land*, buildings and improvements \$'000	Wharves, floating docks and boats \$'000
<b>Cost</b>		
At 1 January 2023	1,386,049	104,459
Additions	43,063	26,395
Disposals/write-off	(5,614)	(16,150)
Disposal of subsidiaries	(69)	-
Reclassifications	63,100	3,614
Translation difference	(3,310)	-
At 31 December 2023	1,483,219	118,318
<b>Accumulated depreciation and impairment</b>		
At 1 January 2023	838,624	102,217
Depreciation charge/impairment losses	55,954	1,266
Disposals/write-off	(5,454)	-
Reclassifications	1,048	-
Translation difference	(2,624)	-
At 31 December 2023	887,548	103,483
<b>Net book value</b>		
At 31 December 2023	595,671	14,835

\* Freehold land is recognised at cost of \$6,339,000 and is non-depreciable.

\*\* Others comprise transportation equipment, vehicles and satellites.

During the year, the Group performed an impairment assessment and recognised an impairment loss of \$2,457,000 on certain property, plant and equipment. The recoverable amounts of these property, plant and equipment were determined based on the fair market value of the property, plant and equipment, net of selling costs.

Plant and machinery \$'000	Production tools and equipment \$'000	Furniture, fittings, office equipment and others ** \$'000	Aircraft and aircraft engines \$'000	Construction-in-progress \$'000	Total \$'000
1,089,831	525,131	519,696	887,029	82,527	4,594,722
137,927	51,000	59,257	16,586	207,560	541,788
(11,266)	(14,391)	(28,149)	(253,015)	(133)	(328,718)
(5)	–	(31)	–	–	(105)
6,767	2,306	4,412	(24,599)	(83,436)	(27,836)
(4,061)	(3,775)	(2,874)	(13,375)	(699)	(28,094)
1,219,193	560,271	552,311	612,626	205,819	4,751,757
665,991	388,954	366,230	156,358	–	2,518,374
65,148	33,535	52,754	44,823	–	253,480
(9,616)	(14,139)	(27,436)	(23,206)	–	(79,851)
(985)	(56)	1,458	(5,479)	–	(4,014)
(3,769)	(2,307)	(2,179)	(1,562)	–	(12,441)
716,769	405,987	390,827	170,934	–	2,675,548
502,424	154,284	161,484	441,692	205,819	2,076,209

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C1 Property, plant and equipment (continued)

Group	Freehold land*, buildings and improvements \$'000	Wharves, floating docks and boats \$'000
<b>Cost</b>		
At 1 January 2022	1,517,979	145,776
Additions	26,015	54
Disposals/write-off	(9,399)	(18)
Acquisition of subsidiaries	999	–
Disposal of subsidiaries	(137,653)	(56,335)
Reclassifications	4,243	15,217
Translation difference	(16,135)	(235)
At 31 December 2022	1,386,049	104,459
<b>Accumulated depreciation and impairment</b>		
At 1 January 2022	846,496	123,627
Depreciation charge/impairment losses	76,126	10,771
Disposals/write-off	(8,677)	(1)
Disposal of subsidiaries	(70,572)	(31,796)
Reclassifications	150	–
Translation difference	(4,899)	(384)
At 31 December 2022	838,624	102,217
<b>Net book value</b>		
At 31 December 2022	547,425	2,242

\* Freehold land is recognised at cost of \$6,274,000 and is non-depreciable.

\*\* Others comprise transportation equipment, vehicles and satellites.

In the prior year, the Group performed an impairment assessment and recognised an impairment loss of \$42,378,000 on certain property, plant and machinery. The recoverable amounts of these property, plant and equipment were determined based on the fair market value of the property, plant and equipment, net of selling costs.

Plant and machinery \$'000	Production tools and equipment \$'000	Furniture, fittings, office equipment and others ** \$'000	Aircraft and aircraft engines \$'000	Construction-in-progress \$'000	Total \$'000
1,242,658	430,184	468,791	423,146	108,491	4,337,025
91,819	33,281	55,293	491,691	64,774	762,927
(33,941)	(19,590)	(20,436)	–	(3,717)	(87,101)
–	3,442	8,695	–	20	13,156
(99,543)	(994)	(10,896)	–	(36,140)	(341,561)
(100,518)	85,335	21,056	(26,138)	(50,095)	(50,900)
(10,644)	(6,527)	(2,807)	(1,670)	(806)	(38,824)
1,089,831	525,131	519,696	887,029	82,527	4,594,722
782,241	310,446	349,706	130,698	–	2,543,214
82,284	33,611	48,099	36,153	8,378	295,422
(26,099)	(19,120)	(19,963)	–	–	(73,860)
(84,923)	(781)	(8,730)	–	(8,162)	(204,964)
(81,190)	68,909	(44)	(9,502)	–	(21,677)
(6,322)	(4,111)	(2,838)	(991)	(216)	(19,761)
665,991	388,954	366,230	156,358	–	2,518,374
423,840	136,177	153,466	730,671	82,527	2,076,348

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C1 Property, plant and equipment (continued)

Reclassifications due to changes in the use of assets:

- (a) Property, plant and equipment with net book value amounting to \$23,944,000 (2022: \$29,165,000) were reclassified to inventories;
- (b) Property, plant and equipment with net book value amounting to \$nil (2022: \$90,000) were reclassified to intangibles;
- (c) Inventories of \$nil (2022: \$32,000) were reclassified to property, plant and equipment;
- (d) Lease receivable of \$122,000 (2022: \$nil) were reclassified to property, plant and equipment.

### Operating lease

Included in the tables below are property, plant and equipment that the Group leases out, comprising aircraft and aircraft engines, furniture, fittings, office equipment and others\*. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Movements in these assets that are subject to operating leases are presented below.

\* Others comprise transportation equipment, vehicles and satellites.

Group	Furniture, fittings, office equipment and others * \$'000	Aircraft and aircraft engines \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2023	1,566	733,541	735,107
Additions	177	–	177
Disposals/write-off	(241)	(249,881)	(250,122)
Reclassifications	(38)	(18,631)	(18,669)
Translation difference	(30)	(12,946)	(12,976)
At 31 December 2023	1,434	452,083	453,517
<b>Accumulated depreciation</b>			
At 1 January 2023	1,036	53,587	54,623
Depreciation charge	134	38,809	38,943
Disposals/write-off	(241)	(21,627)	(21,868)
Reclassifications	(18)	(1,602)	(1,620)
Translation difference	(22)	(1,340)	(1,362)
At 31 December 2023	889	67,827	68,716
<b>Net book value</b>			
At 31 December 2023	545	384,256	384,801

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## C1 Property, plant and equipment (continued)

### Operating lease (continued)

Group	Furniture, fittings, office equipment and others * \$'000	Aircraft and aircraft engines \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2022	1,569	277,045	278,614
Additions	51	491,600	491,651
Reclassifications	(46)	(33,629)	(33,675)
Translation difference	(8)	(1,475)	(1,483)
At 31 December 2022	1,566	733,541	735,107
<b>Accumulated depreciation</b>			
At 1 January 2022	835	33,962	34,797
Depreciation charge	211	25,552	25,763
Reclassifications	–	(5,148)	(5,148)
Translation difference	(10)	(779)	(789)
At 31 December 2022	1,036	53,587	54,623
<b>Net book value</b>			
At 31 December 2022	530	679,954	680,484

\* Others comprise transportation equipment, vehicles and satellites.

### (a) Property, plant and equipment pledged as security

Property, plant and equipment of certain overseas subsidiaries of the Group with a carrying value of \$42,688,000 (2022: \$49,252,000) are pledged as security for bank loans.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C1 Property, plant and equipment (continued)

### (b) Major properties

Major land and buildings and improvements to premises are:

Location	Description	Tenure	Land area (sq. m.)	Net book value	
				2023 \$'000	2022 \$'000
Singapore					
1 Ang Mo Kio Electronics Park Road	Industrial and commercial buildings	30 years from 1.11.2011	25,272	33,120	32,182
3 Ang Mo Kio Electronics Park Road	Industrial and commercial buildings	30 years from 1.12.2015	36,225	89,919	34,047
100 Jurong East Street 21	Industrial and commercial buildings	30 years from 1.11.2018	11,232	43,487	47,021
249 Jalan Boon Lay	Industrial and commercial buildings	27 years from 1.10.2001 to 31.12.2028 renewable to 10.10.2065	208,261	77,277	76,662
People's Republic of China					
No 2, Huayu Road, Huli District, Xiamen 361017, Fujian	Factory building	50 years from 20.11.2008	38,618	35,069	37,571
Germany					
Grenzstr. 1, Dresden	Hangar and office building	Freehold	91,485	75,623	77,435

For this purpose, freehold land, buildings and improvements to premises are considered major properties if the net book value of these assets represents 5% or more of the Group's aggregated net book value in these categories.



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## C1 Property, plant and equipment (continued)

### Recognition and measurement

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises expenditure that is:

- directly attributable to the acquisition of the asset;
- subsequent costs incurred to replace parts that are eligible for capitalisation; and/or
- transfers from equity on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

### Disposals

Gains or losses on disposal of property, plant and equipment are included in profit or loss.

### Depreciation

Depreciation of property, plant and equipment is recognised in profit or loss on a straight-line basis over their useful lives, except for freehold land which are not depreciated. The estimated useful lives are as follows:

Item #		Useful life
Buildings and improvements	–	2 to 50 years ^
Wharves, floating docks and boats	–	10 to 20 years
Plant and machinery	–	2 to 20 years
Production tools and equipment	–	2 to 20 years
Furniture, fittings, office equipment and others *	–	2 to 12 years
Aircraft and aircraft engines	–	2 to 30 years

# Property, plant and equipment purchased specifically for projects are depreciated over the useful life or the duration of the project, whichever is shorter.

^ Refer to Note C1(b) Major Properties for details of the lease tenure used to approximate the useful lives of the leasehold land, buildings and improvements.

\* Others comprise transportation equipment, vehicles and satellites.

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## C1 Property, plant and equipment (continued)

### Recognition and measurement

#### Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

#### Estimates and judgement: Depreciation charge

Management estimates the useful lives based on factors such as changes in the expected level of usage and technological developments. These are reassessed at each reporting date, and adjusted prospectively, where appropriate.

## C2 Right-of-use assets

The Group leases many assets including land, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee is presented below.

Group	Leasehold land \$'000	Wharves, floating docks and boats \$'000	Plant and machinery \$'000	Production tools and equipment \$'000	Furniture, fittings, office equipment and others * \$'000	Total \$'000
At 1 January 2023	554,049	1,737	14,860	187	10,959	581,792
Additions	117,004	–	565	617	11,092	129,278
Modifications of lease	82,727	–	18	(6)	(67)	82,672
Lease termination	(50,192)	–	(33)	–	(845)	(51,070)
Depreciation charge	(78,191)	(596)	(3,641)	(311)	(7,099)	(89,838)
Translation difference	(1,669)	–	(6)	1	(51)	(1,725)
At 31 December 2023	623,728	1,141	11,763	488	13,989	651,109

\* Others comprise transportation equipment, vehicles and satellites.

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## C2 Right-of-use assets (continued)

Group	Leasehold land \$'000	Wharves, floating docks and boats \$'000	Plant and machinery \$'000	Production tools and equipment \$'000	Furniture, fittings, office equipment and others * \$'000	Total \$'000
At 1 January 2022	546,796	597	873	327	9,966	558,559
Additions	61,060	1,787	16,877	142	10,095	89,961
Acquisition of subsidiaries	39,213	–	–	–	–	39,213
Disposal of subsidiaries	(3,118)	–	–	–	(89)	(3,207)
Modifications of lease	24,883	–	–	–	(96)	24,787
Lease termination	(37,449)	–	–	(18)	(1,116)	(38,583)
Depreciation charge	(72,898)	(647)	(2,894)	(262)	(7,857)	(84,558)
Translation difference	(4,438)	–	4	(2)	56	(4,380)
At 31 December 2022	554,049	1,737	14,860	187	10,959	581,792

\* Others comprise transportation equipment, vehicles and satellites.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets

Group	Goodwill \$'000	Dealer network and customer relationships \$'000	Development expenditure \$'000
<b>Cost</b>			
At 1 January 2023	3,147,149	1,040,137	732,194
Additions	-	-	75,431
Disposal of subsidiaries	(307)	-	-
Disposals	-	-	-
Reclassification	-	-	-
Translation difference	(55,362)	(13,278)	(885)
At 31 December 2023	3,091,480	1,026,859	806,740
<b>Accumulated amortisation and impairment losses</b>			
At 1 January 2023	55,795	115,840	250,963
Amortisation for the year *	-	69,531	73,348
Impairment losses *	-	-	10,162
Disposal of subsidiaries	(307)	-	-
Disposals	-	-	-
Reclassification	-	-	-
Translation difference	(240)	(1,978)	(4,082)
At 31 December 2023	55,248	183,393	330,391
<b>Net book value</b>			
At 31 December 2023	3,036,232	843,466	476,349

Commercial and intellectual property rights \$'000	Brands \$'000	Licenses \$'000	Technology agreement \$'000	Others \$'000	Total \$'000
759,721	79,815	49,267	33,917	211,758	6,053,958
55	-	158	-	-	75,644
-	-	-	-	-	(307)
-	-	-	-	(120,941)	(120,941)
-	-	(1,191)	-	(3,250)	(4,441)
(12,941)	(1,363)	261	(613)	(4,259)	(88,440)
746,835	78,452	48,495	33,304	83,308	5,915,473
210,461	19,813	41,672	25,331	42,738	762,613
53,424	1,175	513	2,573	11	200,575
-	-	-	-	-	10,162
-	-	-	-	-	(307)
-	-	-	-	(4,084)	(4,084)
-	-	(1,477)	-	540	(937)
(3,125)	(310)	3	(501)	(474)	(10,707)
260,760	20,678	40,711	27,403	38,731	957,315
486,075	57,774	7,784	5,901	44,577	4,958,158

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets (continued)

Group	Goodwill \$'000	Dealer network and customer relationships \$'000	Development expenditure \$'000
<b>Cost</b>			
At 1 January 2022	847,655	169,445	718,587
Additions	–	–	53,376
Acquisition of subsidiaries	2,321,424	886,281	–
Disposal of subsidiaries	(75)	–	–
Write-off	–	–	–
Reclassification	–	–	(25)
Translation difference	(21,855)	(15,589)	(39,744)
At 31 December 2022	3,147,149	1,040,137	732,194
<b>Accumulated amortisation and impairment losses</b>			
At 1 January 2022	50,979	55,959	202,048
Amortisation for the year *	–	63,733	52,982
Impairment losses +	5,000	–	–
Disposal of subsidiaries	–	–	–
Write-off	–	–	–
Reclassification	–	–	24
Translation difference	(184)	(3,852)	(4,091)
At 31 December 2022	55,795	115,840	250,963
<b>Net book value</b>			
At 31 December 2022	3,091,354	924,297	481,231

\* Amortisation charge of \$200,575,000 (2022: \$179,270,000) is recognised in the income statement as part of:

- Other operating expenses of \$41,776,000 (2022: \$42,790,000); and
- Cost of sales of \$158,799,000 (2022: \$136,480,000)

+ During the year, the Group assessed that certain development expenditure were impaired as these intangible assets were not expected to be generating future economic benefits and impairment losses of \$9,336,000 and \$826,000 were recognised respectively in other operating expenses and cost of sales in the income statement.

In the prior year, an impairment loss on goodwill of \$5,000,000 was recognised in other operating expenses in the income statement as the recoverable amount of a CGU in the United States was determined to be lower than the carrying amount. The recoverable amount was determined based on the value-in-use method.

