ST Engineering

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Our Corporate Purpose

Harness technology and innovation to enable a more secure and sustainable world

It is the unifying purpose that aligns everything we do.

Our Group Aspiration

Become a global technology, defence and engineering powerhouse

It is the singular winning long-term goal that all our businesses follow.

Our Core Values

Our Core Values guide every aspect of our business and are embedded in our culture – from the people we hire, to the way we work with each other and how we engage our partners and customers.

→ Integrity

→ Value Creation

→ Courage

→ Commitment

→ Compassion

ST Engineering is a global technology, defence and engineering group with a diverse portfolio of businesses across the aerospace, smart city, defence and public security segments.

The Group harnesses technology and innovation to solve real-world problems, enabling a more secure and sustainable world.

Headquartered in Singapore, we employ more than 26,000 people across our network of subsidiaries and associated companies in Asia, Europe, the Middle East and the U.S., serving customers in more than 100 countries.

We rank among the largest companies listed on the Singapore Exchange and are a component stock of the MSCI Singapore, FTSE Straits Times Index and Dow Jones Sustainability Asia Pacific Index.

This annual report captures our year-long journey, where an unwavering commitment to technology and innovation defines our distinction. Consistently harnessing these forces, we create impactful technology and engineering solutions, empowering customers and enhancing their competitiveness in the ever-evolving, dynamic landscape.

At ST Engineering, our dedication to global excellence, coupled with resilience and adaptability, propels us toward continuous strides in generating greater impact and value creation for stakeholders.

Financial Highlights

ORDER BOOK

↑ 19%

$27.4b

REVENUE

↑ 12%

$10.1b

EBITDA

↑ 16%

$1,456.1m

PROFIT BEFORE TAX

↑ 18%

$704.2m

NET PROFIT

↑ 10%

$586.5m

EARNINGS PER SHARE

↑ 10%

18.82¢

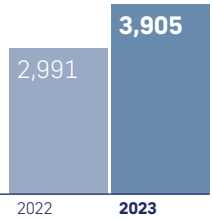
SEGMENT HIGHLIGHTS

COMMERCIAL AEROSPACE

REVENUE ($m)

↑ 31%

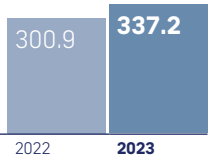
$3,905m



EBIT ($m)

↑ 12%

$337.2m

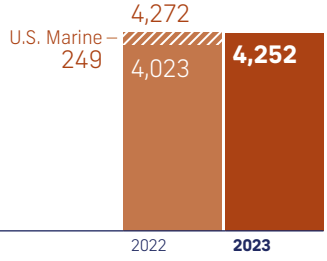


DEFENCE & PUBLIC SECURITY

REVENUE ($m)

↑ 6%[1]

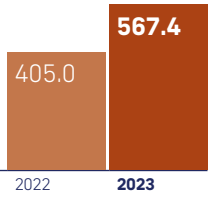
$4,252m



EBIT ($m)

↑ 40%

$567.4m

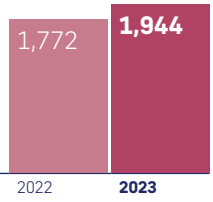


URBAN SOLUTIONS & SATCOM

REVENUE ($m)

↑ 10%

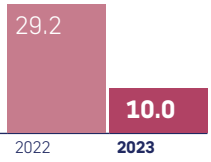
$1,944m



EBIT ($m)

↓ 66%

$10.0m



↑↓ Denote year-on-year change.

[1] Excluding U.S. Marine FY2022 revenue of $249m.

CREATING VALUE FOR SHAREHOLDERS

DIVIDENDS PER SHARE

Unchanged

16.0¢

TOTAL SHAREHOLDER RETURN

↑ 25.2pts#

20.5%

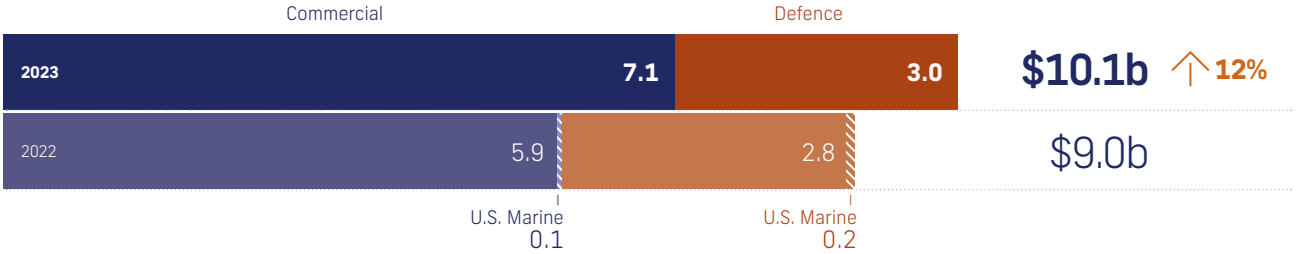
Percentage points

RETURN ON EQUITY

↑ 7%

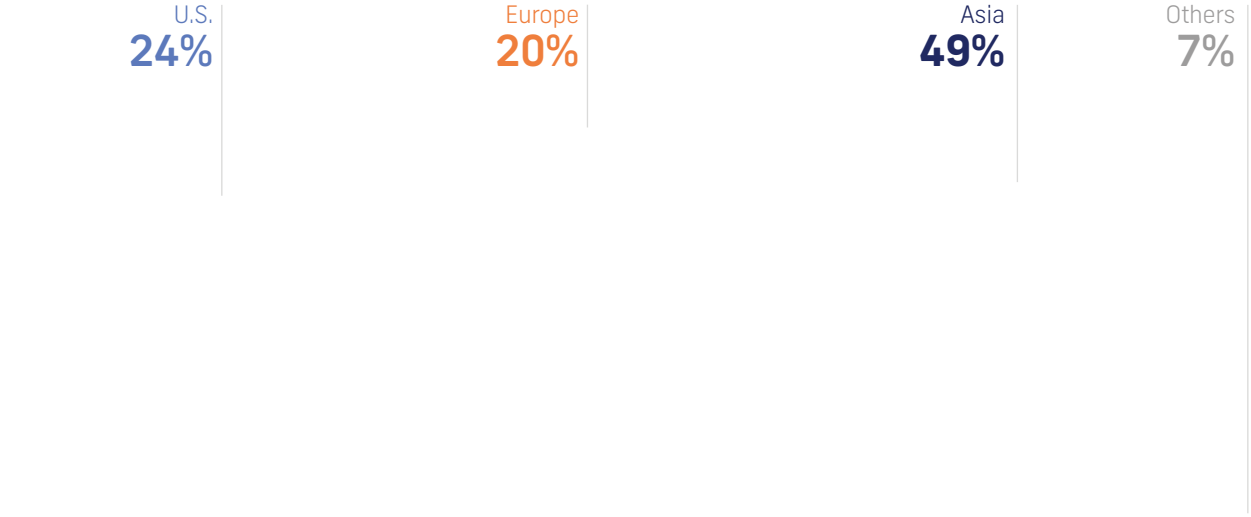
23.8%

REVENUE BY TYPE* ($b)



* Refers to revenue by products and services type.