Commercial and intellectual property rights \$'000	Brands \$'000	Licenses \$'000	Technology agreement \$'000	Others \$'000	Total \$'000
619,860	80,397	49,759	34,112	64,067	2,583,882
105	—	1,680	—	148,043	203,204
144,781	—	—	—	—	3,352,486
(335)	—	(2,126)	—	—	(2,536)
—	—	—	—	(180)	(180)
—	—	—	—	—	(25)
(4,690)	(582)	(46)	(195)	(172)	(82,873)
759,721	79,815	49,267	33,917	211,758	6,053,958
163,254	18,837	43,206	22,885	33,976	591,144
48,885	1,207	638	2,645	9,180	179,270
—	—	—	—	—	5,000
—	—	(2,126)	—	—	(2,126)
—	—	—	—	(180)	(180)
—	—	—	—	—	24
(1,678)	(231)	(46)	(199)	(238)	(10,519)
210,461	19,813	41,672	25,331	42,738	762,613
549,260	60,002	7,595	8,586	169,020	5,291,345

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets (continued)

### Recognition and measurement

#### (i) Goodwill

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

#### (ii) Other intangible assets

Class of intangible assets	Background	Valuation method	Useful lives
Dealer network and customer relationships	Includes customer relationships and networks acquired	<b>Initial recognition:</b>  Separately acquired intangible assets are recognised at cost.  Intangible assets arising from business combinations are recognised at fair value at the date of acquisition.	1 to 25 years
Commercial and intellectual property rights	Relates to intellectual property		5 to 15 years
Brands	Includes brands of road construction equipment		20 to 70 years
Licenses	Relates to licenses to - conduct commercial aviation activities - purchase and lease Boeing parts - develop MRO capabilities for specific aircraft types	<b>Subsequent measurement:</b>  Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses following initial recognition.  Amortisation is calculated on a straight-line basis over the estimated useful lives.	10 to 38 years
Technology agreement	Relates to the intellectual property required to operate the EcoPower Engine Wash business		13 years



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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets (continued)

### Recognition and measurement (continued)

#### (ii) Other intangible assets (continued)

Class of intangible assets	Background	Valuation method	Useful lives
Development expenditure	Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical and commercial feasibility of development. The capitalised costs are directly attributable to activities preparing the asset for its intended use, and capitalised borrowing costs. In any other circumstances, development costs are recognised in profit or loss as incurred.	(i) Initially recognised at cost  (ii) Subsequently, post development, the expenditure is carried at cost less any accumulated amortisation and accumulated impairment losses	PTF: 8 to 41 years  Others: 1 to 10 years

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated intangible assets, is recognised in profit or loss as incurred.

#### Impairment review

The Group tests intangible assets for impairment to ensure they are not carried at above their recoverable amounts annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

These tests are performed by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows.

The recoverable amount is the higher of an asset or a CGU's fair value less costs to sell and value-in-use. The value-in-use calculations are based on discounted cash flows expected to arise from the asset.

#### Reversal of impairment

Intangible assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets (continued)

### Key estimates and judgement: Recognition and measurement of intangible assets

Key assumptions used in estimating the recoverable amount, useful life of an intangible asset (reassessed at each reporting date) requires management's judgement.

Aggregate carrying amounts of goodwill allocated to each CGU within the business segments and the key assumptions used in determining the recoverable amount of each CGU are as follows:

Group			Pre-tax discount rate		Terminal growth rate	
	2023 \$'000	2022 \$'000	2023 %	2022 %	2023 %	2022 %
<u>Commercial Aerospace</u>						
Aerostructure & Systems	<b>59,437</b>	59,682	<b>10.0</b>	10.0 – 11.0	<b>1.6 – 3.0</b>	1.6 – 3.0
Aerospace MRO	<b>16,640</b>	16,910	<b>11.1</b>	11.5	<b>4.0</b>	4.0
<u>Defence &amp; Public Security</u>						
Specialty Vehicles	<b>100,493</b>	102,602	<b>13.3 – 16.0</b>	14.7 – 17.6	<b>2.3</b>	2.3
Robotics & Autonomous Systems	<b>34,533</b>	35,169	<b>11.0 – 12.0</b>	12.0 – 13.5	<b>2.3 – 2.5</b>	2.3 – 2.5
Mission Software & Services	<b>12,320</b>	12,320	<b>9.0</b>	9.0	<b>2.0</b>	2.0
Training & Simulation Systems	<b>15,018</b>	15,295	<b>15.1</b>	18.8	<b>3.0</b>	3.0
Advanced Networks & Sensors	<b>35,793</b>	36,420	<b>11.4</b>	11.4	<b>2.7</b>	4.0
Defence Aerospace	<b>701</b>	701	<b>NA</b>	NA	<b>NA</b>	NA
<u>Urban Solutions &amp; Satcom</u>						
Smart Utilities & Infrastructure	<b>73,273</b>	74,732	<b>10.6</b>	12.1	<b>3.0</b>	3.0
Mobility (Rail & Road)	<b>2,263,951</b>	2,305,641	<b>8.0</b>	8.9	<b>4.0</b>	4.0
Satcom	<b>424,073</b>	431,882	<b>11.1</b>	11.8	<b>3.0</b>	3.0
	<b>3,036,232</b>	3,091,354				

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C3 Intangible assets (continued)

### Recognition and measurement

The recoverable amounts of the CGUs are determined based on value-in-use calculations, using cash flow projections derived from the financial budgets approved by management for the next five to ten years. The key assumptions used in the calculation of recoverable amounts are as follows:

- The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.
- The long-term terminal growth rate has been determined based on either the nominal GDP rates for the country in which the CGU is based or the long-term growth rate estimated by management by reference to forecasts included in industry reports and expected market development.
- The revenue growth rate and gross profit margins are determined based on the past performance and its expectations of market developments.

### Sensitivity to changes in assumptions:

- (a) Management has identified the following key assumption for which a change as set out below could cause the carrying amount to exceed the recoverable amount.

Business Segment	Assumption	Change required for carrying amount to equal the recoverable amount	
		2023 %	2022 %
Defence & Public Security	Revenue growth rate (average of next 5 years)	1.7	2.4

- (b) No sensitivity analysis was disclosed for the remaining CGUs as the Group believes that any reasonable possible change in the key assumptions is unlikely to result in any material impairment to the CGUs.

### Key estimates and judgement: Impairment of goodwill

Determination of potential impairment requires an estimation of the recoverable amount of the CGUs to which goodwill are allocated. Key assumptions made to the projected cash flows requiring judgement include growth rate estimates and discount rates.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C4 Amounts due from related parties

Group	2023 \$'000	2022 \$'000
Trade:		
Associates	3,528	5,540
Joint ventures	38,626	19,096
Related parties	10,075	23,215
	<b>52,229</b>	47,851
Non-trade*:		
Associates	7,737	7,500
Joint ventures	37,913	115,617
Related parties	21	109
	<b>45,671</b>	123,226
Allowance for doubtful debts	<b>(1,717)</b>	(988)
	<b>96,183</b>	170,089
Receivable:		
Within 1 year	59,964	135,089
After 1 year	36,219	35,000
	<b>96,183</b>	170,089

Amounts due from related parties denominated in currencies other than the respective entities' functional currencies as at 31 December are \$2,252,000 (2022: \$90,888,000) denominated in USD.

\* Included in non-trade are:

- (a) a long-term, unsecured, interest free loan of \$4,456,000 (2022: \$4,456,000) to an associate;
- (b) a long-term, unsecured, 6% (2022: 6%) per annum interest-bearing loan of \$2,922,000 (2022: \$2,866,000) to an associate, repayable in 2025; and
- (c) loans of \$29,837,000 (2022: \$112,990,000) to joint ventures, bearing interest ranging from 3% to 6.38% (2022: 3.15% to 6.38%) per annum, which are the effective interest rates. The loans are unsecured and repayable from 2025 to 2029 (2022: 2023 to 2029).

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C5 Inventories

Group	2023 \$'000	2022 \$'000
Inventories of equipment and spares	<b>1,897,274</b>	1,684,231

In 2023, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to \$4,955,824,000 (2022: \$3,731,108,000).

### **Allowance for inventory obsolescence**

As at 31 December 2023, the inventories are stated after allowance for inventory obsolescence of \$310,364,000 (2022: \$346,388,000).

### **Recognition and measurement**

Inventories are measured at the lower of cost and net realisable value. Cost (comprising direct labour, material costs, direct expenses and an appropriate allocation of production overheads) is calculated on a first-in, first-out basis or weighted average cost basis depending on the nature and pattern of use of the inventories.

Cost may also include transfers from equity on qualifying cash flow hedges of foreign currency purchases of inventories. Allowance is made for deteriorated, damaged, obsolete and slow-moving inventories.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs to sell.

### **Estimates and judgement: Allowance for inventory obsolescence**

The allowance for inventory obsolescence is based on estimates from historical trends and expected utilisation of inventories. The actual amount of inventory write-offs could be higher or lower than the allowance made.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C6 Trade receivables

Group	2023 \$'000	2022 \$'000
Gross receivables	1,625,300	1,198,070
Allowance for doubtful debts	(44,039)	(45,742)
Trade receivables, net	1,581,261	1,152,328

Trade receivables denominated in currencies other than the respective entities' functional currencies as at 31 December are as follows:

- \$313,735,000 (2022: \$202,097,000) denominated in USD
- \$100,199,000 (2022: \$27,689,000) denominated in EUR

## C7 Advances and other receivables

Group	2023 \$'000	2022 \$'000
Deposits	15,709	25,534
Interest receivables	4,183	2,350
Finance lease receivables	10,666	12,148
Other receivables	108,282	99,727
Advance payments to suppliers	266,730	200,405
Prepayments	192,114	153,785
Housing and car loans and advances to staff	5,931	7,818
	603,615	501,767
Receivable:		
Within 1 year	469,073	420,722
After 1 year	134,542	81,045
	603,615	501,767

The Group entered into finance lease arrangements with customers with terms ranging from 5.4 years to 8.1 years (2022: 5.3 years to 7.1 years) and effective interest rates ranging from 0.97% to 3.99% (2022: 0.97% to 2.29%) per annum.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C8 Bank balances and other liquid funds

Group	2023 \$'000	2022 \$'000
Fixed deposits with financial institutions	13,267	30,323
Cash and bank balances	340,070	571,448
Bank balances and other liquid funds	353,337	601,771
Deposits pledged	(21)	(22)
Cash and cash equivalents in the statement of cash flows	353,316	601,749

Fixed deposits with financial institutions mature at varying periods within 7 months (2022: 12 months) from the financial year end. Interest rates range from 1.0% to 6.9% (2022: 0.4% to 4.1%) per annum, which are also the effective interest rates.

Included in cash and cash equivalents are bank deposits amounting to \$48,233,000 (2022: \$29,752,000) which are not freely remissible for use by the Group because of currency exchange restrictions.

Cash and cash equivalents denominated in currencies other than the respective entities' functional currencies as at 31 December are as follows:

- \$42,900,000 (2022: \$111,298,000) denominated in USD
- \$9,801,000 (2022: \$27,023,000) denominated in EUR

## C9 Trade payables and accruals

Group	2023 \$'000	2022 \$'000
Trade payables	1,136,206	1,035,615
Non-trade payables	112,012	135,817
Purchase of property, plant and equipment	45,724	19,001
Accrued operating expenses*	1,902,266	1,690,383
Accrued interest payable	17,976	18,394
	3,214,184	2,899,210
Payable:		
Within 1 year	3,155,075	2,826,498
After 1 year	59,109	72,712
	3,214,184	2,899,210

Trade payables denominated in currencies other than the respective entities' functional currencies as at 31 December are as follows:

- \$268,992,000 (2022: \$151,176,000) denominated in USD
- \$70,889,000 (2022: \$41,736,000) denominated in EUR

\* Included in the accrued operating expenses is an amount of \$375,136,000 (2022: \$303,340,000) for the Group's obligations under its employee compensation schemes.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C10 Amounts due to related parties

Group	2023 \$'000	2022 \$'000
Trade:		
Associates	36,228	19,489
Joint ventures	1,708	821
Related parties	4,069	2,834
	<b>42,005</b>	23,144
Non-trade:		
Associates	1,300	–
Joint ventures*	6,863	18,422
Related parties	–	321
	<b>8,163</b>	18,743
	<b>50,168</b>	41,887
Payable:		
Within 1 year	<b>50,168</b>	41,887

There were no significant amounts due to related parties denominated in currencies other than the respective entities' functional currencies as at 31 December 2023 and 31 December 2022.

\* Included in the amounts due to joint ventures (non-trade) is an amount of \$5,572,000 (2022: \$18,250,000) placed by joint ventures with a subsidiary of the Group under a cash pooling arrangement, where the effective interest rates ranging from 2.9% to 5.1% per annum (2022: 1.3% to 4.0%) is charged on the outstanding balance.

## C11 Provisions

Movements in provisions are as follows:

Group	Warranties \$'000	Onerous contracts \$'000	Closure costs \$'000	Restoration costs \$'000	Total \$'000
<b>2023</b>					
At 1 January 2023	190,847	98,028	963	47,308	337,146
Charged to profit or loss	65,939	29,327	–	811	96,077
Additions	–	–	–	279	279
Utilised	(29,484)	(23,602)	(27)	(56)	(53,169)
Reclassification	–	(821)	–	–	(821)
Translation difference	(1,479)	(1,199)	–	(76)	(2,754)
At 31 December 2023	<b>225,823</b>	<b>101,733</b>	<b>936</b>	<b>48,266</b>	<b>376,758</b>



# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C11 Provisions (continued)

Group	Warranties \$'000	Onerous contracts \$'000	Closure costs \$'000	Restoration costs \$'000	Total \$'000
<b>2022</b>					
At 1 January 2022	197,227	124,537	977	48,692	371,433
Charged to profit or loss	36,937	142,896	–	1,265	181,098
Acquisition of subsidiaries	84	–	–	–	84
Additions	–	–	–	170	170
Utilised	(29,386)	(62,899)	(14)	(2,629)	(94,928)
Disposal of subsidiaries	(12,050)	(102,444)	–	(164)	(114,658)
Translation difference	(1,965)	(4,062)	–	(26)	(6,053)
At 31 December 2022	190,847	98,028	963	47,308	337,146

Group	2023 \$'000	2022 \$'000
Provisions:		
Within 1 year	337,663	298,624
After 1 year	39,095	38,522
	376,758	337,146

### Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

#### (i) Warranties

The warranty provision represents the best estimate of the Group's contractual obligations at the reporting date.

Under the terms of the revenue contracts with key customers, the Group is obligated to make good, by repair or replacement, engineering or manufacturing defects that become apparent within the warranty period from the date of sale. The warranty obligation varies from 0.1 year to 15 years. The Group's experience of the proportion of its products sold that requires repair or replacement differs from year to year as every contract is customised to the specification of the customers.

The estimation of the provision for warranty expenses is based on the Group's past claim experience over the duration of the warranty period and the industry average in relation to warranty exposures and represents the best estimates of the costs expected to incur per dollar of sales.

The warranty provision made as at 31 December 2023 is expected to be incurred over the applicable warranty periods.

#### (ii) Onerous contracts

Provision for onerous contracts on uncompleted contracts is recognised immediately in profit or loss when it is determinable.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C11 Provisions (continued)

### Recognition and measurement (continued)

#### (iii) Closure costs

Provision for closure costs is made in respect of the expected costs that the Group will undertake between the cessation of certain operations of the Group to the completion of their liquidation.

#### (iv) Restoration costs

Provision for restoration costs is made for dismantlement, removal or restoration costs expected to be incurred on expiry of lease agreements.

### Estimates and judgement: Provision for warranty

The provision for warranty is based on estimates from known and expected warranty work to be performed after completion. The warranty expense incurred could be higher or lower than the provision made.

### Estimates and judgement: Provision for onerous contracts

The Group conducts a critical review of all its long-term contracts regularly. Judgement is used to estimate the total cost to complete as the long-term contracts progress. When it is probable that the total unavoidable costs of meeting the obligations under the contract exceed the long-term contracts revenue, a provision for onerous contract is recognised immediately.

## C12 Deferred income

Group	2023 \$'000	2022 \$'000
Government grants	23,576	25,507
Deferred rents	4,030	5,670
	<b>27,606</b>	<b>31,177</b>
Recognise:		
Within 1 year	<b>11,755</b>	13,589
After 1 year	<b>15,851</b>	17,588
	<b>27,606</b>	<b>31,177</b>

Government grants relate mainly to grants received to subsidise the cost of capital assets.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C13 Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

Group	2023 \$'000	2022 \$'000	2021 \$'000
Contract assets	<b>2,240,100</b>	2,099,676	1,726,505
Contract liabilities	<b>(2,252,967)</b>	(1,817,927)	(1,752,278)

The timing of revenue recognition, billings and cash collections results in billed accounts receivable (included in trade receivables), unbilled receivables (contract assets), and customer advances (contract liabilities) on the statement of financial position.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. If the value of services rendered exceeds payments received from the customer, a contract asset is recognised and presented separately. Costs to fulfil are recognised in profit and loss when the related revenue is recognised. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

Contract assets include costs to fulfil of \$769,031,000 (2022: \$776,425,000). Costs to fulfil of \$1,602,067,000 (2022: \$1,474,279,000) were recognised in profit and loss during the year.

The contract liabilities primarily relate to advance consideration received from customers for contract revenue. If the amounts invoiced to the customer exceeds the value of services rendered, a contract liability is recognised and presented separately.

These assets and liabilities are reported on the statement of financial position on a contract by contract basis at each reporting date.

The contract assets balance increased as the Group provided more services and transferred more goods ahead of the agreed payment schedules.

The contract liabilities increased due to more consideration received by the Group ahead of the provision of services and goods.

### Revenue recognised in relation to contract liabilities

Group	2023 \$'000	2022 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	<b>816,520</b>	415,403

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C13 Contract balances (continued)

### Transaction price allocated to the remaining performance obligations

The aggregate amount of transaction price allocated to the remaining performance obligations as at 31 December 2023 is \$27,446,653,000 and the Group expects to recognise \$7,886,342,000 as revenue relating to the unsatisfied (or partially unsatisfied) performance obligations in 2024 with the remaining \$19,560,311,000 in 2025 and beyond.

As at 31 December 2022, the aggregate amount of transaction price allocated to the remaining performance obligations was \$22,970,537,000 and the Group expected to recognise \$7,155,751,000 as revenue relating to the unsatisfied (or partially unsatisfied) performance obligations in 2023 with the remaining \$15,814,786,000 in 2024 and beyond.

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

### Estimates and judgement: Contract balances

Judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

## C14 Financial risk management objectives and policies

The Group has exposure to the following financial risks arising from its operations and the use of financial instruments:

- Interest rate
- Foreign exchange
- Market
- Liquidity
- Credit

The Group's principal financial instruments, other than foreign exchange contracts and derivatives, comprise bank guarantees, performance bonds and bank loans, finance leases and hire purchase contracts, investments, cash and short-term deposits.

All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors' resolutions, with banking mandates, which define the permitted financial instruments and facilities limits. All financial transactions require dual signatories. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation. The purpose of engaging in treasury transactions is solely for hedging. The Group's treasury mandates allow only foreign exchange spot, forward or non-deliverable forward, foreign exchange swap, cross currency swap, purchase of foreign exchange call, put or collar option, forward rate agreement, interest rate swap, purchase of interest rate cap, floor or collar option. These instruments are generic in nature with no embedded or leverage features and any deviation from these instruments would require specific approval from the Board of Directors.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

The policies for managing each of these risks are broadly summarised below:

### Interest rate risk

As at reporting date, the interest rate profile of the interest-bearing financial instruments is:

Group	2023 \$'000	2022 \$'000
<b>Fixed rate instruments</b>		
Financial assets	61,148	162,783
Financial liabilities	(3,764,106)	(3,608,264)
	<b>(3,702,958)</b>	<b>(3,445,481)</b>
<b>Variable rate instruments</b>		
Financial liabilities	(2,349,558)	(2,944,523)
	<b>(2,349,558)</b>	<b>(2,944,523)</b>

The Group has cash balances placed with reputable banks and financial institutions. The Group manages its interest rate risk on its interest income by placing the cash balances in varying maturities and interest rate terms with due consideration to operating cash flow requirements and optimising yield.

The Group's debts include bank loans, medium-term notes, commercial papers and lease liabilities (2022: bank loans, medium-term notes, commercial papers and lease liabilities). The Group seeks to minimise its interest rate risk exposure through tapping different sources of funds to refinance the debt instruments and/or enter into interest rate swaps.

An increase/decrease of 50 basis points in interest rate, with all other variables being held constant, would lead to a reduction/increase of the Group's profit or loss by approximately \$11.7 million (2022: \$14.7 million).

The Group's policy is to maintain at least 50% of its borrowings at fixed rate, using floating-to-fixed interest rate swaps to achieve this when necessary. During 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in USD.

Included in the variable rate borrowings is United States Commercial Papers (USCP) of \$1.9 billion (2022: \$2.7 billion) whose interest rate on each rollover correlates with Secured Overnight Financing Rate (SOFR). To hedge the variability of the cash flows of the USCP, the Group has entered into a 5-year interest rate swap of notional amount of \$92.4 million as at 31 December 2023 (2022: \$161.3 million) with key terms that match part of the outstanding USCP on which it pays a fixed rate and receives a variable rate.

The Group issued US\$500 million of 3-year bonds in May 2023 to refinance part of the short-term debt that was taken up to fund the acquisition of TransCore Partners, LLC and TLP Holdings, LLC (collectively, "TransCore"). Remaining settlement gains of US\$32 million from T-Locks entered into in 4Q2021 were fully applied in 2023, with US\$13.7 million being amortised over the tenor of the 3-year bond, and the remainder realised as reduced finance cost.

The Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### **Interest rate risk** (continued)

Hedge ineffectiveness/discontinuation of cash flow hedge for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
- differences in critical terms between the interest rate swaps and loans;
- early repayment of loans; and
- the effects of the forthcoming reforms to LIBOR, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

Gain on ineffective portion/discontinuation of cash flow hedge of \$9,734,000 has been recognised in relation to the interest rate swaps in finance income or finance costs in profit or loss for 2023. No ineffectiveness has been recognised in relation to the interest rate swaps in finance income or finance costs in profit or loss for 2022.

Information relating to the Group's interest rate risk exposure is also disclosed in the notes on the Group's borrowings, investments and loans receivable, where applicable.

### **Foreign exchange risk**

The Group is exposed to foreign exchange risk from its global operations and revenues, costs and borrowings denominated in a currency other than the respective entities' functional currencies. The Group's foreign exchange exposures are primarily from USD and EUR, and manages its exposure through forward currency contracts and embedded derivatives.

The Group's centralised Treasury Unit monitors the current and projected foreign currency cash flows within the Group and aims to reduce the exposure of the net position by transacting with the banks where appropriate.

No foreign exchange sensitivity analysis was disclosed as a reasonable change in the exchange rates would not result in any significant impact on the Group's results.

### **Market risk**

The Group has strategic investments in unquoted equity shares. The market value of these investments will fluctuate with market conditions.

No sensitivity analysis was disclosed as a reasonable change in the market value of these investments would not result in any significant impact on the Group's results.

### **Liquidity risk**

To manage liquidity risk, the Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly. Notwithstanding the Group's net current liabilities position of \$693 million as at 31 December 2023, it has available financial resources to meet its obligations as and when they fall due. To ensure that the Group is not exposed to short-term liquidity risk, its outstanding USCP of \$1.9 billion are backstopped by a committed revolving credit facility (RCF) of \$2.2 billion. The RCF remained undrawn as at 31 December 2023 and was more than enough to refinance all the outstanding USCP, if needed, and to cover the Group's net current liabilities position. The Group has very strong credit ratings (Aaa by Moody's and AA+ by S&P) which provide it ready access to additional borrowings as necessary. The Group's medium-term notes, USCP and committed credit facilities do not have any financial covenants.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### Liquidity risk (continued)

The table below analyses the maturity profile of the Group's financial liabilities based on the contractual undiscounted cash flows including estimated interest payments and excluding impact of netting arrangements.

Group	Contractual cash flow \$'000	Within 1 year \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000
<b>2023</b>				
Bank loans	(686,966)	(514,315)	(94,311)	(78,340)
Commercial papers	(1,901,135)	(1,901,135)	–	–
Medium-term notes	(3,198,901)	(73,817)	(2,695,763)	(429,321)
Lease liabilities	(767,260)	(92,046)	(244,248)	(430,966)
Trade and other payables	(3,264,352)	(3,205,243)	(58,052)	(1,057)
Derivative financial instruments:				
• Gross-settled forward currency contracts				
– payments	(2,206,641)	(1,606,569)	(600,072)	–
– receipts	2,240,348	1,619,003	621,345	–
• Net-settled interest rate swaps	(162)	1,760	(1,056)	(866)
Financial guarantees	(80,234)	–	(28,638)	(51,596)
<b>2022</b>				
Bank loans	(976,908)	(586,721)	(244,622)	(145,565)
Commercial papers	(2,702,583)	(2,702,583)	–	–
Medium-term notes	(2,584,992)	(52,394)	(2,084,571)	(448,027)
Lease liabilities	(679,142)	(72,789)	(223,322)	(383,031)
Trade and other payables	(2,941,097)	(2,868,385)	(25,297)	(47,415)
Derivative financial instruments:				
• Gross-settled forward currency contracts				
– payments	(1,978,722)	(1,338,221)	(640,501)	–
– receipts	1,970,734	1,327,566	643,168	–
• Net-settled interest rate swaps	5,657	5,579	(104)	182
Financial guarantees	(9,480)	(3,210)	(6,270)	–

Except for the cash flows arising from the intra-group financial guarantee, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

At the reporting date, the Group does not consider it probable that a claim will be made against the Group under the financial guarantees.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### Liquidity risk (continued)

#### Recognition and measurement

Financial guarantees are financial instruments issued by the Group to joint ventures that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

Expected credit loss (ECL) is a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

#### Credit risk

Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Where appropriate, the Company or its subsidiaries obtain collaterals from customers or arrange master netting agreements. Cash terms, advance payments, and letters of credit or bank guarantees are required for customers of lower credit standing.

The carrying amounts of financial assets and contract assets represent the Group's maximum exposures to credit risk, before taking into account any collateral held.

Group	2023 \$'000	2022 \$'000
Investments	63,075	76,704
Derivative financial instruments	65,684	50,359
Contract assets	2,240,100	2,099,676
Trade receivables	1,592,575	1,163,491
Amounts due from related parties	96,183	170,089
Advances and other receivables	144,771	147,577
Bank balances and other liquid funds	353,337	601,771
	<b>4,555,725</b>	<b>4,309,667</b>

Impairment losses/(reversal of impairment losses) on financial assets and contract assets recognised in profit or loss are as follows:

Group	2023 \$'000	2022 \$'000
Trade receivables	3,615	(5,646)
Contract balances arising from contracts with customers	(673)	1,716
	<b>2,942</b>	<b>(3,930)</b>



# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### Exposure to credit risk

As at 31 December 2023, 22% (2022: 18%) of trade receivables and contract assets relate to three major customers of the Group.

The table below analyses the trade receivables and contract assets by the Group's main reportable segments:

Group	Carrying amount	
	2023 \$'000	2022 \$'000
Commercial Aerospace	834,714	785,325
Defence & Public Security	1,910,020	1,359,586
Urban Solutions & Satcom	1,087,941	1,118,256
	<b>3,832,675</b>	<b>3,263,167</b>

A summary of the Group's exposures to credit risk for trade receivables and contract assets is as follows:

	2023		2022		2021	
	Not credit impaired \$'000	Credit impaired \$'000	Not credit impaired \$'000	Credit impaired \$'000	Not credit impaired \$'000	Credit impaired \$'000
<b>Group</b>						
<i>Receivables measured at lifetime ECL:</i>						
Trade receivables and contract assets	3,832,675	68,820	3,263,167	70,751	2,794,795	82,811
Loss allowance	–	(68,820)	–	(70,751)	–	(82,811)
<b>Total</b>	<b>3,832,675</b>	<b>–</b>	<b>3,263,167</b>	<b>–</b>	<b>2,794,795</b>	<b>–</b>

### Expected credit loss assessment

#### Trade receivables and contract assets

For specific trade receivables and contract assets identified by the Group to be credit impaired, the Group recognised a loss allowance equal to lifetime ECL. Hence, the recoverability of these balances are assessed separately from the allowance matrix.

For the remaining trade receivables and contract assets, the Group uses an allowance matrix to measure the ECL of trade receivables and contract assets from its customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the common credit risk characteristics.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Based on this assessment, the Group has concluded that the ECLs from these trade receivables and contract assets are immaterial.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### Expected credit loss assessment (continued)

The table below shows the aging and loss allowance analysis of the Group's trade receivables as at 31 December 2023 and 2022:

2023	Not past due \$'000	1 – 90 days \$'000	91 – 180 days \$'000	181 – 360 days \$'000	> 360 days \$'000	Total \$'000
<b>Commercial Aerospace</b>						
Trade receivables and contract assets	790,908	61,663	6,920	2,707	5,850	868,048
Loss allowance	(23,113)	(3,212)	(1,016)	(1,159)	(4,834)	(33,334)
<b>Defence &amp; Public Security</b>						
Trade receivables and contract assets	1,811,112	98,956	6,789	1,582	5,234	1,923,673
Loss allowance	(9,093)	(101)	(108)	(124)	(4,227)	(13,653)
<b>Urban Solutions &amp; Satcom</b>						
Trade receivables and contract assets	1,014,715	56,240	11,593	5,936	21,290	1,109,774
Loss allowance	(4,000)	(1,250)	(733)	(2,042)	(13,808)	(21,833)
2022	Not past due \$'000	1 – 90 days \$'000	91 – 180 days \$'000	181 – 360 days \$'000	> 360 days \$'000	Total \$'000
<b>Commercial Aerospace</b>						
Trade receivables and contract assets	745,344	49,653	13,038	751	5,942	814,728
Loss allowance	(18,347)	(2,796)	(1,827)	(491)	(5,942)	(29,403)
<b>Defence &amp; Public Security</b>						
Trade receivables and contract assets	1,297,368	65,279	6,997	3,093	6,448	1,379,185
Loss allowance	(12,524)	(510)	(129)	(59)	(6,377)	(19,599)
<b>Urban Solutions &amp; Satcom</b>						
Trade receivables and contract assets	1,040,526	57,635	15,671	10,597	15,576	1,140,005
Loss allowance	(2,634)	(1,339)	(2,784)	(1,961)	(13,031)	(21,749)

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### **Expected credit loss assessment** (continued)

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year were as follows:

Group	Lifetime ECL	
	2023 \$'000	2022 \$'000
At 1 January	<b>70,751</b>	82,811
Impairment loss/(reversal of impairment loss) recognised	<b>2,942</b>	(3,930)
Amounts written off	<b>(4,573)</b>	(5,942)
Acquisition of subsidiaries	<b>-</b>	273
Translation difference	<b>(300)</b>	(2,461)
At 31 December	<b>68,820</b>	70,751

### Bank balances and other liquid funds

Bank balances and other liquid funds are placed with financial institutions, which mainly have long-term rating of A3 by Moody's or A- by Standard & Poor's or the equivalent by a reputable credit rating agency. Impairment on bank balances and other liquid funds has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances and other liquid funds to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on bank balances and other liquid funds is insignificant.

### Other financial assets

Other financial assets comprise amounts due from related parties and other receivables, which are mostly short-term in nature. Impairment on other financial assets has been measured on the 12-month expected loss basis and reflects the short maturities of exposures. The Group considers its other financial assets to have low credit risk and the amount of the allowance on other financial assets is insignificant.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### **Expected credit loss assessment** (continued)

#### **Recognition and measurement**

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost, contract assets (as defined in SFRS(I) 15), and debt investments at FVOCI, but not for equity investments.

Loss allowances of the Group are measured using either the simplified or general approach.