REVENUE BY LOCATION OF CUSTOMERS



Amounts may not add to totals shown due to rounding.

Chairman's Message

Our collective focus remains resolute—advancing and seeking sustained growth for total shareholder returns across business cycles and delivering lasting value while safeguarding the interests of our shareholders.

Dear Shareholders

Over the last few years, waves of challenges wreaked great disruptions and uncertainties, from the COVID-19 pandemic to the war in Ukraine, the shift away from cheap money and the intensifying geopolitical tensions. Severe consequences arising therefrom will continue to be felt for years to come.

However, ST Engineering's deep capabilities and resilience built up over the years have served us well, evident in our 2023 financial results. Our growth plan, outlined in the Group's five-year plan (2022-2026) and centred on strengthening our core businesses as well as pursuing growth in international defence business and smart city verticals, remains on trajectory. Even then, we would not hesitate to make course adjustments when needed as had been done before and as would be expected of any agile company.

Unfortunately, the challenges we faced in recent years are not passing incidents. Rapid technological advancements, the inevitable struggle between incumbent and rising powers, and the insatiable demands for resources will guarantee existing challenges to persist and new ones to emerge.

In response, our journey cannot be about maintaining the status quo. It is about advancing the Group forward with a keen focus on growth through technology and innovation. We will capitalise on what has proven effective, strengthening our foundation and sharpening our competitive edge. Yet, the evolving landscape demands more than resilience – it calls for nimbleness, adaptability and measured risk-taking.

Harnessing technology and innovation to bring about a more secure and sustainable world is an even greater imperative. Technology is the lifeblood of this Group, evident in our substantial R&D investments. We need to not just develop and discover new technologies, but also to better leverage cross-segment and cross-domain capabilities both within and outside our organisation. By doing so, we can not only continue to strengthen our support for existing customers, but also continually identify and exploit new opportunities to build new ones.

At our Board Strategy session held mid-last year, the message resonated strongly among all members. This endorsement was reinforced by the name change of our Research, Development and Technology (RD&T) Board Committee to Research, Innovation, Technology and Enterprise Committee (RITE), serving as a constant reminder to intensify and focus our efforts on research and innovation for technological enterprise. Our goal is to translate our research and innovation into practical applications, bringing them to market expeditiously. This approach ensures that we provide our customers with the most cost-effective solutions, distinguishing us in a way that they might not readily find elsewhere.

As we navigate the increasing complexity ahead, our Board is set to be strengthened with more diverse membership, not just in gender but also in domains and experiences supplemented by co-opted experts and advisory networks.

All Board members are aligned in vision and passion for the journey ahead, guiding an equally dedicated and purposeful Management team supported by a committed group of employees, through the challenges with careful consideration and strategic foresight.

Our collective focus remains resolute—advancing and seeking sustained growth for total shareholder returns across business cycles and delivering lasting value while safeguarding the interests of our shareholders.

The path ahead involves persistent advancement, an unwavering pursuit of excellence and a commitment to pushing boundaries, all while upholding the highest standards of corporate governance. I envision a Group that not only adapts to change but leads it—an ST Engineering that is agile, innovative and positioned for sustained success in a competitive and dynamic world.

TEO MING KIAN
CHAIRMAN

Letter to Shareholders

Dear Shareholders

As we reflect on the past year, ST Engineering's quest for productivity, innovation and resilience has always been central to what we do. These qualities have underpinned our growth strategy from the day we first presented our five-year plan to you in November 2021 at Investor Day.

Our commitment to this growth strategy remains steadfast, as we confidently navigated through the challenges of 2023, which presented a dynamic and competitive operating landscape, evolving macroeconomic challenges, continuing technology changes and geopolitical tensions.

Fundamental to ST Engineering's success to date is a well-thought-out strategy, sound decision-making, nimble execution, adept adaptation and a consistent focus on investing for the longer term.

In addition, our dedicated employees, the heartbeat of our organisation, have been pivotal in shaping our business and impact on a global scale. At our core lies our corporate purpose: harnessing technology and innovation to enable a more secure and sustainable world, all while consistently delivering value to our shareholders.

TEO MING KIAN
CHAIRMAN

VINCENT CHONG SY FENG
GROUP PRESIDENT & CEO

Our efforts have translated into the achievement of significant financial milestones in 2023, with Group revenue exceeding the $10b mark...

Letter to Shareholders

2023 GROWTH: AN OUTCOME FROM STRATEGIC SEEDS PLANTED BACK IN 2018

In driving our organic and acquisition growth in the last few years, we have achieved positive outcomes, evident in the expansion of both Group revenue and earnings despite the significant negative impact of the COVID-19 pandemic. Our efforts have translated into the achievement of significant financial milestones in 2023, with Group revenue exceeding the $10b mark, and key metrics such as EBITDA, EBIT and Net Profit reaching new levels. The Defence & Public Security segment, supported by its strategic Singapore defence business, contributed 42% to Group revenue.

> In driving our organic and acquisition growth in the last few years, we have achieved positive outcomes, evident in the expansion of both Group revenue and earnings...

As we further solidify our role as the strategic partner in the Singapore defence ecosystem, our continuous investments in technology and engineering capabilities are producing favourable outcomes. In the digital domain, we have harnessed AI, video and data analytics and 5G capabilities to enhance our defence electronics solutions. We have developed hybrid electric capabilities for our next-generation military platforms. Additionally, we have advanced our unmanned capabilities, particularly in Unmanned Surface Vessels. These initiatives underscore our efforts to actively contribute to the ongoing modernisation of Singapore's defence capabilities.

Investor Day 2021: Five-year Targets (2022-2026)

Annual revenue to grow at 2 to 3 times global GDP growth rate to >$11b[1]

Net profits to grow in tandem with revenue

[1] 2020 Base Year

Furthermore, our decision to invest in the Commercial Aerospace business for capacity expansion during the COVID-19 pandemic downturn has paid off significantly as the aviation industry rebounds. The opening of the second of four airframe maintenance hangars in Pensacola, Florida in February 2023 has given us the necessary capacity to better serve our North America customers. The extension of the segment's passenger-to-freighter (P2F) conversion capability to additional global sites has proven to be far-sighted, strategically placing us to address the increasing demand for Airbus freighter conversions. While this expansion impacted the segment's near-term earnings, the ongoing improvement in the learning curve at these new sites puts us in good stead for the longer-term profitability of our Airbus P2F conversion programme.

Our commitment to growth is underscored by the acquisition of TransCore, which has effectively enhanced our Smart Mobility business. This move addressed a previously identified gap in the congestion pricing segment and is aligned with our overarching Smart Mobility strategy.

In recent years, we have leveraged our proven track record in executing large-scale projects within the Smart Mobility rail and road sectors. Our ability to climb the value chain is exemplified by significant turnkey rail contract wins in Kaohsiung, Taiwan where we lead consortia in project management and systems integration. These successes solidify our position in the Smart Mobility space and bring us closer to achieving our Smart City growth ambitions.

TECH AND INNOVATION: A CONTINUUM OF EXCELLENCE

Our commitment to technological excellence is reflected in our increased R&D investments in cutting-edge digital technologies. Over time, these digital technologies have become an integral component of our defence electronics solutions, and in our broad array of commercial products and solutions. This integration extends beyond enhancing the functionality and performance of our offerings – it serves as a testament to our commitment to innovation, continually honing our competitive edge.

This dedication to innovation and deep technology was prominently displayed at the Singapore Airshow in February 2024. The ST Engineering Pavilion – which was organised around the aviation, defence, and smart city clusters – took centre stage at the show. We showcased cutting-edge products and innovations and also demonstrated the real-world application of our commitment to digital technologies. The synergy between our R&D endeavours and the showcased solutions underscores our journey towards excellence and innovation, making a resounding statement about our capabilities to our global stakeholders who visited the show.

Since the setup of the Group Engineering Centre in 2021, the team has been pursuing continuous innovation, translating technologies and IP on hand into tangible products. Noteworthy applications include leveraging data analytics and AI in various MRO operations, such as predictive maintenance to monitor engine health in patrol vessels to minimise downtime. AI is seamlessly integrated into our Video Analytics Suite platform, serving as a foundational capability for many of our products and solutions. Generative AI stands at the heart of many of our processes, products and solutions, with a recent innovation being AGIL Vision, a generative AI standalone solution enabling contextualised video query, search and retrieval when connected to any video feed.

> Our commitment to technological excellence is reflected in our increased R&D investments in cutting-edge digital technologies.

The Cybersecurity Strategic Technology Centre, housed within our Group Technology Office, spearheads developing groundbreaking solutions in threat detection, advanced cyber forensics and AI-based cybersecurity. Trusted by customers, these capabilities have reinforced our credentials and expanded our influence in the cyber defence domain.

Letter to Shareholders

Continuing our focus on long-horizon innovation, the Group Technology Office leads the charge across new frontiers. This includes exploring the early application of quantum computing, addressing complex optimisation problems and enhancing the speed and accuracy of cyber threat detection, that surpasses the capability of classical computing. These strategic initiatives reinforce our dedication to deepening our technology and engineering core, ensuring that we stay ahead of evolving technological shifts.

2023 INITIATIVES: STEERING TOWARDS FUTURE GROWTH

In the dynamic landscape of 2023, we continued to pursue initiatives with the future in mind.

Our ongoing investments in Commercial Aerospace, focused on the expansion of aircraft maintenance capacity in both existing facilities and new locations, will underpin the growth of our airframe MRO business. Our engine MRO business received a boost from our newly formed CFM Branded Service Agreement (CBSA) partnership for LEAP-1A and LEAP-1B engines as this broadens our LEAP capabilities within the CFM MRO global network. This pivotal move enables us to deliver comprehensive LEAP MRO solutions to operators worldwide, particularly in anticipation of the expected surge in demand for MRO services from the LEAP engine family, in service since 2016.

> As we further solidify our role as the strategic partner in the Singapore defence ecosystem, our continuous investments in technology and engineering capabilities are producing favourable outcomes.

Our decision to restructure and transform our Satcom business, despite the near-term negative impact it presents, reflects how we took decisive action to overcome operational and market challenges and to drive the business to growth and profitability.

In our commitment to strengthen our Cyber business, we completed a bolt-on acquisition of D'Crypt in February 2024, incorporating cryptographic and quantum capabilities, while bolstering our talent pool in cryptography and cybersecurity. Along with the initiatives led by our Group Technology Office, this move signals our commitment to building and advancing competencies in this critical domain.

In the international defence business segment, we forged new partnerships within the global defence ecosystems, facilitating our entry into new markets and segments. The signing of partnership agreements with defence companies in Australia, Italy, UAE and the UK, signifies progress in establishing a strong presence in strategically targeted markets, setting the stage for future growth.

In the past year, we allocated $542m in capital expenditures to drive capacity expansion and capability enhancement across businesses. A significant portion of this investment was directed towards the Gul yard for the shiprepair business, and constructing airframe maintenance hangars in Changi Creek, both located in Singapore.

The cumulative impact of these diverse initiatives and strategic investments across businesses and technological innovation have positioned us well for the future. In line with our five-year (2022-2026) plan, this underscores our management's foresight and commitment to achieving sustainable, long-term growth, persisting in initiatives that demand time for full realisation.

The success of this positioning is reflected by our robust order book, which stood at $27.4b at the end of 2023. Beyond indicating a healthy increase in business activities across the Group and reflecting the confidence that our customers place in us, it also serves as a leading indicator of continued growth.

2023 FINANCIAL PERFORMANCE: SIGNIFICANT FINANCIAL MILESTONES

In 2023, Group revenue grew 12% year-on-year (y-o-y) to $10.1b from $9b. Group EBIT reached $915m, marking a 24% y-o-y increase from $735m, while Group PBT rose by 18% y-o-y to $704m from $597m. Group Net Profit also saw a 10% increase to $586m compared to the previous year's $535m.

On a base operating performance (BOP) basis excluding TransCore transaction and integration expenses, SatixFy[1] divestment loss and Satcom severance costs, as well as the $72m pension restructuring gain in 2022, Group EBIT would be 40% higher y-o-y and Net Profit would be 24% higher y-o-y, despite higher finance costs.

These positive results were driven by the strong performance of our Commercial Aerospace and Defence & Public Security segments and a high-graded portfolio. Our investments in TransCore became accretive in 2023, ahead of plan. This strong set of results was also supported by our focus on productivity and cost saving measures and investments made during the COVID-19 downturn as highlighted previously.

By geography, customers from Asia, including Singapore accounted for 49% of revenue while customers from the U.S. and Europe constituted 24% and 20% of revenue respectively. The remaining 7% was contributed by customers from the rest of the world. By products and services type, Commercial revenue was $7.1b and Defence revenue stood at $3b. These figures provide a clear snapshot of our diversified customer and revenue base, showcasing our global presence and balanced portfolio.