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than the reasonable range of past due days, taking into consideration historical payment track record, current macroeconomics situation as well as general industry trend.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or payment remains outstanding for more than a reasonable range of past due days;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C14 Financial risk management objectives and policies (continued)

### ***Expected credit loss assessment*** (continued)

#### **Recognition and measurement** (continued)

##### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

##### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### **Estimates and judgement: Impairment of financial assets and contract assets**

Impairment of financial assets and contract assets are estimated based on historical loss experience for assets with similar credit risk characteristics. The estimated ECL is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments

Group	Carrying amount		
	Amortised cost \$'000	FVTPL \$'000	Fair value – hedging instruments \$'000
<b>2023</b>			
<b>Financial assets measured at fair value</b>			
Investments	–	15,606	–
Associates	–	9,970	–
Derivative financial instruments	–	19,251	46,433
	–	44,827	46,433
<b>Financial assets at amortised cost</b>			
Trade receivables	1,592,575	–	–
Amounts due from related parties	96,183	–	–
Advances and other receivables	144,771	–	–
Bank balances and other liquid funds	353,337	–	–
	2,186,866	–	–
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments	–	(12,914)	(10,351)
<b>Financial liabilities at amortised cost</b>			
Trade payables and accruals	–	–	–
Amounts due to related parties	–	–	–
Borrowings	–	–	–
	–	–	–

Carrying amount			Fair value			
FVOCI – equity instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
47,469	–	63,075	–	–	63,075	63,075
–	–	9,970	–	–	9,970	9,970
–	–	65,684	–	65,684	–	65,684
47,469	–	138,729	–	65,684	73,045	138,729
–	–	1,592,575				
–	–	96,183				
–	–	144,771				
–	–	353,337				
–	–	2,186,866				
–	–	(23,265)	–	(23,265)	–	(23,265)
–	(3,214,184)	(3,214,184)				
–	(50,168)	(50,168)				
–	(6,108,092)	(6,108,092)				
–	(9,372,444)	(9,372,444)				

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

Group	Carrying amount		
	Amortised cost \$'000	FVTPL \$'000	Fair value – hedging instruments \$'000
<b>2022</b>			
<b>Financial assets measured at fair value</b>			
Investments	–	42,718	–
Associates	–	15,460	–
Derivative financial instruments	–	16,437	33,922
	–	74,615	33,922
<b>Financial assets at amortised cost</b>			
Trade receivables	1,163,491	–	–
Amounts due from related parties	170,089	–	–
Advances and other receivables	147,577	–	–
Bank balances and other liquid funds	601,771	–	–
	2,082,928	–	–
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments	–	(12,839)	(44,584)
<b>Financial liabilities at amortised cost</b>			
Trade payables and accruals	–	–	–
Amounts due to related parties	–	–	–
Borrowings	–	–	–



Carrying amount			Fair value			
FVOCI – equity instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
33,986	–	76,704	26,273	–	50,431	76,704
–	–	15,460	–	–	15,460	15,460
–	–	50,359	–	50,359	–	50,359
33,986	–	142,523	26,273	50,359	65,891	142,523
–	–	1,163,491				
–	–	170,089				
–	–	147,577				
–	–	601,771				
–	–	2,082,928				
–	–	(57,423)	–	(57,423)	–	(57,423)
–	(2,899,210)	(2,899,210)				
–	(41,887)	(41,887)				
–	(6,534,537)	(6,534,537)				
–	(9,475,634)	(9,475,634)				

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Movements in Level 1 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on quoted price (Level 1).

Group	2023 \$'000	2022 \$'000
<b>Equity instruments (quoted), at FVTPL</b>		
At 1 January	26,273	–
Transfer from equity instruments (unquoted), at FVTPL	–	9,461
Total unrealised (losses)/gains recognised in profit or loss, other income, net	(24,132)	17,313
Disposal during the year	(2,033)	–
Translation difference	(108)	(501)
At 31 December	–	26,273

### Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3).

Group	2023 \$'000	2022 \$'000
<b>Associates</b>		
At 1 January	15,460	34,215
Addition during the year	–	750
Disposal during the year	–	(20,920)
Total unrealised (losses)/gains recognised in profit or loss, other income, net	(5,398)	1,471
Translation difference	(92)	(56)
At 31 December	9,970	15,460
<b>Equity instruments (unquoted), at FVTPL</b>		
At 1 January	16,445	15,180
Transfer to equity instruments (quoted), at FVTPL	–	(9,461)
Addition during the year	–	14,111
Total unrealised losses recognised in profit or loss, other income, net	(657)	(1,975)
Translation difference	(182)	(1,410)
At 31 December	15,606	16,445
<b>Equity instruments (unquoted), at FVOCI</b>		
At 1 January	33,986	20,949
Addition during the year	11,002	16,124
Changes in fair value of investments	2,769	(2,957)
Translation difference	(288)	(130)
At 31 December	47,469	33,986
	73,045	65,891

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement

#### (a) Non-derivative financial assets and liabilities

##### Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

Financial assets	Classification	Subsequent measurement
<b>Amortised cost</b>	<ul style="list-style-type: none"> <li>The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and</li> <li>The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> </ul>	Measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<b>Debt investments at FVOCI</b>	<ul style="list-style-type: none"> <li>The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and</li> <li>The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> </ul>	Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	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 OCI. This election is made on an investment-by-investment basis.	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 the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement (continued)

#### (a) Non-derivative financial assets and liabilities (continued)

#### Classification and subsequent measurement (continued)

Financial assets	Classification	Subsequent measurement
<b>FVTPL*</b>	All other financial assets are classified as measured at FVTPL. Financial assets that are held-for-trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<p><i>* On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.</i></p>		

#### Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement (continued)

#### (a) Non-derivative financial assets and liabilities (continued)

##### Classification and subsequent measurement (continued)

##### Assessment of whether contractual cash flows are solely payments of principal and interest

For assessment purposes, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contingent events, leverage features, modifications of the time value of money and other limiting terms in the contractual terms of the instrument, which changes the timing or amount of contractual cash flows such that the cash flows of the instrument would not be reflective of solely payments of principal and interest.

##### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing those financial assets.

##### Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

### Derecognition

##### Financial assets

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

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement (continued)

#### (b) Fair value

The Group has an established approach with respect to the measurement of fair values.

#### *Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table shows the levels of fair value hierarchy and the respective valuation technique used in measuring the fair values, as well as significant unobservable inputs:

	Types of financial instruments	Valuation method
<b>Level 1</b>	<b>FVOCI</b> - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
	<b>FVTPL</b> - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
<b>Level 2</b>	<b>FVOCI</b> - Equity investments (unquoted)	Determined by reference to the most recent purchase price.
	<b>Derivatives</b> - Forward currency contracts - Interest rate swaps - Embedded derivatives	Determined based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
	<b>FVTPL</b> - Investment in associates - Equity investments (unquoted)	Determined by reference to the most recent purchase price.
<b>Level 3</b>	<b>FVOCI</b> - Equity investment (unquoted)	Determined based on latest funding round.
	<b>FVTPL</b> - Investment in associates - Equity investments (unquoted)	Determined based on valuation performed using adjusted market multiples. Changing one or more of the inputs to reasonable alternative assumptions is not expected to have a material impact on the changes in fair value.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C15 Classification and fair value of financial instruments (continued)

### Recognition and measurement (continued)

#### (b) Fair value (continued)

##### **Measurement of fair values**

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the Group assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. In 2023 and 2022, there were no transfers between the different levels of fair value hierarchy.

The following methods and assumptions are used to estimate the fair value of other classes of financial instruments:

Types of financial instruments	Valuation method
Bank balances, other liquid funds and short-term receivables	Carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.
Short-term borrowings and other current payables	
Long-term receivables	Estimated based on the expected cash flows discounted to present value.
Long-term payables	Estimated based on present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments

### Cash flow hedges

At 31 December 2023, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

Group	Within 1 year	Between 1 to 5 years	More than 5 years
<b>2023</b>			
<b>Foreign currency risk</b>			
Nominal amount of forward exchange contracts (in thousands of SGD)	<b>615,356</b>	<b>520,045</b>	–
- Average EUR:USD forward contract rate	<b>1.1110</b>	<b>1.0987</b>	–
- Average USD:SGD forward contract rate	<b>1.3346</b>	<b>1.3379</b>	–
- Average EUR:SGD forward contract rate	<b>1.5216</b>	<b>1.4510</b>	–
- Average CAD:SGD forward contract rate	<b>1.0372</b>	<b>0.9705</b>	–
Nominal amount of embedded derivatives (in thousands of SGD)	<b>119,668</b>	<b>364,205</b>	<b>193,863</b>
- Average EUR:SGD	<b>1.6629</b>	<b>1.6772</b>	–
- Average USD:SGD	<b>1.3932</b>	–	–
- Average SGD:USD	<b>0.7426</b>	<b>0.7660</b>	<b>0.8141</b>
- Average SGD:EUR	<b>0.6846</b>	<b>0.6887</b>	<b>0.6997</b>
- Average SGD:GBP	<b>0.6216</b>	<b>0.6404</b>	<b>0.6581</b>
<b>Interest rate risk</b>			
Nominal amount of interest rate swaps	–	<b>108,273</b>	<b>53,840</b>
- Average fixed interest rate	–	<b>2.7234</b>	<b>2.7010</b>
<b>2022</b>			
<b>Foreign currency risk</b>			
Nominal amount of forward exchange contracts (in thousands of SGD)	889,047	486,684	–
- Average EUR:USD forward contract rate	1.1444	1.0954	–
- Average USD:SGD forward contract rate	1.3820	1.3476	–
- Average EUR:SGD forward contract rate	1.4870	1.5779	–
Nominal amount of embedded derivatives (in thousands of SGD)	55,740	78,044	–
- Average EUR:SGD	1.6426	1.6638	–
- Average USD:SGD	1.3910	1.3932	–
- Average GBP:SGD	1.8240	1.8311	–
<b>Interest rate risk</b>			
Nominal amount of interest rate swaps	–	356,785	112,065
- Average fixed interest rate	–	2.9038	2.6455



# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### Cash flow hedges (continued)

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

Group	Changes in value used for calculating hedge ineffectiveness \$'000	Cash flow hedge reserve \$'000
<b>2023</b>		
<b>Foreign currency risk</b>		
Sales	25,850	15,405
Receivables	–	(323)
Purchases	3,223	534
Payables	455	108
Embedded derivatives	20,213	1,926
<b>Interest rate risk</b>		
Variable rate borrowings	(2,822)	77,604
<b>2022</b>		
<b>Foreign currency risk</b>		
Sales	(18,343)	(4,526)
Receivables	–	(323)
Purchases	(6,181)	(3,668)
Payables	(155)	(314)
Embedded derivatives	(12,974)	(18,287)
<b>Interest rate risk</b>		
Variable rate borrowings	147,522	127,413

There are no balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied.

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31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### Cash flow hedges (continued)

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

Group	2023			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount \$'000	Assets \$'000	Liabilities \$'000	
<b>Foreign currency risk</b>				
Forward exchange contracts	1,135,400	32,968	(13,086)	Derivative financial instruments, advances and other receivables and trade payables and accruals
Embedded derivatives	483,873	13,909	(2,604)	Derivative financial instruments
<b>Interest rate risk</b>				
Interest rate swaps <sup>(a)</sup>	162,113	5,340	(977)	Derivative financial instruments
Treasury lock	—	—	—	—

During the year 2023						
Changes in the value of the hedging instrument recognised in OCI \$'000	Hedge ineffectiveness recognised in profit or loss \$'000	Line item in profit or loss that includes hedge ineffectiveness	Amount from hedging reserve transferred to cost of inventory \$'000	Amount reclassified from hedging reserve to profit or loss \$'000	Line item in profit or loss affected by the reclassification	
29,528	–	–	(265)	(4,709)	Revenue/ Cost of sales/ Operating expenses/ Finance costs, net	
20,213	–	–	–	–	–	
(2,822)	–	–	–	(22,438)	Finance costs	
–	–	–	–	(24,549)	Finance costs	

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31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### Cash flow hedges (continued)

Group	2022			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount \$'000	Assets \$'000	Liabilities \$'000	
Foreign currency risk				
Forward exchange contracts	1,375,731	24,164	(40,478)	Derivative financial instruments, advances and other receivables and trade payables and accruals
Embedded derivatives	133,784	–	(8,911)	Derivative financial instruments
Interest rate risk				
Interest rate swaps <sup>(a)</sup>	468,850	16,506	(2,951)	Derivative financial instruments
Treasury lock	–	–	–	–

<sup>(a)</sup> The contractual notional amount of interest rate swaps held for hedging which is based on LIBOR is \$nil (2022: \$161,268,000).

## During the year 2022

Changes in the value of the hedging instrument recognised in OCI \$'000	Hedge ineffectiveness recognised in profit or loss \$'000	Line item in profit or loss that includes hedge ineffectiveness	Amount from hedging reserve transferred to cost of inventory \$'000	Amount reclassified from hedging reserve to profit or loss \$'000	Line item in profit or loss affected by the reclassification
(24,679)	–	–	3,983	17,442	Revenue/ Cost of sales/ Operating expenses/ Finance costs, net
(12,974)	–	–	–	–	–
147,738	–	–	–	(4)	Finance costs
(216)	–	–	–	2,764	Finance costs

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### Cash flow hedges (continued)

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:

Group	Hedging reserve	
	2023 \$'000	2022 \$'000
<b>Balance at 1 January</b>	<b>106,533</b>	(22,242)
Change in fair value:		
Foreign currency risk	<b>49,741</b>	(37,653)
Interest rate risk	<b>(2,822)</b>	147,522
Equity accounted joint ventures	<b>(3,343)</b>	2,321
Amount reclassified to profit or loss:		
Foreign currency risk	<b>(4,709)</b>	17,442
Interest rate risk	<b>(46,987)</b>	(5,434)
Amount included in the cost of non-financial items:		
Foreign currency risk – inventory purchases	<b>(265)</b>	3,983
Tax movements on reserves during the year	<b>(10,517)</b>	594
<b>Balance at 31 December</b>	<b>87,631</b>	106,533

### Derivative financial instruments and hedge accounting

The derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered into. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit or loss.

#### Designation of hedges

At inception or upon reassessment of the hedge arrangement, the Group documents the relationship between hedging instrument and hedged item, and the methods that will be used to measure the effectiveness of the hedged relationship, as well as risk management policies and strategies in undertaking various hedged transactions.

The Group also documents its assessment, both at inception and on an ongoing basis, the economic relationship between hedging instruments and hedged item, including whether derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged item.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### *Derivative financial instruments and hedge accounting* (continued)

Category	Subsequent measurement
<b>(1) Cash flow hedges</b>	<p>When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income limited to the cumulative changes in the fair value of the hedged item and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument do not match the changes in fair value of the hedged item) is recognised immediately in profit or loss.</p> <p>The amount accumulated in equity is retained in other comprehensive income, and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects profit or loss or be capitalised in the initial carrying amount of the non-financial item.</p> <p>If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.</p>
<b>(2) Fair value hedges</b>	<p>Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.</p>
<b>(3) Net investment hedges</b>	<p>The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.</p> <p>When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.</p>

### **Estimates and judgement: Interest rate benchmark reform**

Following the global financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other inter-bank offered rates (IBORs) has become a priority for global regulators.

To transition existing contracts and agreements that reference LIBOR to Secured Overnight Financing Rate (SOFR), adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## C16 Derivative financial instruments (continued)

### **Derivative financial instruments and hedge accounting** (continued)

#### **Estimates and judgement: Interest rate benchmark reform** (continued)

The Group's treasury function is managing the Group's LIBOR transition plan. The greatest change will be amendments to the contractual terms of the LIBOR-referenced interest rate swap and the corresponding update of the hedge designation.

#### Relief applied

The Group has applied the following Phase 1 reliefs that were introduced by the amendments made to SFRS(I) 9 Financial Instruments:

- When considering the 'highly probable' requirement, the Group has assumed that the variable interest rate on which the Group's hedged debt is based does not change as a result of IBOR reform;
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the variable interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by the IBOR reform; and
- The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

#### Assumptions made

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that no changes to the terms of the floating rate debt are anticipated to reflect its current expectations.

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

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

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



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## D. Employee Benefits

The Group uses the following programs to reward and recognise employees and key executives, including key management personnel.

- Economic Value Added (EVA)-based Incentive Scheme
- Defined contribution plans
- Post-employment benefits
- Share plans

The Group believes that these programs reinforce the value of ownership and incentivise and drive performance both individually and collectively to maximise returns to the shareholders.

<b>D1</b>	Economic Value Added (EVA)-based Incentive Scheme	<b>D3</b>	Post-employment benefits
<b>D2</b>	Personnel expenses	<b>D4</b>	Share-based payment arrangements

### D1 Economic Value Added (EVA)-based Incentive Scheme

The Group adopts an incentive compensation plan, which is tied to the creation of EVA, as well as attainment of individual and Group performance goals for its key executives. An EVA bank is used to hold incentive compensation credited in any year.