At the business segment level, the Commercial Aerospace segment recorded a revenue of $3.91b, up 31% y-o-y from $2.99b surpassing its pre-COVID levels. Importantly, this performance exceeded our 2026 revenue target of over $3.5b. EBIT grew 12% y-o-y to $337m from $301m, despite the absence of the one-off pension restructuring gain which positively impacted the segment's results in 2022.

Given the strong recovery in air travel, the segment secured a number of multi-year MRO contracts spanning the airframe, engine and component segments. Among the more significant wins was a five-year contract to provide LEAP-1B MRO solutions for Lion Air Group's fleet of Boeing 737 MAX aircraft. This was the LEAP MRO contract we won after joining the CBSA LEAP MRO network in March 2023. Our original equipment (OE) manufacturing business also benefited from the strengthening demand for air travel and increased its nacelle and floor panel output in tandem with the aircraft OEM's production rate.

> "The success of this positioning is reflected by our robust order book, which stood at $27.4b at the end of 2023.

The Defence & Public Security segment posted a steady revenue of $4.25b but would have been 6% higher after excluding the revenue from the divested U.S. Marine business in the prior year. The segment's growth was largely driven by its Digital Systems & Cyber sub-segment. The segment's EBIT rose 40% y-o-y to $567m from $405m, which was attributed to several factors, including the absence of losses from the divested U.S. Marine business, a favourable margin mix, cost savings initiatives and expansion in its core business.

In Singapore, the Ministry of Defence awarded a contract to us for the detailed design and construction of six Multi-role Combat Vessels for the Republic of Singapore Navy (RSN), and another contract for the mid-life upgrade of the Formidable-class Frigates for RSN.

Our international defence segment made much headway. The 40mm ammunition business secured new orders from across Europe, Asia and the Middle East. We have also been engaged by the Tunisian Air Force for the upgrade and maintenance of two C-130 aircraft. Beyond contributing to revenue growth, these new wins are testament to the value and appeal of our defence solutions.

The Urban Solutions & Satcom segment saw a 10% y-o-y increase in revenue to $1.94b from $1.77b, due to increased revenue from

[1] SatixFy – a company we invested in 2014-2015 and divested when it de-SPAC in October 2022.

Letter to Shareholders

Urban Solutions, though this was offset by lower revenue from Satcom. The segment's EBIT was $10m compared to $29m the year before, impacted by the weakness in Satcom, and severance cost incurred as part of Satcom's restructuring, and a one-off divestment loss related to SatixFy shares.

Our Smart Mobility business continued its upward growth trajectory, achieving success in securing significant rail and road transport projects globally in Abu Dhabi, Bangkok, Chennai, Kaohsiung, Singapore, Sydney and Toronto. These successes underscore the robustness of our advanced solutions, competitive differentiators and overall capabilities. TransCore delivered a robust performance throughout the year, securing contracts for tolling and back-office systems, customer service operations and RFID products in both the U.S. and the Middle East.

Our Satcom business, historically profitable until the onset of COVID-19 pandemic, actively responded to transformative shifts in the satcom industry fueled by industry consolidation, technological advancements and disruptions from the emergence of new satellite constellations. We have undertaken to restructure and transform the business, while maintaining a focus on streamlining its best-in-class technology onto a single next-generation platform. This will position us to meet the evolving needs of customers in a dynamic and competitive industry, ensuring sustainable growth in the longer run.

Our business updates and outlook are covered in greater detail in the *Operating Review and Outlook* section on pages 28 to 51.

QUEST FOR PRODUCTIVITY: OPERATING MORE EFFICIENTLY

Despite inflationary pressures, we managed to reduce our unit operating expenses (per unit revenue) from 12.1% in 2022 to 11.4% in 2023. This is due to the Group's ongoing focus on implementing structural cost reductions and enhancing operational efficiencies.

Key initiatives include demand aggregation of global logistics spend, and the deployment of AI and data analytics to optimise costs through measures like changing freighting modes and flow patterns. With data transparency, we were able to work with selected suppliers to create a win-win scenario. Creative re-engineering of work processes have also resulted in faster turnaround time and improved outcomes.

> As we execute our strategic plan to achieve our 2026 targets, our proven track record positions us well to deliver enduring shareholder value through diverse business cycles.

Another significant initiative was the setup of a Competency Centre in Vietnam. Currently staffed by about 90 employees specialising in IT and finance backend operations, this move underscores our goal of establishing specific shared services roles to be performed in locations which are well-placed to host and carry out such roles. Importantly, we continue to maintain strict oversight to uphold rigorous quality, security and operational standards, ensuring the robustness and consistency of our processes.

BALANCED DEBT PROFILE

Our balance sheet remained strong, with Aaa and AA+ ratings by Moody's and S&P respectively.

Our debt interest rate profile of 62% fixed rates and 38% floating rates as of end 2023 remained balanced, allowing us to reduce interest expense volatility in both rising and falling interest rate environments. The Group's weighted average borrowing cost for 2023 was 3.3%, compared to 2.4% in 2022.

We are reducing capital employed through initiatives such as optimisation of net working capital, portfolio rationalisation and asset securitisation in our Aviation Asset Management business.

ENHANCING ESG EFFORTS: IGNITING IMPACT IN 2023

In 2023, global sustainability efforts were driven by a heightened focus on aligning with the European Union Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence

Directive. To strengthen our commitment to stakeholders, we have bolstered sustainability initiatives across our international business units, with a notable emphasis on Europe and the U.S.

We also intensified our efforts to reduce greenhouse gas emissions, targeting a 50% reduction by 2030 while sustaining business growth. Progress towards achieving net-zero emissions is well underway, and a formal pledge will be made in due course.

Throughout the year, our commitment to community impact was evident through volunteer work by employees, in-kind support and financial contributions. Nurturing a purpose-driven giving culture, we actively promote corporate initiatives and employee volunteerism, exemplified by the annual ST Engineering MOVEment, a month-long global initiative encouraging employees to stay healthy, keep fit and do good. With participation from over 6,300 employees across 22 locations, the movement saw collective efforts to walk, run and cycle for charity, covering an impressive 670,000 kilometres and raising about $600,000 for underserved groups. Additionally, our inaugural Green Day marked the start of a five-year commitment to contribute $1m to tree-planting initiatives in Singapore, reflecting our dedication to environmental stewardship and community support.

Beyond regulatory compliance, we are dedicated to embedding sustainability at the core of our operations for the benefit of future generations. Read about our ESG efforts in our Sustainability Report for more details.

BOARD RENEWAL AND COMMITTEE ENHANCEMENT

In April 2023, Kwa Chong Seng stepped down as our Board Chairman. We acknowledge with deep appreciation, his strong chairmanship and his many contributions to ST Engineering.

In June 2023, VADM Aaron Beng joined as a non-independent and non-executive Director, with COL Chong Shi Hao appointed as his Alternate Director. Concurrently, COL Cai Dexian stepped down as Alternate Director to Ong Su Kiat Melvyn. In February 2024, Neo Gim Huay joined as a non-independent and non-executive Director. Additionally, in July 2023, Chua Kee Lock, the CEO of Vertex Venture Holdings Ltd, was co-opted as a member of the Research, Innovation, Technology and Enterprise Committee (RITE).

DELIVERING VALUE TO SHAREHOLDERS

The Board of Directors has proposed a final dividend of four cents per share. Combined with the quarterly interim dividends of 12 cents per share paid in 2023, the total dividend for 2023 will be 16 cents per share. This translates to a dividend yield of 4.4% computed using the average closing share price of the last trading days of 2023 and 2022.

Our commitment to shareholders is evident in our dedication to distributing profits through steady and ratable dividends across business cycles. In ensuring that the best interests of our shareholders are at the forefront of our financial decisions, we will continue to make well-considered and prudent decisions regarding fund allocation, whether for shareholder dividends, strategic investments for profitable growth or debt reduction.

As we execute our strategic plan to achieve our 2026 targets, our proven track record positions us well to deliver enduring shareholder value through diverse business cycles.

In closing, we extend our heartfelt gratitude to all our stakeholders, with special appreciation to our shareholders. We would also like to thank our employees, whose unwavering dedication remains the cornerstone of our success. With their continued support, we are resolute in our ambition to shape ST Engineering into a global technology, defence and engineering powerhouse.

TEO MING KIAN
CHAIRMAN
INDEPENDENT DIRECTOR

VINCENT CHONG SY FENG
GROUP PRESIDENT & CEO
EXECUTIVE DIRECTOR

29 February 2024

Board of Directors

(AS AT 29 FEBRUARY 2024)

The Board is unwavering in its commitment to robust corporate governance, steadfastly building enduring shareholder value. It actively supervises efficient business management, provides strategic direction, and oversees acquisitions and sustainability.

The ST Engineering Board comprises 13 Directors and 1 Alternate Director, of whom 7 are independent Directors.

TEO MING KIAN

CHAIRMAN
INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
1 August 2021

Date of appointment as Chairman:
21 April 2023

Date of last re-election as Director:
21 April 2022

Academic & Professional Qualification
- Bachelor of Engineering (First Class Honours) degree in Mechanical Engineering, Monash University, Australia
- Master of Science degree in Management Studies, Massachusetts Institute of Technology, USA
- Fellow of the Academy of Engineering Singapore

Other Directorships/Appointments – Present
- Defence Science and Technology Agency
- Temasek Foundation Ltd
- Temasek Lifesciences Accelerator Pte. Ltd. (Chairman)
- Temasek Trust Ltd.
- TF IPC Ltd
- Vertex Venture Holdings Ltd (Chairman)
- VVB Bio Pte. Ltd.
- Zinfinity Pte. Ltd. (Chairman)

Other Directorships/Appointments – Past 5 years
- Global Innovation Index by World Intellectual Property Organization (Advisory Board Member)
- Interel Pte. Ltd.
- Temasek Foundation Ecosperity CLG Limited (Chairman)
- Temasek Holdings (Private) Limited
- Temasek Life Sciences Laboratory Limited (Chairman)
- Temasek Life Sciences Ventures Private Limited (Chairman)
- Tessa Therapeutics Pte Ltd (Chairman)
- Tychan Pte. Ltd. (Chairman)
- Vertex Venture Management Pte. Ltd. (Chairman)

Achievements
- Degree of Doctor of Laws honoris causa by Monash University
- The Commander First Class – Royal Order of the Polar Star (Sweden)
- The Defence Technology Medal (Distinguished Leadership)
- The Meritorious Service Medal
- The Public Administration Medal (Gold)

VINCENT CHONG SY FENG

GROUP PRESIDENT & CEO
EXECUTIVE DIRECTOR

Date of first appointment as Director:
1 October 2016

Date of last re-election as Director:
20 April 2023

Academic & Professional Qualification
- Bachelor of Engineering (First Class Honours) (Mechanical Engineering), National University of Singapore
- Executive leadership programmes, Thunderbird School of Global Management and the Columbia Business School
- Fellow of the Academy of Engineering Singapore

Other Directorships/Appointments# – Present
- Jurong Port Pte Ltd (Director and Member of Human Resource Committee)
- Mechanical Engineering Departmental Consultative Committee, NUS (Member)
- Singapore's Manufacturing, Trade and Connectivity Domain International Advisory Panel (Member)

Other Directorships/Appointments# – Past 5 years
- Emerging Stronger Taskforce (Member)
- Experia Events Pte. Ltd.
- International Advisory Panel for Advanced Manufacturing & Engineering, Ministry of Trade & Industry (Member)
- JTC Corporation (Board Member and Member of Development Committee and Human Resource Committee)
- Singapore Airshow & Events Pte. Ltd.
- Singapore Quality Award Governing Council (Member)
- Temasek Defence Systems Institute (TDSI) Management Board, NUS (Member)

Achievements
- COVID-19 Resilience Medal
- Distinguished Engineering Alumni Award by the National University of Singapore in 2021
- NTUC May Day Award 2023, Medal of Commendation (Gold)

Directorships exclude ST Engineering's subsidiary(ies)

VICE ADMIRAL AARON BENG YAO CHENG

NON-INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
12 June 2023

Date of last re-election as Director:
N.A.