Typically a portion of EVA-based bonus declared in the financial year is paid out in cash each year, with the balance being deferred for payment in the following years.

#### Estimates and judgement: EVA-based Incentive Scheme (EBIS)

Estimates of the Group's obligations arising from the EBIS at the reporting 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. Negative EVA will result in a clawback of EVA bonus accumulated in previous years.

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31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## D2 Personnel expenses

Group	2023 \$'000	2022 \$'000
Wages and salaries *	2,388,422	2,139,466
Contributions to defined contribution plans	220,696	192,220
Defined benefit plan expenses/(income)	18,917	(44,603)
Share-based payments	33,845	24,091
Other personnel expenses	336,630	299,700
	<b>2,998,510</b>	<b>2,610,874</b>

\* \$Nil (2022: \$2,200,000) of COVID-19 related government grants were recognised during the year, including amount received under various government grants received by the Group's subsidiaries in the countries they operate in. These amounts were deducted in wages and salaries.

### Recognition and measurement

#### (i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and will have no legal or constructive obligation to pay further amounts. The Group's contributions to the defined contribution plans are recognised in the income statement as expenses in the financial year to which they relate.

## D3 Post-employment benefits

Group	2023 \$'000	2022 \$'000
Net defined benefit liabilities	208,926	206,393
Liability for staff benefits	10,989	8,316
Total post-employment benefit liabilities	<b>219,915</b>	<b>214,709</b>
Non-current	209,840	206,296
Current	10,075	8,413
	<b>219,915</b>	<b>214,709</b>

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31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## D3 Post-employment benefits (continued)

### Movement in net defined benefit liability/(asset)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability/(asset) and its components:

Group	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at 1 January	529,010	814,980	(322,617)	(407,917)	206,393	407,063
<b>Included in profit or loss</b>						
Current service cost	8,460	19,937	–	–	8,460	19,937
Past service credit	–	(72,656)	–	–	–	(72,656)
Interest cost/(income)	24,505	18,260	(15,566)	(11,517)	8,939	6,743
Administrative expenses	(291)	62	1,809	1,311	1,518	1,373
	32,674	(34,397)	(13,757)	(10,206)	18,917	(44,603)
<b>Included in OCI</b>						
Remeasurement loss/(gain):						
• Actuarial loss/(gain) arising from:						
– financial assumptions	9,200	(212,833)	4	213	9,204	(212,620)
– experience assumptions	(3,559)	3,115	(111)	163	(3,670)	3,278
• Return on plan assets excluding interest income	–	–	(11,346)	76,850	(11,346)	76,850
	5,641	(209,718)	(11,453)	77,226	(5,812)	(132,492)
<b>Others</b>						
Contributions paid by the employer	(5,087)	(7,670)	(4,849)	(4,347)	(9,936)	(12,017)
Benefits paid	(20,216)	(19,208)	19,689	19,167	(527)	(41)
Translation difference	(8,018)	(14,977)	7,909	3,460	(109)	(11,517)
Balance at 31 December	534,004	529,010	(325,078)	(322,617)	208,926	206,393

The expenses are recognised in the following line items in profit or loss:

Group	2023 \$'000	2022 \$'000
Cost of sales	7,298	19,609
Administrative expenses	9,595	4,491
Other operating expenses/(income)	1,008	(73,044)
Finance cost, net	1,016	4,341
Defined benefit obligation expenses/(income)	18,917	(44,603)

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## D3 Post-employment benefits (continued)

### Movement in net defined benefit liability/(asset) (continued)

The fair value of plan assets in each category are as follows:

Group	2023 \$'000	2022 \$'000
Equity securities	121,596	100,675
Government bonds	58,620	167,158
Derivatives	8,610	267
Property occupied by the Group	14,341	37,519
Funds managed by a trustee	109,178	2,411
Funds with insurance companies	12,733	14,588
Fair value of plan assets	325,078	322,618

All equity securities and government bonds have quoted prices in active markets. All government bonds have an average rating of A+.

In the case of the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

### Defined benefit obligation

#### (a) Actuarial assumptions

The following relates to the actuarial assumptions of significant post-employment defined benefit plans for subsidiaries in Germany and United States of America. The remaining defined benefit plans are not material to the Group and additional disclosures are not shown at the reporting date.

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

Group	2023 %	2022 %
Discount rate	4.1	4.2
Future salary growth	3.4	3.4
Future pension growth	2.4	2.4

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## D3 Post-employment benefits (continued)

### Defined benefit obligation (continued)

#### (a) Actuarial assumptions (continued)

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

Group	2023		2022	
	Germany	U.S.	Germany	U.S.
<i>Longevity at age 65 for current pensioners:</i>				
Males	20.8	20.2	20.6	20.1
Females	24.2	22.2	24.0	22.1
<i>Longevity at age 65 for current members aged 45:</i>				
Males	23.5	21.7	23.4	21.6
Females	26.4	23.7	26.3	23.6

At 31 December 2023, the weighted average duration of the defined benefit obligation was 20.1 years (2022: 20.0 years) for the subsidiaries in Germany and 10.8 years (2022: 10.8 years) for the subsidiary in United States of America.

#### (b) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Group	2023		2022	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Discount rate (0.5% movement)	(30,406)	36,233	(29,516)	34,730
Future salary growth (0.25% movement)	126	(115)	105	(96)
Future pension growth (0.25% movement)	1,422	(1,353)	1,565	(1,512)
Future mortality (10% movement)	(9,638)	10,952	(9,356)	9,689

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## D3 Post-employment benefits (continued)

### Defined benefit obligation (continued)

#### (b) Sensitivity analysis (continued)

##### Recognition and measurement

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The fair value of any plan assets is deducted. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

## D4 Share-based payment arrangements

### PSP2010 and PSP2020 (PSP)

The PSP is established with the objective of motivating Senior Management Executives to strive for sustained long-term growth and performance in ST Engineering and its subsidiaries (ST Engineering Group or the Group). Awards of performance shares are granted conditional on performance targets set based on the ST Engineering Group corporate objectives.

The performance measures used in PSP grants are Absolute Total Shareholder Return (TSR) taking reference to the Group's Cost of Equity and Earnings Per Share (EPS) Growth against pre-determined targets. In addition to the PSP performance targets being met, final award for PSP is conditional upon satisfactory performance of the recipient.

### RSP2010 and RSP2020 (RSP)

The RSP is established with the objective of motivating managers and above to strive for sustained long-term growth of ST Engineering Group. It also aims to foster a share ownership culture among employees within the ST Engineering Group and to better align employees' incentive scheme with shareholders' interest.

A minimum threshold performance is required for any shares to be released to the recipients at the end of the performance period. The shares will vest equally over a four-year performance period, subject to continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.

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

Group	2023		2022	
	PSP	RSP	PSP	RSP
<b>Outstanding awards</b>				
Balance at 1 January	6,069,216	14,210,928	5,139,347	13,324,714
Granted	2,196,621	8,195,870	1,621,823	7,209,787
Lapsed	(44,305)	(663,357)	(1,546)	(800,133)
Released	(1,864,860)	(5,501,455)	(690,408)	(5,523,440)
Balance at 31 December	6,356,672	16,241,986	6,069,216	14,210,928

These shares were awarded by reissuance of treasury shares.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## D4 Share-based payment arrangements (continued)

### **Singapore Technologies Engineering Performance Share Plan (PSP) and Singapore Technologies Engineering Restricted Share Plan (RSP)**

Group	PSP Year of grant		RSP Year of grant	
	2023	2022	2023	2022
Volatility of the Company's shares (%)	<b>14.54</b>	22.28	<b>14.48 – 21.03</b>	10.65 – 22.28
Risk-free rate (%)	<b>3.10</b>	1.72	<b>2.99 – 3.32</b>	1.14 – 1.84
Share price (\$)	<b>3.43</b>	4.07	<b>3.43</b>	4.07
Dividend yield	(–Management's forecast in line with dividend policy–)		(–Management's forecast in line with dividend policy–)	

The fair value of the performance and restricted shares is determined on grant date using the Monte Carlo simulation model.

During the current year, ERCC has determined that the Group has met the PSP targets set and hence 1,864,860 performance shares were awarded in respect of the grant made in 2020 under PSP2010. In the prior year, 690,408 performance shares were awarded in respect of the grant made in 2019 under PSP2010.

The Group provides cash-settled share-based payments for eligible employees.

Group	2023 \$'000	2022 \$'000
Expense arising from cash-settled share-based payment transactions	<b>6,984</b>	2,595
Closing balance of liability for cash-settled share-based payment	<b>7,542</b>	976

### **Recognition and measurement**

The Group operates a number of share-based payment plans. A description of each type of share-based payment arrangement that existed at any time during the period is described in the Directors' Statement.

#### **Equity settled share-based payment plan**

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

#### **Cash-settled share-based payment plan**

The fair value of the employee services received in exchange for the grant is recognised as an expense with the recognition of a corresponding liability over the vesting period. Until the liability is settled, it is remeasured at each reporting date with changes in fair value recognised in profit or loss.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E. Capital Structure and Financing

This section provides information relating to the Group's capital structure and how they affect the Group's financial position and performance, and how the risks are managed.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy financial metrics in order to support its business and maximise shareholder value. Capital consists of total shareholders' funds and gross debts.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic and financial market conditions. The Group may adjust the dividend payout to shareholders, buy back or issue new shares to optimise capital structure within the Group.

<b>E1</b>	Capital management	<b>E6</b>	Share capital
<b>E2</b>	Finance costs, net	<b>E7</b>	Treasury shares
<b>E3</b>	Investments	<b>E8</b>	Capital reserves
<b>E4</b>	Borrowings	<b>E9</b>	Other reserves
<b>E5</b>	Commitments and contingent liabilities	<b>E10</b>	Dividends

### E1 Capital management

The Group is currently in a net debt position and will continue to be guided by prudent financial policies of which gearing is an important aspect. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

Group	2023 \$'000	2022 \$'000
Gross debt		
Bank loans	651,248	906,705
Commercial papers	1,898,687	2,698,657
Medium-term notes	2,956,501	2,340,349
Lease liabilities	601,656	588,826
	<b>6,108,092</b>	<b>6,534,537</b>



# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E1 Capital management (continued)

Group	2023 \$'000	2022 \$'000
Shareholders' funds		
Share capital	895,926	895,926
Treasury shares	(29,644)	(36,377)
Capital and other reserves	30,118	65,631
Retained earnings	1,562,940	1,472,816
	2,459,340	2,397,996
Non-controlling interests	292,996	254,858
	2,752,336	2,652,854
Gross debt/equity ratio	2.2	2.5
Gross debt	6,108,092	6,534,537
Less: cash and cash equivalents	(353,316)	(601,749)
Net debt	5,754,776	5,932,788

## E2 Finance costs, net

Group	2023 \$'000	2022 \$'000
<b>Finance income</b>		
Interest income		
- bank deposits	8,329	4,689
- staff loans	3	3
- finance lease	568	495
- others	4,445	4,084
Gain on ineffective portion/discontinuation of cash flow hedges	27,941	—
Fair value changes of financial instruments		
- gain on forward currency contract not designated as hedging instrument	—	1,932
	41,286	11,203

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E2 Finance costs, net (continued)

Group	2023 \$'000	2022 \$'000
<b>Finance costs</b>		
Interest expense		
- bank loans and overdrafts	(35,888)	(20,896)
- medium-term notes and commercial papers	(179,520)	(94,418)
- lease liabilities	(16,959)	(15,854)
- contracts with customers	(910)	(1,040)
- others	(2,552)	(5,101)
Exchange loss, net	(14,300)	(11,520)
Fair value changes of financial instruments		
- loss on forward currency contract not designated as hedging instrument	(1,603)	-
	(251,732)	(148,829)
Finance costs, net, recognised in profit or loss	(210,446)	(137,626)

### Recognition and measurement

Finance income comprises interest income, dividend income, gains on disposal and fair valuation of financial assets and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss when the shareholder's right to receive payment is established.

Finance costs comprise interest expense, losses on disposal and fair valuation of financial assets, and losses on hedging instruments that are recognised in profit or loss. Interest expense that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and liabilities are reported on a net basis as either finance income or finance cost.

## E3 Investments

Group	2023 \$'000	2022 \$'000
Equity shares, at FVTPL		
- quoted	-	26,273
- unquoted	15,606	16,445
Equity shares, at FVOCI		
- unquoted	47,469	33,986
<b>Total investments, net of impairment losses</b>	<b>63,075</b>	<b>76,704</b>
Represented by:		
Long-term investments	63,075	76,704
	<b>63,075</b>	<b>76,704</b>

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings

Group	Note	Non-current \$'000	Current \$'000	Total \$'000
<b>31 December 2023</b>				
Bank loans	(a)	72,810	578,438	651,248
Commercial papers	(b)	–	1,898,687	1,898,687
Medium-term notes	(c)	2,956,501	–	2,956,501
Lease liabilities	(d)	515,120	86,536	601,656
		<b>3,544,431</b>	<b>2,563,661</b>	<b>6,108,092</b>
<b>31 December 2022</b>				
Bank loans	(a)	50,550	856,155	906,705
Commercial papers	(b)	–	2,698,657	2,698,657
Medium-term notes	(c)	2,340,349	–	2,340,349
Lease liabilities	(d)	515,669	73,157	588,826
		<b>2,906,568</b>	<b>3,627,969</b>	<b>6,534,537</b>

### (a) Bank loans

	Currency	Effective interest rate		Maturity		Group	
		2023 %	2022 %	2023	2022	2023 \$'000	2022 \$'000
Bank loans	USD	6.5	1.0 – 5.8	2024	2023	148,601	689,458
	EUR	1.4 – 1.6	1.4 – 1.6	2026 – 2029	2026 – 2030	43,835	52,247
	SGD	3.7 – 4.1	3.0	2024	2023	420,000	165,000
	CNH	2.7	–	2026	–	38,812	–
						<b>651,248</b>	906,705
- Unsecured						<b>629,038</b>	869,947
- Secured						<b>22,210</b>	36,758
At the end of the year						<b>651,248</b>	906,705

There are bank loans which are secured by assets as follows:

Secured by	Loan amount (\$)
Certain property, plant and equipment of subsidiaries	– \$22,210,000 (2022: \$23,229,000)
Subsidiary's land use right	– \$20,478,000 (2022: \$13,529,000)

All bank loans are denominated in the respective entities' functional currency.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### (b) Commercial papers

Group	2023 \$'000	2022 \$'000
Principal	1,901,135	2,702,583
Unamortised interest	(2,305)	(3,699)
Unamortised costs	(143)	(227)
	1,898,687	2,698,657

At the end of the financial year, commercial papers issued under the US\$3.0 billion (2022: US\$3.0 billion) U.S. Commercial Paper Programme, which are denominated in United States Dollars, are unsecured and due in 2024 (2022: 2023) with interest rate ranging from 5.35% to 5.43% (2022: 4.18% to 4.40%) per annum.

### (c) Medium-term notes

Group	2023 \$'000	2022 \$'000
Principal	2,969,100	2,351,825
Unamortised discount	(12,599)	(11,476)
	2,956,501	2,340,349
Unamortised discount:		
At beginning of the year	11,476	2,996
Additions	4,010	10,316
Amortisation for the year	(2,657)	(1,595)
Translation difference	(230)	(241)
At the end of the year	12,599	11,476

On 29 April 2020, the Group issued US\$750 million 1.50% notes due in 2025 under its S\$5.0 billion Multicurrency Medium Term Note Programme. The bonds bore interest at a fixed rate of 1.50% per annum and interest was payable every six months from the date of issue. The bonds were unconditionally and irrevocably guaranteed by the Company. On 5 May 2022, the Group issued US\$700 million of 5-year bonds and US\$300 million of 10-year bonds. The bonds bore interest at a fixed rate of 3.38% and 3.75% per annum and interest was payable every six months from the date of issue. The bonds were unconditionally and irrevocably guaranteed by the Company. On 24 May 2023, the Group issued US\$500 million of 3-year bonds. The bonds bore interest at a fixed rate of 4.125% per annum and interest was payable every six months from the date of issue. The bonds were unconditionally and irrevocably guaranteed by the Company.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### (d) Lease liabilities

The Group leases various assets including real estate leases, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee is presented below.