Date of next re-election as Director:
26 April 2024

Academic & Professional Qualification
- Bachelor of Science, Yale University, USA

Other Directorships/Appointments – Present
- Defence Science & Technology Agency
- Singapore Anti-Narcotics Association Board of Management (Vice-President)
- SRCC Pte Ltd (Deputy Chairman)

Other Directorships/Appointments – Past 5 years
- Maritime and Port Authority of Singapore (Board Member)
- Ngee Ann Polytechnic (Council Member and Chairman of Digitalisation Committee)
- Singapore Anti-Narcotics Association Board of Management (Board Member)

Achievements
- Singapore Armed Forces Long Service Award (10 years, 15 years & 20 years)
- Singapore Armed Forces Overseas Service Medal (IRAQ 2008)
- The Public Administration Medal (Bronze) (Military) - 2017
- The Public Administration Medal (Gold) (Military) - 2023

Board of Directors

KEVIN KWOK KHIEN

INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
1 October 2021

Date of last re-election as Director:
21 April 2022

Academic & Professional Qualification
- Bachelor of Arts (Honours) Economics, Accounting & Financial Management, University of Sheffield, UK
- Fellow, Institute of Chartered Accountants in England and Wales
- Fellow, Institute of Singapore Chartered Accountants
- Fellow, Singapore Institute of Directors

Other Directorships/Appointments – Present
- Sentosa Development Corporation
- Standard Chartered Bank (Singapore) Limited

Other Directorships/Appointments – Past 5 years
- Accounting Standards Council (Chairman)
- Keppel Offshore & Marine Ltd
- Mapletree North Asia Commercial Trust Management Ltd
- Singapore Exchange Limited*

Achievements
- Friend of Labour Award for Contributions to the Labour Movement - NTUC
- Silver Medal Award for Outstanding Contributions to the Accountancy Profession and Community - ISCA

LIM AH DOO

INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
10 November 2015

Date of last re-election as Director:
20 April 2023

Academic & Professional Qualification
- Degree in Engineering (Honours), Queen Mary College, University of London, UK
- Master in Business Administration, Cranfield School of Management, UK

Other Directorships/Appointments – Present
- GDS Holdings Limited*
- GP Industries Ltd*
- Olam Group Limited* (Chairman)
- U Mobile Sdn Bhd

Other Directorships/Appointments – Past 5 years
- ARA-CWT Management (Cache) Limited
- Singapore Technologies Telemedia Pte Ltd
- STT Communications Ltd
- STT GDC Pte. Ltd.
- STT Global Data Centres India Private Limited
- Virtus HoldCo Limited

* Listed company

LIM CHIN HU

INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
16 July 2018

Date of last re-election as Director:
21 April 2022

Date of next re-election as Director:
26 April 2024

Academic & Professional Qualification
- Bachelor of Science, La Trobe University, Melbourne, Australia
- Diploma in Electrical & Electronics Engineering, Ngee Ann Polytechnic
- Fellow of the Singapore Institute of Directors

Other Directorships/Appointments# – Present
- Certis CISCO Security Pte Ltd
- G-Able Public Company Limited*
- Heliconia Capital Management Pte. Ltd.
- Kulicke & Soffa Inc*
- Ministry of Health/MOH Holdings Pte Ltd
  - ALPS Pte. Ltd.
  - Singapore Health Services Pte Ltd
  - Synapxe Pte. Ltd. (formerly known as Integrated Health Information Systems Pte. Ltd.)
- Sentosa Development Corporation (Audit Committee Member)
- Singapore Exchange Limited*

Other Directorships/Appointments – Past 5 years
- Citibank Singapore Limited

Achievements
- Public Service Medal at the Singapore National Day Awards 2022

LIM SIM SENG

INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
15 May 2015

Date of last re-election as Director:
20 April 2023

Academic & Professional Qualification
- Bachelor in Business Administration, Yokohama National University, Japan
- Japanese Government Monbusho scholar

Other Directorships/Appointments – Present
- Building and Construction Authority (Chairman and Non-executive Board Member)
- DBS Securities (Japan) Company Limited
- DBS Vickers Securities Holdings Pte Ltd
- Federal Republic of Nigeria (High Commissioner)
- IOI Properties Group Berhad
- Raffles Medical Group Ltd*

Other Directorships/Appointments – Past 5 years
- Nikko Asset Management Co., Ltd
- Singapore Land Authority

Achievements
- Institute of Banking & Finance Distinguished Fellow Award in 2015 (IBF Distinguished Fellow)
- May Day Award, Medal of Commendation 2015
- Public Service Medal at the Singapore National Day Awards 2018

* Listed company
\# Directorships exclude ST Engineering's subsidiary(ies)

Board of Directors

NEO GIM HUAY

NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
15 February 2024

Date of last re-election as Director:
N.A.

Date of next re-election as Director:
26 April 2024

Academic & Professional Qualification
- Bachelor of Arts (First Class Honours), Cambridge University, UK
- Master of Engineering (Distinction), Cambridge University, UK
- Master of Business Administration (Arjay Miller Scholar), Stanford University, USA

Other Directorships/Appointments – Present
- China Council for International Cooperation on Environment and Development (Special Advisor)
- Global Battery Alliance (Supervisory Council Member)
- Governing Council, Water Resources Group, World Bank
- LGT Bank (Singapore) Ltd. (Board Member)
- Singapore Institute of Technology (Board Trustee)
- Singapore Science Centre Global Pte. Ltd. (Board Member)
- The High-level Policy Commission on Getting Asia to Net Zero (Member)
- United Overseas Bank Sustainability Advisory Panel (Advisor)
- University of Tokyo Global Navigation Board (Advisor)

Other Directorships/Appointments – Past 5 years
- Intellectual Property Office of Singapore (Board Member)
- Mandai Wildlife Group (Board Member)
- Nestle Shared Value Council (Advisory Board)
- Partnership for Green Growth, World Resources Institute (Member)
- SG Eco Fund Advisory Committee (Member)
- Singapore Library Board (Board Member)
- South Pole (Board Member)
- Surbana Jurong Private Limited (Board Member)

Achievements
- Time 100 Climate Leaders
- Eisenhower Fellow

NG BEE BEE (MAY)

INDEPENDENT & NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
1 June 2020

Date of last re-election as Director:
22 April 2021

Date of next re-election as Director:
26 April 2024

Academic & Professional Qualification
- Bachelor of Arts (Honours), University of Western Ontario, Canada

Other Directorships/Appointments – Present
- NTUC Enterprise Co-operative Ltd.
- Pan-United Corporation Ltd.* (CEO and Director)

Other Directorships/Appointments – Past 5 years
- Mercatus Co-operative Limited
- PT. Pacific Granitama (Member of Board of Commissioners)

Achievements
- NTUC, Friend of Labour
- NTUC, Meritorious Service

* Listed company

ONG SU KIAT MELVYN

NON-INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
8 June 2018

Date of last re-election as Director:
22 April 2021

Date of next re-election as Director:
26 April 2024

Academic & Professional Qualification
- Bachelor of Science (Economics) (Honours), London School of Economics and Political Science, UK
- Master of Science (Development Studies), London School of Economics and Political Science, UK

Other Directorships/Appointments – Present
- Centre for Liveable Cities Limited (Chairman)
- Defence Science & Technology Agency (Chairman)
- DSO National Laboratories (Chairman)
- JTC Corporation (Board Member)
- Singapore Technologies Holdings Pte Ltd

Other Directorships/Appointments – Past 5 years
- CapitaLand Ascott Business Trust Management Pte. Ltd. (as Trustee-Manager of CapitaLand Ascott Business Trust*)
- CapitaLand Ascott Trust Management Limited (as Manager of CapitaLand Ascott Real Estate Investment Trust*)
- SRCC Pte Ltd

Achievements
- Bintang Yudha Dharma Utama (Indonesia)
- Order of Australia – Honorary Officer in the Military Division
- Panglima Gagah Angkatan Tentera (Kehormat) (Malaysia)
- The Knight Grand Cross (First Class) of the Most Exalted Order of the White Elephant (Thailand)
- The Most Exalted Order of Paduka Keberanian Laila Terbilang – First Class (Brunei)

* Listed entity

QUEK SEE TIAT

NON-INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
1 July 2013

Date of last re-election as Director:
21 April 2022

Academic & Professional Qualification
- Bachelor of Science (Economics) (Honours), London School of Economics and Political Science, UK
- Fellow of the Institute of Chartered Accountants in England and Wales

Other Directorships/Appointments – Present
- Accounting Standards Committee of the Accounting and Corporate Regulatory Authority@ (Chairman)
- Council for Estate Agencies (President/Council Member)
- Pavilion Energy Pte. Ltd.
- Pavilion Energy Spain, S.A.U.
- Temasek Foundation Ltd
- Temasek Life Science Laboratory Limited
- TF IPC Ltd.

Other Directorships/Appointments – Past 5 years
- Centre for Liveable Cities Limited (Director)
- Centre for Liveable Cities Advisory Panel (Panel Member)
- Monetary Authority of Singapore (Board Member)
- Singapore Press Holdings Limited
- Temasek Foundation Connects CLG Limited

Achievements
- Public Service Medal at the Singapore National Day Awards 2009
- Public Service Star at the Singapore National Day Awards 2014
- The Meritorious Service Medal 2023

@ Formerly known as Accounting Standards Council Singapore. In accordance with the Accountancy Functions (Consolidation) Act 2022, the role of the Accounting Standards Council was assumed by the Accounting Standards Committee, a committee of the Accounting and Corporate Regulatory Authority (ACRA). Members of the Accounting Standards Council were appointed members of the Accounting Standards Committee of ACRA.

Board of Directors

SONG SU-MIN

INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
16 September 2018

Date of last re-election as Director:
21 April 2022

Academic & Professional Qualification
- Bachelor of Laws (Honours), University of Kent, Canterbury
- Singapore Bar
- Bar of England and Wales, Middle Temple

Other Directorships/Appointments – Present
Nil

Other Directorships/Appointments – Past 5 years
Nil

TAN PENG YAM

NON-INDEPENDENT &
NON-EXECUTIVE DIRECTOR

Date of first appointment as Director:
1 August 2021

Date of last re-election as Director:
21 April 2022

Academic & Professional Qualification
- Bachelor of Engineering (Electrical Engineering), University of Tasmania, Australia

Other Directorships/Appointments – Present
- Cap Vista Pte Ltd (Chairman)
- Defence Science & Technology Agency
- DSO National Laboratories
- Singapore University of Technology and Design Board of Trustees (Member)
- Synapxe Pte. Ltd. (formerly known as Integrated Health Information Systems Pte. Ltd.)
- SMRT Technical Advisory Panel (Chairman)
- Temasek Defence Systems Institute (TDSI) Management Board, National University of Singapore (Chairman)

Other Directorships/Appointments – Past 5 years
- D'Crypt Pte Ltd
- Government Technology Agency (GovTech) (Board Member)
- Land Transport Authority (Board Member)
- PUB Board Committee for Transformation (Member)
- Singapore Israel Industrial R&D Foundation
- Tech Vista Pte Ltd (Chairman)
- Temasek Laboratories, Nanyang Technological University (Member)
- Temasek Polytechnic Board of Governors (Board Member)

Achievements
- ASEAN Federation of Engineering Organisations Honorary Fellowship
- Commander of Order of Merit of Italian Republic (Italy)
- Grand Cross of Naval Merit with White Mark (Spain)
- Royal Order of the Polar Star, Knight 1st Class (Sweden)
- The Public Administration Medal – Gold, Silver and Bronze

COLONEL CHONG SHI HAO

ALTERNATE DIRECTOR TO
VADM AARON BENG YAO CHENG

Date of first appointment as Director:
12 June 2023

Academic & Professional Qualification
- Bachelor of Science in Geography (First Class Honours), University College London, UK
- Master of Arts (Distinction) in Near and Middle Eastern Studies, School of Oriental and African Studies, UK

Other Directorships/Appointments – Present
Nil

Other Directorships/Appointments – Past 5 years
Nil

Achievements
- COVID-19 Resilience Medal
- Singapore Armed Forces Long Service Award (10 years & 15 years)
- Singapore Armed Forces Good Service Medal
- Singapore Armed Forces Long Service and Good Conduct (10 years) Medal
- Singapore Armed Forces Long Service and Good Conduct (10 years) Medal (15 years CLASP)
- State Medal Military, Public Administration Medal – Bronze (COVID-19)
- State Medal Military, Public Administration Medal – Bronze (Military)

Directors Seeking Re-election

INFORMATION REQUIRED UNDER RULE 720(6) OF THE LISTING MANUAL OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
(INFORMATION AS AT 29 FEBRUARY 2024)

Name / Age / Country of Principal Residence	The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)
LIM CHIN HU 65 Singapore	Chin Hu has decades of management experience with multinational technology companies like Hewlett Packard and Sun Microsystems (now Oracle). An experienced director, he was CEO of a publicly listed IT services company with expertise in M&A and nurturing technology startups. Chin Hu's experience and knowledge will continue to help steer Management towards achieving ST Engineering's growth vision.

Whether appointment is executive, and if so, the area of responsibility	Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Working experience and occupation(s) during the past 10 years
Non-Executive	Independent Director Chairman of Nominating Committee Member of • Executive Resource and Compensation Committee • Research, Innovation, Technology and Enterprise Committee • Strategy and Finance Committee	Board Member, Singapore Exchange Limited (2018 – current) Board Member, Singapore Health Services Pte Ltd (2017 – current) Board Member, Kulicke & Soffa Inc (2011 – current) Board Member, G-Able Public Company Limited (2011 – current)

Name / Age / Country of Principal Residence	The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)
NG BEE BEE (MAY) 56 Singapore	May's leadership and background experience in management will provide an all-rounded perspective to Board deliberations.

Whether appointment is executive, and if so, the area of responsibility	Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Working experience and occupation(s) during the past 10 years
Non-Executive	Independent Director Member of • Nominating Committee • Executive Resource and Compensation Committee	CEO, Pan-United Corporation Ltd (PUC) (2011 – current) Executive Director, PUC (2004 – current)

Name / Age / Country of Principal Residence	The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)
ONG SU KIAT MELVYN 48 Singapore	Melvyn's defence background will continue to benefit ST Engineering in addressing the changing and challenging needs of the defence business.