Group	2023 \$'000	2022 \$'000
Maturity analysis – contractual undiscounted cash flows		
Within 1 year	92,046	72,789
Between 1 and 5 years	244,248	223,322
After 5 years	430,966	383,031
Total undiscounted lease liabilities at 31 December	767,260	679,142
Lease liabilities included in the statement of financial position at 31 December	601,656	588,826
Repayable:		
Within 1 year	86,536	73,157
After 1 year	515,120	515,669
	601,656	588,826

The total cash outflow for leases recognised in the statement of cash flows is \$149,104,000 (2022: \$99,492,000).

#### (i) Real estate leases

The Group leases land and buildings for its office space, hangar and production facilities. The leases run for a period of 5 to 30 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

The Group sub-leases some of its properties under operating and finance leases.

#### Extension options

Some leases of office buildings contain extension options exercisable by the Group up to the day before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### (d) Lease liabilities (continued)

#### (i) Real estate leases (continued)

#### Estimates and judgement: Extension options – Lease terms

Extension option is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option. The leases for office buildings contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

2023 Group	Lease liabilities recognised (discounted) \$'000	Potential future lease payments not included in lease liabilities (discounted) \$'000
Office buildings	62,293	87,560
2022 Group	Lease liabilities recognised (discounted) \$'000	Potential future lease payments not included in lease liabilities (discounted) \$'000
Office buildings	54,544	101,054

#### (ii) Other leases

The Group leases vehicles and equipment, with lease terms of 3 years to 5 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group monitors the use of these vehicles and equipment, and reassesses the estimated amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-of-use assets.

The Group also leases IT equipment and machinery. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### Reconciliation of movements of liabilities and assets to cash flows arising from financing activities

Group	Liabilities		Assets		Total \$'000
	Borrowings \$'000	Trade payables and accruals \$'000	Amounts due to related parties \$'000	Deposits pledged \$'000	
<b>Balance at 1 January 2023</b>	6,534,537	2,899,210	41,887	(22)	9,475,612
<b>Changes from financing cash flows</b>					
Proceeds from bank loans	621,354	–	–	–	621,354
Proceeds from commercial papers	1,901,135	–	–	–	1,901,135
Proceeds from medium-term note issuance	676,800	–	–	–	676,800
Repayment of bank loans	(865,375)	–	–	–	(865,375)
Repayment of commercial papers	(2,641,075)	–	–	–	(2,641,075)
Repayment of lease liabilities	(132,796)	–	–	–	(132,796)
Interest paid	(127,404)	(154,352)	–	–	(281,756)
Deposit discharged	–	–	–	1	1
<b>Total changes from financing cash flows</b>	(567,361)	(154,352)	–	1	(721,712)
Changes arising from obtaining or losing control of subsidiaries	–	–	–	–	–
The effect of changes in foreign exchange rates	(129,494)	(12,403)	–	–	(141,897)
Change in fair value	6,055	–	–	–	6,055
<b>Liability-related other changes</b>					
Working capital changes	36,694	327,456	8,281	–	372,431
New leases	146,105	–	–	–	146,105
Interest expense	81,556	154,273	–	–	235,829
<b>Total liability-related other changes</b>	264,355	481,729	8,281	–	754,365
<b>Balance at 31 December 2023</b>	6,108,092	3,214,184	50,168	(21)	9,372,423

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31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E4 Borrowings (continued)

### Reconciliation of movements of liabilities and assets to cash flows arising from financing activities (continued)

Group	Liabilities			Assets	
	Borrowings \$'000	Trade payables and accruals \$'000	Amounts due to related parties \$'000	Deposits pledged \$'000	Total \$'000
<b>Balance at 1 January 2022</b>	2,115,220	2,675,997	27,781	–	4,818,998
<b>Changes from financing cash flows</b>					
Proceeds from bank loans	1,098,690	–	–	–	1,098,690
Proceeds from commercial papers	4,206,138	–	–	–	4,206,138
Proceeds from medium-term note issuance	1,385,000	–	–	–	1,385,000
Repayment of bank loans	(386,204)	–	–	–	(386,204)
Repayment of commercial papers	(1,852,969)	–	–	–	(1,852,969)
Repayment of lease liabilities	(83,894)	–	–	–	(83,894)
Interest paid	(33,800)	(38,582)	–	–	(72,382)
Deposit pledged	–	–	–	(22)	(22)
<b>Total changes from financing cash flows</b>	4,332,961	(38,582)	–	(22)	4,294,357
Changes arising from obtaining or losing control of subsidiaries	47,051	23,068	–	–	70,119
The effect of changes in foreign exchange rates	(60,977)	(15,714)	–	–	(76,691)
Change in fair value	(15,338)	–	–	–	(15,338)
<b>Liability-related other changes</b>					
Working capital changes	(49,573)	206,159	14,106	–	170,692
New leases	76,166	–	–	–	76,166
Interest expense	89,027	48,282	–	–	137,309
<b>Total liability-related other changes</b>	115,620	254,441	14,106	–	384,167
<b>Balance at 31 December 2022</b>	6,534,537	2,899,210	41,887	(22)	9,475,612

## E5 Commitments and contingent liabilities

### (i) Capital commitments

Group	2023 \$'000	2022 \$'000
Capital expenditure contracted but not provided for in the financial statements	137,052	142,094

### (ii) Leases – As lessee

As at 31 December 2023, the Group had certain non-cancellable future minimum lease payments for short-term leases or leases for low-value assets amounting to \$4,333,000 (31 December 2022: \$2,025,000).



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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E5 Commitments and contingent liabilities (continued)

### (iii) Leases – As lessor

The Group has entered into non-cancellable operating leases on its aircraft, aircraft engines and certain property, plant and equipment. The remaining lease terms range from 0.6 year to 10 years (2022: 1 year to 10 years).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Group	2023 \$'000	2022 \$'000
Less than 1 year	18,443	18,163
1 to 2 years	15,173	16,768
2 to 3 years	7,206	8,824
3 to 4 years	5,346	3,722
4 to 5 years	5,419	1,886
More than 5 years	18,502	1,365
Total undiscounted lease payments	70,089	50,728

### (iv) Contingent liabilities (unsecured)

The Group is a party to various claims that arise in the normal course of the Group's business. The total liabilities on these matters cannot be determined with certainty. However, in the opinion of management, the ultimate liability, to the extent not otherwise provided for, will not materially impact the consolidated financial statements of the Group.

The Company has issued corporate guarantees to banks and other lenders for the borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the lenders if the related parties fail to make principal or interest payments when due in accordance with the terms of their borrowings.

## Recognition and measurement

### As a lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. 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 using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented in Note C2.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E5 Commitments and contingent liabilities (continued)

### Recognition and measurement (continued)

#### As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

#### As a lessor

The Group leases equipment under finance leases and office spaces under operating leases to non-related parties.

Finance leases are leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E5 Commitments and contingent liabilities (continued)

### As a lessor (continued)

The leased asset is derecognised and the present value of the lease receivable is recognised on the statement of financial position and included in "Trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

Operating leases are leases where the Group retains substantially all risks and rewards incidental to ownership. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E6 Share capital

Company	2023 \$'000	2022 \$'000
Issued and fully paid, with no par value		
At beginning and end of the year 3,122,495,197 ordinary shares	<b>895,926</b>	895,926

Included in share capital is a special share issued to the Minister for Finance. The special share enjoys all the rights attached to the ordinary shares. In addition, the special share carries the right to approve any resolution to be passed by the Company, either in general meeting or by its Board of Directors, on certain matters specified in the Company's Constitution. The special share may be converted at any time into an ordinary share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

### Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## E7 Treasury shares

Company	2023 \$'000	2022 \$'000
At beginning of the year	<b>(36,377)</b>	(33,475)
Purchased during the year	<b>(20,821)</b>	(26,430)
Reissuance of treasury shares pursuant to share plans	<b>27,554</b>	23,528
At end of the year	<b>(29,644)</b>	(36,377)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the year, the Company purchased 5,700,000 (2022: 7,000,000) of its ordinary shares by way of on-market purchases. The shares, held as treasury shares, were included as deduction against shareholders' equity. 7,366,315 (2022: 6,213,848) treasury shares, at a cost of \$27,554,000 (2022: \$23,528,000), were reissued pursuant to its RSP and PSP.

### Recognition and measurement

When ordinary shares are reacquired by the Company, the consideration paid is recognised as a deduction from equity. Reacquired shares are classified as treasury shares. When treasury shares are sold, or reissued subsequently, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on transaction is presented as a change in equity of the Company. No gain or loss is recognised in profit or loss.

Treasury shares have no voting rights and no dividends are allocated to them.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E8 Capital reserves

Included in capital reserves are:

- (a) an amount of \$115,948,000 (2022: \$115,948,000) relating to share premium of the respective pooled enterprises, namely ST Engineering Aerospace Ltd., ST Engineering Urban Solutions Ltd., ST Engineering Land Systems Ltd. and ST Engineering Marine Ltd. classified as capital reserve upon the pooling of interests during the year ended 31 December 1997; and
- (b) an amount of \$22,484,000 (2022: \$15,880,000) relating to realised loss (2022: realised loss) on reissuance of treasury shares under share-based payment arrangements as at 31 December 2023.

Capital reserves are non-distributable.

## E9 Other reserves

Group	2023 \$'000	2022 \$'000
Foreign currency translation reserve	(225,691)	(205,740)
Statutory reserve	2,455	1,593
Fair value reserve	87,442	103,576
Share-based payment reserve	87,497	81,183
Premium paid on acquisition of non-controlling interests	(15,049)	(15,049)
	(63,346)	(34,437)
Fair value reserve movement arising from other comprehensive income comprises:		
Net fair value changes on financial assets:		
- Net fair value changes during the year for FVOCI equity instruments	2,769	(2,957)
Foreign currency translation reserve movement arising from other comprehensive income comprises:		
Foreign currency translation differences arising from:		
- Translation of loans forming part of net investments in foreign entities	2,468	(11,459)
- Share of translation difference of associates and joint ventures	(7,960)	(15,438)
- Reserves released on disposal of subsidiaries	549	8,149
- Translation of foreign entities	(15,008)	(46,509)
	(19,951)	(65,257)

Other reserves are non-distributable.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## E9 Other reserves (continued)

Type of reserve	Nature
<b>Foreign currency translation reserve</b>	Comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities.
<b>Statutory reserve</b>	Statutory reserve comprises transfers from revenue reserve in accordance with the regulations of the foreign jurisdiction in which the Group's subsidiaries and joint ventures operate, principally in the People's Republic of China and France where the subsidiaries and joint ventures are required to make appropriation to a Statutory Reserve Fund and Enterprise Expansion Fund. The laws of the countries restrict the distribution and use of these statutory reserves.
<b>Fair value reserve</b>	Fair value reserve comprises the cumulative fair value changes of financial instruments at FVOCI and the effective portion of hedging instruments, until they are disposed or impaired.
<b>Share-based payment reserve</b>	Represents the cumulative value of services received for the issuance of the options and shares under the share plans of the Company issued to employees and non-executive directors.
<b>Premium paid on acquisition of non-controlling interests</b>	Difference between the consideration paid on acquisition of non-controlling interests and the carrying value of the proportionate share of the net assets acquired.

## E10 Dividends

Company	2023 \$'000	2022 \$'000
Final dividend paid in respect of the previous financial year of 4.0 cents (2022: 10.0 cents) per share	<b>124,722</b>	311,806
Interim dividends paid in respect of the current financial year of 12.0 cents (2022: 12.0 cents) per share	<b>373,958</b>	373,819
	<b>498,680</b>	685,625

The Directors propose a final dividend of 4.0 cents (2022: 4.0 cents) per share amounting to \$124.9 million (2022: \$124.9 million) in respect of the financial year ended 31 December 2023. These dividends have not been recognised as a liability as at year end as they are subject to the approval by shareholders at the Annual General Meeting of the Company.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F. Group Structure

This section explains significant aspects of ST Engineering's group structure, including joint arrangements that the Group has interest in, its controlled entities and how changes have affected the Group structure. It also provides information on business acquisitions and disposals made during the financial year as well as information relating to ST Engineering's related parties, the extent of related party transactions and the impact they had on the Group's financial performance and position.

<b>F1</b>	Subsidiaries	<b>F4</b>	Associates and joint ventures
<b>F2</b>	Acquisition and disposal of controlling interests in subsidiaries in 2023/2022	<b>F5</b>	Related party information
<b>F3</b>	Non-controlling interests in subsidiaries		

### F1 Subsidiaries

Details of the significant subsidiaries of the Group are as follows:

	Country of incorporation	Effective equity interest held by the Group	
		2023 %	2022 %
MRA Systems, LLC <sup>1</sup>	U.S.	100	100
ST Engineering Aerospace Ltd.	Singapore	100	100
ST Engineering Defence Aviation Services Pte. Ltd.	Singapore	100	100
ST Engineering Digital Systems Pte. Ltd.	Singapore	100	100
ST Engineering iDirect, Inc. <sup>1</sup>	U.S.	100	100
ST Engineering IHQ Pte. Ltd.	Singapore	100	100
ST Engineering Land Systems Ltd.	Singapore	100	100
ST Engineering Marine Ltd.	Singapore	100	100
ST Engineering North America, Inc. <sup>1</sup>	U.S.	100	100
ST Engineering RHQ Ltd. <sup>2</sup>	United Kingdom	100	100
ST Engineering Urban Solutions Ltd.	Singapore	100	100
STE TransCore Holdings, Inc <sup>1</sup>	U.S.	100	100
TransCore Partners, LLC <sup>1</sup>	U.S.	100	100

<sup>1</sup> Audited by PricewaterhouseCoopers U.S. for consolidation purposes.

<sup>2</sup> Audited by Critchleys Audit LLP (UK) in country of incorporation and PricewaterhouseCoopers LLP Singapore for consolidation purposes.

All significant subsidiaries that are required to be audited under the law in the country of incorporation are audited by PricewaterhouseCoopers LLP Singapore and network of member firms of PricewaterhouseCoopers International Limited (PwCIL), except as indicated above.

# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F2 Acquisition and disposal of controlling interests in subsidiaries in 2023/2022

### Acquisition of controlling interest in subsidiary in 2023

There is no acquisition of subsidiary in 2023.

### Acquisition of controlling interest in subsidiary in 2022

#### (i) Acquisition of controlling interests in TransCore Partners, LLC and TLP Holdings, LLC (TransCore)

On 18 March 2022, the Group acquired 100% of TransCore for a net cash consideration of \$3,655,274,000. TransCore's main principal activities is transportation solutions.

TransCore contributed revenue of \$620,619,000 and net profit of \$61,919,000 to the Group for the period from 18 March 2022 to 31 December 2022.

Had the above business been consolidated from 1 January 2022, the Group's consolidated revenue and net profit for the year ended 31 December 2022 would have been higher by \$759,172,000 and \$58,577,000 respectively.

### Identifiable assets acquired and liabilities assumed

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Fair values recognised on acquisition 2022 \$'000
Property, plant and equipment	13,156
Right-of-use assets	39,213
Intangible assets	1,031,062
Long-term trade receivables	15,519
Inventories	46,610
Contract assets	230,206
Trade receivables	76,457
Advances and other receivables	6,750
Bank balances and other liquid funds	25,187
Contract liabilities	(9,497)
Trade payables and accruals	(87,091)
Provisions	(84)
Provision for taxation	(138)
Borrowings	(47,051)
Non-current contract liabilities	(6,449)
Total identifiable net assets	1,333,850
Goodwill arising on consolidation	2,321,424
Total purchase consideration	3,655,274
<b>Cash outflow on acquisition:</b>	
Cash consideration paid	3,655,274
Less: cash acquired	(25,187)
Net cash outflow on acquisition	3,630,087

The group has incurred acquisition-related transaction expenses of \$26,853,000, which have been expensed in administrative expenses in the prior years.



# Notes to the Financial Statements

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(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F2 Acquisition and disposal of controlling interests in subsidiaries in 2023/2022 (continued)

### De-consolidation and disposal of controlling interests in subsidiaries in 2023

During the year, the Group completed the liquidation of Kinetics Systems (Shanghai) Co. Ltd, SDG Kinetics Pte. Ltd., ST Engineering (Israel) Smart Cities Ltd, ST Engineering (Myanmar) Co., Ltd., STET Homeland Security Services Pte Ltd, ST Engineering Aerospace (Guangzhou) Aero-Technologies & Engineering Co Ltd and Technicae Projetos e Servicos Automotivos Ltda. as part of the Group's portfolio rationalisation. The subsidiaries were dormant prior to disposal.

With regards to the divestment of the entire issued and outstanding equity interests in VT Halter Marine, Inc and ST Engineering Halter Marine and Offshore, Inc (the Divestment) in 2022, following the finalisation of post-closing net working capital adjustments, an additional gain on disposal of \$16,321,000 was recorded in the current year.

### De-consolidation and disposal of controlling interests in subsidiaries in 2022

In February 2022, the Group divested its 51% equity interest in Visiontech Engineering Pte Ltd (VTE). The Group divested 100% equity interest in Singapore Test Services Private Limited (STS), VT Halter Marine, Inc (Halter Marine) and ST Engineering Halter Marine and Offshore, Inc. (STEHMO) and Viastar Services, LP (Viastar) in July 2022, November 2022 and December 2022 respectively.

During the year, the Group completed the liquidation of ST Aerospace Academy Pte Ltd as part of an effort to streamline its organisation structure. The subsidiary was dormant prior to disposal.

The financial effects arising from the de-consolidation and disposal of subsidiaries were as follows:

	Total \$'000
Property, plant and equipment	136,597
Right-of-use assets	3,207
Intangible assets	411
Long-term trade receivables	1,119
Deferred tax assets	33,003
Inventories	833
Contract assets	95,793
Trade receivables	45,229
Amounts due from related parties	11
Advances and other receivables	8,995
Bank balances and other liquid funds	17,990
Contract liabilities	(75,936)
Trade payables and accruals	(63,412)
Provision	(114,658)
Provision for taxation	(439)
Borrowings	(8)
Deferred tax liabilities	(139)
Deferred income	(53,802)
Net assets disposed	34,794
Realisation of reserves	300
Gain on disposal	37,288
Sales consideration	72,382
Less: bank balances and other liquid funds in subsidiaries disposed	(17,990)
Net cash inflow on disposal	54,392

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## F3 Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries with material non-controlling interests (NCI), based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences from the Group's accounting policies. The summarised financial information is not adjusted for percentage ownership held by NCI.

Name of subsidiary 2023	ST Engineering Aerospace Services Company Pte. Ltd. \$'000
<b>NCI percentage</b>	<b>20%</b>
<b>Principal place of business/Country of incorporation</b>	<b>Singapore</b>
Revenue	<b>363,634</b>
Profit after taxation	<b>32,011</b>
Other comprehensive income/(loss)	<b>38</b>
<b>Total comprehensive income</b>	<b>32,049</b>
Attributable to NCI:	
- Profit	<b>6,402</b>
- Other comprehensive income/(loss)	<b>8</b>
- <b>Total comprehensive income</b>	<b>6,410</b>
Non-current assets	<b>159,432</b>
Current assets	<b>264,191</b>
Non-current liabilities	<b>(75,234)</b>
Current liabilities	<b>(143,325)</b>
<b>Net assets</b>	<b>205,064</b>
<b>Net assets attributable to NCI</b>	<b>41,013</b>
Cash flows from/(used in) operating activities	<b>62,044</b>
Cash flows (used in)/from investing activities	<b>(8,784)</b>
Cash flows (used in)/from financing activities *	<b>(36,563)</b>
<b>Net changes in cash and cash equivalents</b>	<b>16,697</b>
* including dividends to NCI	<b>-</b>

Eco-Services, LLC \$'000	ST Aerospace Technologies (Xiamen) Company Ltd \$'000	Elbe Flugzeugwerke GmbH \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
49.9%	20%	45%			
U.S.	China	Germany			
21,514	210,134	906,384			
2,718	7,568	22,438			
(821)	(2,840)	26,584			
1,897	4,728	49,022			
1,356	1,514	10,097	2,453	(3,863)	17,959
(410)	(568)	11,963	429	3,144	14,566
946	946	22,060	2,882	(719)	32,525
10,428	50,025	571,654			
40,732	210,913	501,494			
(178)	(37,289)	(338,756)			
(6,225)	(151,207)	(333,549)			
44,757	72,442	400,843			
22,334	14,488	180,379	37,224	(2,442)	292,996
3,018	(32,277)	37,689			
(1,553)	(5,158)	6,428			
–	38,668	(14,748)			
1,465	1,233	29,369			
–	–	–			

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## F3 Non-controlling interests in subsidiaries (continued)

Name of subsidiary 2022	ST Engineering Aerospace Services Company Pte. Ltd. \$'000
<b>NCI percentage</b>	<b>20%</b>
<b>Principal place of business/Country of incorporation</b>	<b>Singapore</b>
Revenue	374,149
Profit/(loss) after taxation	38,250
Other comprehensive income/(loss)	1,887
<b>Total comprehensive income</b>	40,137
Attributable to NCI:	
- Profit/(loss)	7,650
- Other comprehensive income/(loss)	377
- <b>Total comprehensive income/(loss)</b>	8,027
Non-current assets	127,728
Current assets	253,354
Non-current liabilities	(70,937)
Current liabilities	(137,132)
<b>Net assets</b>	173,013
<b>Net assets attributable to NCI</b>	34,603
Cash flows from operating activities	57,474
Cash flows used in investing activities	(16,443)
Cash flows used in financing activities *	(52,531)
<b>Net changes in cash and cash equivalents</b>	(11,500)
* including dividends to NCI	(8,000)

Eco-Services, LLC \$'000	ST Aerospace Technologies (Xiamen) Company Ltd \$'000	Elbe Flugzeugwerke GmbH \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
<b>49.9% U.S.</b>	<b>20% China</b>	<b>45% Germany</b>			
21,993	91,576	657,036			
(146)	3,056	2,262			
(241)	(6,497)	30,923			
(387)	(3,441)	33,185			
(73)	611	1,018	3,188	(4,071)	8,323
(120)	(1,299)	13,915	(168)	(11,082)	1,623
(193)	(688)	14,933	3,020	(15,153)	9,946
11,999	47,529	617,832			
39,270	111,379	485,877			
(134)	–	(375,624)			
(8,275)	(91,194)	(351,802)			
42,860	67,714	376,283			
21,387	13,543	169,327	23,565	(7,567)	254,858
2,640	7,292	60,206			
(485)	(1,352)	(44,856)			
–	–	(11,822)			
2,155	5,940	3,528			
–	–	–			

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## F4 Associates and joint ventures

Group	2023 \$'000	2022 \$'000
Unquoted shares, at fair value	9,970	15,460
Unquoted shares, at cost	495,522	382,617
Goodwill on acquisition	38	38
Share of net assets acquired	495,560	382,655
Impairment in associates	(8,000)	(8,000)
Share of post-acquisition reserves	69,874	78,060
	557,434	452,715
	567,404	468,175
Represented by:		
Interest in associates	307,024	313,236
Interest in joint ventures	260,380	154,939
	567,404	468,175

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## F4 Associates and joint ventures (continued)

*Details of material associates and joint ventures are as follows:*

Name	Principal activities	Country of incorporation/ place of business	Effective equity interest held by the Group	
			2023 %	2022 %
<b><u>Associates</u></b>				
Shanghai Technologies Aerospace Company Limited <sup>1</sup>	Aircraft and component maintenance, repair, overhaul and other related maintenance business	People's Republic of China	<b>49</b>	49
ST Aerospace (Guangzhou) Aviation Services Company Limited <sup>1</sup>	Aircraft and component maintenance, repair, overhaul and other related maintenance business	People's Republic of China	<b>44</b>	44
Turbine Coating Services Pte. Ltd.	Repair, refurbishment and upgrading of aircraft jet engine turbine blades and vanes	Singapore	<b>24.5</b>	24.5
Turbine Overhaul Services Pte. Ltd.	Repair and service of gas and steam turbine components	Singapore	<b>49</b>	49
CityCab Pte. Ltd. <sup>1</sup>	Rental of taxis and the provision of charge card facilities	Singapore	<b>46.5</b>	46.5
Experia Events Pte. Ltd. <sup>1</sup>	Organising and management of conferences, exhibitions and other related activities, including the biennial Singapore Airshow event	Singapore	<b>33</b>	33
<b><u>Joint ventures</u></b>				
Total Engine Asset Management Pte. Ltd. <sup>1</sup>	Leasing of engines	Singapore	<b>50</b>	50
Keystone Holdings (Global) Pte. Ltd. <sup>1</sup>	Investment holding	Singapore	<b>50</b>	50
SPTel Pte. Ltd.	Running, operation, management and supply of telecommunications services	Singapore	<b>51</b>	51
Juniper Aviation Investment Pte Ltd	Investment holding	Singapore	<b>50</b>	50

<sup>1</sup> Not audited by PricewaterhouseCoopers LLP Singapore.

The associates and joint ventures listed above are audited by PricewaterhouseCoopers LLP Singapore and network of member firms of PricewaterhouseCoopers International Limited (PwCIL), except as indicated otherwise.

None of the associates and joint ventures of the Group are considered significant in accordance with Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules.

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## F4 Associates and joint ventures (continued)

### Associates

The following table summarises the information of each of the Group's material associates, which are equity-accounted, based on their respective financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisitions and differences with the Group's accounting policies. The summarised financial information is not adjusted for percentage ownership held by the Group.

Name of associate 2023	Shanghai Technologies Aerospace Company Limited \$'000	ST Aerospace (Guangzhou) Aviation Services Company Limited \$'000
<b>Percentage of interest</b>	<b>49%</b>	<b>44%</b>
Revenue	75,725	148,879
Profit/(loss) after taxation	6,502	31,500
Other comprehensive loss	(4,306)	(5,536)
<b>Total comprehensive income/(loss)</b>	<b>2,196</b>	<b>25,964</b>
Attributable to NCI	–	–
Attributable to investee's shareholders	2,196	25,964
Non-current assets	68,567	127,862
Current assets	58,857	61,331
Non-current liabilities	–	(15,097)
Current liabilities	(20,108)	(28,632)
<b>Net assets</b>	<b>107,316</b>	<b>145,464</b>
Attributable to NCI	–	–
Attributable to investee's shareholders	107,316	145,464
<b>Group's interest in net assets of investee at beginning of the year</b>	<b>51,509</b>	<b>55,041</b>
Group's share of:		
- Profit/(loss) for the year	3,186	13,860
- Total other comprehensive loss	(2,110)	(2,436)
Total comprehensive income/(loss)	1,076	11,424
Group's contribution during the year	–	–
Dividends received during the year	–	(2,461)
Carrying amount of interest in investee at end of the year	52,585	64,004

Fair value changes of unquoted investments held by the Group's Corporate Venture Capital Unit is recognised in Other income, net in the income statement.



Turbine Coating Services Pte. Ltd. \$'000	Turbine Overhaul Services Pte. Ltd. \$'000	CityCab Pte. Ltd. \$'000	Experia Events Pte. Ltd. \$'000	Immaterial associates \$'000	Total \$'000
24.5%	49%	46.5%	33%		
22,894	253,899	86,592	11,355		
14,139	61,522	15,649	(4,867)		
(49)	(3,587)	–	–		
14,090	57,935	15,649	(4,867)		
–	–	(22)	–		
14,090	57,935	15,671	(4,867)		
19,415	54,847	79,696	38,142		
45,591	232,424	74,095	63,923		
(2,922)	(5,008)	(34,933)	(5,275)		
(7,401)	(117,035)	(34,922)	(35,849)		
54,683	165,228	83,936	60,941		
–	–	835	–		
54,683	165,228	83,101	60,941		
11,160	78,603	55,489	21,720	39,714	313,236
3,464	30,146	7,287	(1,606)	(408)	55,929
(12)	(1,758)	–	–	(4,985)	(11,301)
3,452	28,388	7,287	(1,606)	(5,393)	44,628
–	–	–	–	3,500	3,500
(1,216)	(26,029)	(24,134)	–	(500)	(54,340)
13,396	80,962	38,642	20,114	37,321	307,024

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Associates (continued)

Name of associate 2022	Shanghai Technologies Aerospace Company Limited \$'000	ST Aerospace (Guangzhou) Aviation Services Company Limited \$'000
<b>Percentage of interest</b>	49%	44%
Revenue	48,019	122,428
(Loss)/profit after taxation	(6,657)	17,589
Other comprehensive (loss)/income	(10,529)	(11,527)
<b>Total comprehensive (loss)/income</b>	(17,186)	6,062
Attributable to NCI	–	–
Attributable to investee's shareholders	(17,186)	6,062
Non-current assets	74,032	110,143
Current assets	50,431	53,249
Non-current liabilities	(551)	(19,332)
Current liabilities	(18,791)	(18,967)
<b>Net assets</b>	105,121	125,093
Attributable to NCI	–	–
Attributable to investee's shareholders	105,121	125,093
<b>Group's interest in net assets of investee at beginning of the year</b>	59,930	52,374
Group's share of:		
- (Loss)/profit for the year	(3,262)	7,739
- Total other comprehensive (loss)/income	(5,159)	(5,072)
Total comprehensive (loss)/income	(8,421)	2,667
Group's contribution during the year	–	–
Dividends received during the year	–	–
Disposal of associates during the year	–	–
Carrying amount of interest in investee at end of the year	51,509	55,041

Fair value changes of unquoted investments held by the Group's Corporate Venture Capital Unit is recognised in Other income/(expenses) in the income statement.

Turbine Coating Services Pte. Ltd. \$'000	Turbine Overhaul Services Pte. Ltd. \$'000	CityCab Pte. Ltd. \$'000	Experia Events Pte. Ltd. \$'000	Immaterial associates \$'000	Total \$'000
24.5%	49%	46.5%	33%		
16,707	216,893	84,460	35,193		
5,563	45,108	12,155	6,697		
90	(1,053)	–	–		
5,653	44,055	12,155	6,697		
–	–	203	–		
5,653	44,055	11,952	6,697		
20,465	51,884	67,371	41,044		
28,342	239,124	106,907	44,128		
(3,169)	(5,415)	(14,191)	(4,982)		
(82)	(125,180)	(39,895)	(14,382)		
45,556	160,413	120,192	65,808		
–	–	861	–		
45,556	160,413	119,331	65,808		
14,856	73,936	61,309	19,510	65,646	347,561
1,363	22,103	5,559	2,210	(4,020)	31,692
22	(516)	–	–	(11,393)	(22,118)
1,385	21,587	5,559	2,210	(15,413)	9,574
–	–	–	–	750	750
(5,081)	(16,920)	(11,379)	–	(287)	(33,667)
–	–	–	–	(10,982)	(10,982)
11,160	78,603	55,489	21,720	39,714	313,236

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Joint ventures

The following table summarises the information of each of the Group's material joint ventures, adjusted for any differences with the Group's accounting policies and reconciles the carrying amount of the Group's interest in joint ventures and the share of profit and other comprehensive income of equity-accounted investment (net of tax). The summarised financial information is not adjusted for the percentage ownership held by the Group.

Name of joint venture 2023	Keystone Holdings (Global) Pte. Ltd. \$'000
<b>Percentage of interest</b>	<b>50%</b>
Revenue	<b>20,561</b>
Profit/(loss) after taxation <sup>a</sup>	<b>16,056</b>
Other comprehensive (loss)	<b>(5,934)</b>
<b>Total comprehensive income/(loss)</b>	<b>10,122</b>
<sup>a</sup> Includes:	
- Depreciation and amortisation of:	<b>11,048</b>
- Interest expense of:	<b>3,200</b>
- Income tax expense of:	<b>(447)</b>
Non-current assets	<b>495,589</b>
Current assets <sup>b</sup>	<b>49,335</b>
Non-current liabilities <sup>c</sup>	<b>(200,288)</b>
Current liabilities <sup>d</sup>	<b>(119,447)</b>
<b>Net assets excluding goodwill</b>	<b>225,189</b>
<sup>b</sup> Includes cash and cash equivalents of:	<b>29,902</b>
<sup>c</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions) of:	<b>(200,288)</b>
<sup>d</sup> Includes current financial liabilities (excluding trade and other payables and provisions) of:	<b>(96,270)</b>
<b>Group's interest in net assets of investee at beginning of the year</b>	<b>35,169</b>
Share of total comprehensive income/(loss)	<b>5,061</b>
Group's contribution during the year	<b>72,638</b>
Dividends received during the year	<b>(273)</b>
<b>Carrying amount of interest in investee at end of the year</b>	<b>112,595</b>

Total Engine Asset Management Pte. Ltd. \$'000	SPTel Pte. Ltd. \$'000	Juniper Aviation Investment Pte Ltd. \$'000	Immaterial joint ventures \$'000	Total \$'000
50%	51%	50%		
62,832	62,426	13,932		
6,560	(9,221)	(12,882)		
(7,480)	–	(1,572)		
(920)	(9,221)	(14,454)		
21,663	8,456	9,889		
38,968	2,166	13,516		
625	–	1,156		
928,079	122,553	208,015		
23,080	28,285	157,563		
(575,971)	(78,579)	(264,132)		
(217,463)	(34,996)	(26,106)		
157,725	37,263	75,340		
8,122	14,171	2,727		
(575,971)	(78,579)	(268,656)		
(212,197)	(6,778)	(1,753)		
62,899	26,397	21,759	8,715	154,939
(460)	(4,703)	(7,227)	1,843	(5,486)
16,865	–	23,138	–	112,641
(441)	–	–	(1,000)	(1,714)
78,863	21,694	37,670	9,558	260,380

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Joint ventures (continued)

Name of joint venture 2022	Keystone Holdings (Global) Pte. Ltd. \$'000
<b>Percentage of interest</b>	50%
Revenue	19,215
Profit/(loss) after taxation <sup>a</sup>	1,158
Other comprehensive (loss)/income	(340)
<b>Total comprehensive income/(loss)</b>	818
<sup>a</sup> Includes:	
- Depreciation and amortisation of:	11,844
- Interest expense of:	3,166
- Income tax expense of:	353
Non-current assets	169,157
Current assets <sup>b</sup>	24,490
Non-current liabilities <sup>c</sup>	(36,760)
Current liabilities <sup>d</sup>	(86,546)
<b>Net assets excluding goodwill</b>	70,341
<sup>b</sup> Includes cash and cash equivalents of:	22,684
<sup>c</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions) of:	36,760
<sup>d</sup> Includes current financial liabilities (excluding trade and other payables and provisions) of:	85,609
<b>Group's interest in net assets of investee at beginning of the year</b>	35,037
Share of total comprehensive income/(loss)	409
Group's contribution during the year	-
Dividends received during the year	(277)
<b>Carrying amount of interest in investee at end of the year</b>	35,169

Total Engine Asset Management Pte. Ltd. \$'000	SPTel Pte. Ltd. \$'000	Juniper Aviation Investment Pte Ltd. \$'000	Immaterial joint ventures \$'000	Total \$'000
50%	51%	50%		
27,856	55,288	3,828		
8,742	(6,555)	(2,688)		
3,278	–	(1,748)		
12,020	(6,555)	(4,436)		
16,481	11,946	2,120		
11,992	1,392	2,901		
571	–	451		
703,924	112,517	58,796		
25,241	39,999	102,609		
(366,089)	(71,885)	(114,566)		
(237,279)	(34,146)	(3,321)		
125,797	46,485	43,518		
6,440	20,934	7,602		
366,089	71,885	117,918		
228,720	6,292	1,293		
57,235	29,764	5,001	8,299	135,336
6,010	(3,367)	(2,218)	1,276	2,110
5,325	–	18,976	–	24,301
(5,671)	–	–	(860)	(6,808)
62,899	26,397	21,759	8,715	154,939

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Basis of consolidation

#### (i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer to Note C3.

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

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustment is made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

#### (ii) Subsidiaries

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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Consistent accounting policies are applied to like transactions and events in similar circumstances. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the NCI to have a deficit balance.

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



# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Basis of consolidation (continued)

#### (iii) Acquisitions of entities under amalgamation

The Company's interests in ST Engineering Aerospace Ltd., ST Engineering Urban Solutions Ltd., ST Engineering Land Systems Ltd., and ST Engineering Marine Ltd. (collectively referred to as the Scheme Companies) resulted from the amalgamation of the Scheme Companies pursuant to a scheme of arrangement under Section 210 of the Singapore Companies Act 1967 in 1997.

As the amalgamation of the Scheme Companies constitutes a uniting of interests, the pooling of interests method has been adopted in the preparation of the consolidated financial statements in connection with the amalgamation.

Under the pooling of interests method, the combined assets, liabilities and reserves of the pooled enterprises are recorded at their existing carrying amounts at the date of amalgamation. The excess or deficiency of amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) over the amount recorded for the share capital acquired is recorded as capital reserve.

#### (iv) Loss of control

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

#### (v) Investments in associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 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, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for by the Group using the equity method (except for those acquired by the Group's Corporate Venture Capital Unit) and are recognised initially at cost, which includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F4 Associates and joint ventures (continued)

### Basis of consolidation (continued)

#### (v) Investments in associates and joint ventures (continued)

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interest, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

For investments in associates acquired by the Group's Corporate Venture Capital Unit, the Group has elected to measure its investments in associates at FVTPL in accordance with SFRS(I) 9 *Financial Instruments*.

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

#### (vi) Transactions eliminated on consolidation

All significant inter-company balances and transactions are eliminated on consolidation.

### Recognition and measurement

Goodwill that forms part of the carrying amount of an investment in an associate and/or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate and/or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate and/or joint venture may be impaired.

### Estimates and judgements: Judgements made in applying accounting policies

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relates to assessing whether the Group has control over its investee companies.

During the year, the Group assessed the terms and conditions of the shareholders' agreement of subsidiaries that are not wholly-owned by the Group. The Group made critical judgements over:

- (a) its ability to exercise power over its investees;
- (b) its exposure or rights to variable returns for its investments with those investees; and
- (c) its ability to use its power to affect those returns.

The Group's judgement included considerations of its power exercised at the board of the respective investees and rights and obligations arising from matters reserved for the board as agreed with the other shareholders.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## F5 Related party information

### Key management personnel compensation

Group	2023 \$'000	2022 \$'000
Short-term employee benefits	46,802	41,033
Contributions to defined contribution plans	687	627
Share-based payments	12,261	8,649
	59,750	50,309

In addition to related party information disclosed elsewhere in the financial statements, the Group has significant transactions with the following related parties on terms agreed between the parties:

Group	2023 \$'000	2022 \$'000
<b>Associates of the Group</b>		
Sales and services rendered	9,006	8,204
Purchases and services received	(112,533)	(92,732)
Dividend income	54,340	33,667
<b>Joint ventures of the Group</b>		
Sales and services rendered	656,732	144,156
Purchases and services received	(12,901)	(4,355)
Dividend income	1,714	6,808
<b>Other related parties *</b>		
Sales and services rendered	61,788	78,313
Purchases and services received	(46,515)	(46,359)
Rental expense	(6,899)	(6,719)

\* Other related parties refer to subsidiaries, associates and joint ventures of the immediate holding company.

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## G. Others

<b>G1</b>	Events occurring after balance sheet date	<b>G3</b>	New standards and interpretations not adopted
<b>G2</b>	Adoption of new standards and interpretations	<b>G4</b>	Climate change

### G1 Events occurring after balance sheet date

The Group entered into an agreement on 13 December 2023 to acquire 100% of the issued shares of D'Crypt Pte. Ltd. (D'Crypt) from Keele Investments Pte. Ltd., an indirect subsidiary of StarHub Ltd, for a cash-free and debt-free purchase consideration of \$67.5 million, subject to certain conditions precedent and customary adjustments to purchase consideration comprising (a) certain adjustments prior to and following completion of acquisition, and (b) an earn-out consideration of \$5 million conditional upon meeting the stipulated earn-out milestone. Based on the unaudited financial statements of D'Crypt for the half-year ended 30 June 2023, the net assets and net tangible assets of D'Crypt as at 30 June 2023 were approximately \$48.1 million and \$46.1 million, respectively. The acquisition is expected to be completed by the first quarter of 2024.

### G2 Adoption of new standards and interpretations

On 1 January 2023, the Group has adopted the new or amended SFRS(I)s and Interpretations of SFRS(I)s ("INT SFRS(I)s") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s and INT SFRS(I)s.

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except for the adoption of Amendments to SFRS(I) 1-12 *Income Taxes: Deferred Tax* related to Assets and Liabilities arising from a Single Transaction, where certain comparative amounts have been restated to ensure consistency in presentation of the financial statements for the financial year ended 31 December 2023 under Note B6(ii)(a).

#### Applicable to 2023 financial statements

- SFRS(I) 17 *Insurance Contracts*
- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) *Practice Statement 2: Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12 *Income Taxes: Deferred Tax* related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 1-12 *Income Taxes: International Tax Reform - Pillar Two Model Rules*

# Notes to the Financial Statements

31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## G3 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's financial statements.

### Applicable to 2024 financial statements

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants
- Amendments to SFRS(I) 1-7 *Statement of Cash Flows* and SFRS(I) 7 *Financial Instruments: Disclosures*: Supplier Finance Arrangements
- Amendments to SFRS(I) 16 *Leases*: Lease Liability in a Sale and Leaseback

### 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.

## G4 Climate change

The Group has partnered with a global consultant to conduct a climate risks and opportunities assessment of its businesses as part of its journey to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Group has reviewed the physical risks that might impact its businesses under the Representative Concentration Pathway 8.5 scenario, and used the International Energy Agency Net Zero Emissions 2050 scenario to assess transition risks. The Group concluded that the climate-related physical and transition risks impacting its businesses were minimal. Notwithstanding, there remains the risk that evolving demands for stronger protection over the environment, evolving laws and regulations and evolving decarbonisation policies may impact the Group's financial performance in the future. The Group continues to monitor and assess the potential impact of such developments on its operation and financial performance.

# Statement of Financial Position of the Company

AS AT 31 DECEMBER 2023

(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	476	12
Right-of-use assets		90	203
Subsidiaries	3	1,634,953	1,537,911
		<b>1,635,519</b>	1,538,126
<b>Current assets</b>			
Amounts due from related parties	4	1,169	7,159
Advances and other receivables		101	556
Bank balances and other liquid funds	5	8,163	117,879
		<b>9,433</b>	125,594
<b>Total assets</b>		<b>1,644,952</b>	1,663,720
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accruals	6	6,937	4,255
Amounts due to related parties	4	494	8,102
Provision for taxation		333	32
Lease liabilities		–	114
		<b>7,764</b>	12,503
<b>Net current assets</b>		<b>1,669</b>	113,091
<b>Total liabilities</b>		<b>7,764</b>	12,503
<b>Net assets</b>		<b>1,637,188</b>	1,651,217
<b>Share capital and reserves</b>			
Share capital	7	895,926	895,926
Treasury shares	7	(29,644)	(36,377)
Capital reserves	7	(22,599)	(15,977)
Other reserves	7	77,348	71,014
Retained earnings		716,157	736,631
		<b>1,637,188</b>	1,651,217
<b>Total equity and liabilities</b>		<b>1,644,952</b>	1,663,720

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

# Notes to the Statement of Financial Position of the Company

AS AT 31 DECEMBER 2023  
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## 1. Basis of Preparation and Material Accounting Policy Information

The Statement of Financial Position of the Company is prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The Statement of Financial Position of the Company has been prepared on the historical cost convention, except as otherwise described in the accounting policies below.

The Statement of Financial Position of the Company are presented in Singapore dollars (SGD) which is the Company's functional currency. All values are rounded to the nearest thousand (\$'000) unless otherwise indicated.

Accounting policies, estimates and critical accounting judgements applied to the preparation of the Statement of Financial Position of the Company is consistent with the disclosures in the consolidated financial statements.

The Statement of Financial Position and Notes to the Statement of Financial Position of the Company as at 31 December 2023 were authorised and approved by the Board of Directors for issuance on 28 February 2024.

## 2. Property, plant and equipment

	Furniture, fittings, office equipment and others \$'000	Total \$'000
<b>2023</b>		
<i>Cost</i>		
At 1 January 2023	437	437
Additions	562	562
Disposals	(411)	(411)
At 31 December 2023	588	588
<i>Accumulated depreciation</i>		
At 1 January 2023	425	425
Depreciation charge	97	97
Disposals	(410)	(410)
At 31 December 2023	112	112
<b>Net book value</b>		
<b>At 31 December 2023</b>	<b>476</b>	<b>476</b>

# Notes to the Statement of Financial Position of the Company

AS AT 31 DECEMBER 2023  
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## 2. Property, plant and equipment (continued)

	Furniture, fittings, office equipment and others \$'000	Total \$'000
<b>2022</b>		
<i>Cost</i>		
At 1 January 2022	492	492
Disposals	(55)	(55)
At 31 December 2022	437	437
<i>Accumulated depreciation</i>		
At 1 January 2022	347	347
Depreciation charge	97	97
Disposals	(19)	(19)
At 31 December 2022	425	425
<b>Net book value</b>		
<b>At 31 December 2022</b>	12	12

## 3. Subsidiaries

	2023 \$'000	2022 \$'000
Equity investments at cost		
At beginning of the year	1,537,911	1,479,070
Additions	97,042	58,841
At end of the year	1,634,953	1,537,911

## 4. Amounts due from/to related parties

Amounts due from/to related parties were non-trade related, unsecured, interest-free and repayable on demand.

## 5. Bank balances and other liquid funds

	2023 \$'000	2022 \$'000
Cash and bank balances	66	98
Amounts placed with a related corporation	8,097	117,781
Bank balances and other liquid funds	8,163	117,879

At the balance sheet date, the amounts placed with a related corporation, ST Engineering Treasury Pte. Ltd., under a cash pooling arrangement bears interest ranging from 0% to 5.1% (2022: 0% to 4.0%) per annum. The cash pooling arrangement administered by ST Engineering Treasury Pte. Ltd. is operated at the instructions of the Company. These amounts placed with a related corporation are subjected to an arrangement with a bank where bank balances are transferred from/to a bank account of the related corporation on a daily basis.



# Notes to the Statement of Financial Position of the Company

AS AT 31 DECEMBER 2023  
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

## 6. Other payables and accruals

	2023 \$'000	2022 \$'000
Accrued operating expenses	6,937	4,255

## 7. Share capital, treasury shares, capital reserves and other reserves

- Share capital and treasury shares have been explained and disclosed in Note E6 and Note E7.
- Capital reserve is relating to realised gain or loss on re-issuance of treasury shares under share-based payment arrangements as explained and disclosed in Note E8.
- Other reserve is relating to share-based payment reserve as explained and disclosed in Note E9.

## 8. Financial risk management

- **Interest rate risk:** No interest rate risk exposure was disclosed as the Company had assessed that a reasonable change in the interest rates would not result in any significant impact on the Company's results.
- **Foreign exchange risk:** No foreign exchange sensitivity analysis was disclosed as the Company had assessed that a reasonable change in exchange rates would not result in any significant impact on the Company's results.
- **Liquidity risk:** It is not expected that the cash flows associated with the liabilities of the Company could occur at significantly different amounts.
- **Credit risk:** The Company limits its exposure to credit risk on amounts due from related parties which are mostly short-term in nature and bank balances and other liquid funds placed with reputable financial institutions.

Management actively monitors the credit ratings of its debtors and does not expect any counterparty to fail to meet its obligations.

Derivatives are entered into with financial institutions which have long-term rating of at least A3 by Moody's, A- by Standard & Poor's or the equivalent by a reputable credit rating agency.

Cash and bank deposits are placed with reputable financial institutions.

As at 31 December 2023, there were no significant concentrations of credit risk.

- **Financial instruments by category:** The carrying amount of the different categories of financial instruments are as follows:

	2023 \$'000	2022 \$'000
Financial assets, at amortised cost	9,433	125,594
Financial liabilities, at amortised cost	(7,431)	(12,471)

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