Whether appointment is executive, and if so, the area of responsibility	Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Working experience and occupation(s) during the past 10 years
Non-Executive	Non-Independent Director	Permanent Secretary (Defence Development) of Ministry of Defence (2023 – current) Permanent Secretary (Development) of Ministry of National Development (2024 - current) SAF Officer (1994 – 2023)

Name / Age / Country of Principal Residence	The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	
VADM AARON BENG YAO CHENG 42 Singapore	Aaron's qualifications and his past and present various positions within MINDEF equip him with the requisite experience and capabilities to bring the defence perspective to Board discussions.	
Whether appointment is executive, and if so, the area of responsibility	**Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)**	**Working experience and occupation(s) during the past 10 years**
Non-Executive	Non-Independent Director Member of Risk and Sustainability Committee	SAF Officer (2000 – current)

Name / Age / Country of Principal Residence	The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	
NEO GIM HUAY 50 Singapore	Gim Huay as a recognised leader in the global environmental field, would bring a rich set of skills to the Company, cultivated through several decades of experience in both the public and private sectors. She has been leading the enterprise development, sustainability and climate strategy at Temasek for the past decade, developing deep expertise and networks in the areas of policy development, impact investing, as well as capability building and stakeholder engagement. Gim Huay's vast experience in enterprise development, sustainability and climate strategy will bring added value and synergy to the Board and enhance the existing competencies and skills within the Board.	
Whether appointment is executive, and if so, the area of responsibility	**Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)**	**Working experience and occupation(s) during the past 10 years**
Non-Executive	Non-Independent Director Member of Risk and Sustainability Committee	Managing Director, World Economic Forum (2022 – current) Managing Director, Temasek International (2010 – 2021)

Lim Chin Hu, Ng Bee Bee (May), Ong Su Kiat Melvyn, VADM Aaron Beng Yao Cheng and Neo Gim Huay have each:

- confirmed that he/she has no relationship (including immediate family relationships) with an existing director, existing executive officer, the Company and/or any substantial shareholder of the Company or any of its principal subsidiaries.
- confirmed that he/she has no conflict of interest (including any competing business).
- provided an undertaking in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.
- confirmed that all responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual to be "No".

The other information required under Rule 720(6) of the SGX-ST Listing Manual are disclosed in the "Board of Directors" on pages 12 to 19.

The shareholding interest in the Company and its subsidiaries (if any) of each of these Directors are disclosed in the "Directors' Statement" on pages 110 to 123.

Group Executive Committee

The Group Executive Committee (EXCO) consists of a dedicated five-member leadership team tasked with guiding strategic decision-making and upholding stringent corporate governance standards within the Group. Serving as the core leadership team, these executives play a pivotal role in charting ST Engineering's course towards success and sustainable growth.

The EXCO is supported by the Group Senior Business Council, which comprises a team of business and corporate function leaders representing our business areas and domains within the Group.

CEDRIC FOO CHEE KENG
GROUP CHIEF FINANCIAL OFFICER

VINCENT CHONG SY FENG
GROUP PRESIDENT & CEO

LAM WAI MENG JEFFREY
PRESIDENT
COMMERCIAL AEROSPACE

RAVINDER SINGH
GROUP CHIEF OPERATING OFFICER
(TECHNOLOGY & INNOVATION) AND
PRESIDENT DEFENCE & PUBLIC SECURITY

TAN LEE CHEW
GROUP CHIEF COMMERCIAL OFFICER
(MARKET DEVELOPMENT) AND
PRESIDENT SMART CITY & DIGITAL SOLUTIONS

VINCENT CHONG SY FENG

Vincent Chong Sy Feng, 54, is the Group President & CEO of ST Engineering and a Director of the ST Engineering Board since 2016.

Before his current role, he was the President & CEO (Designate) from late 2015, and prior to that, the Group's Deputy CEO (Corporate Development) from late 2014. He joined ST Engineering in 2014 as President of Strategic Plans and Business Development of the Aerospace sector.

Vincent 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, UK and the U.S. 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.

Vincent is a board member of Jurong Port and a member of the Ministry of Trade and Industry's International Advisory Panel for Manufacturing, Trade and Connectivity. He served on the Emerging Stronger Taskforce which reviewed how Singapore can build new sources of dynamism and stay economically resilient in a post-COVID-19 world.

Vincent graduated in 1994 with First Class Honours in Mechanical Engineering from National University of Singapore and attended executive leadership programmes at Thunderbird School of Global Management and Columbia Business School. He is a fellow of the Academy of Engineering Singapore and was conferred the Distinguished Engineering Alumni Award by National University of Singapore in 2021.

CEDRIC FOO CHEE KENG

Cedric Foo Chee Keng, 63, is the Group Chief Financial Officer of ST Engineering.

Concurrent to his Group CFO role, Cedric oversees IT, Risk & Assurance and Procurement functions of the Group.

Before joining ST Engineering in October 2016, Cedric was the Group Deputy President and Chief Financial Officer of Neptune Orient Lines Limited. Prior to that, Cedric served at Singapore Airlines as the Senior Vice President, Finance and Administration and subsequently, as the Senior Vice President for West Asia and Africa.

Cedric was also Chairman of JTC Corporation from 2008 to 2012 and SPRING Singapore from 2003 to 2007.

Cedric graduated with a Bachelor of Science in Engineering (Naval Architecture and Marine Engineering) from University of Michigan, Ann Arbor, USA and received his Master of Science (Ocean Systems Management) from Massachusetts Institute of Technology, Cambridge, USA in 1985. He also attended executive programmes at Harvard and Kellogg Business Schools.

RAVINDER SINGH

Ravinder Singh, 59, holds concurrent appointments as the Group Chief Operating Officer (COO) (Technology & Innovation), and President Defence & Public Security of ST Engineering.

Ravinder oversees the development of multi-domain technologies, and business innovation across the Group as its COO. He also leads the Group's businesses across Digital Systems, Cyber, Land Systems, Marine and Defence Aerospace as President Defence & Public Security.

With over 30 years of technology and defence experience, Ravinder has held various management and leadership positions. He was President of the Group's Land Systems sector, then President Defence Business and President of the Group's Electronics sector before he assumed his concurrent appointments on 1 January 2021. Prior to ST Engineering, Ravinder served as the Chief of Army, Singapore Armed Forces (SAF) and the Deputy Secretary (Technology), Ministry of Defence, Singapore. He was awarded the SAF Overseas Training Award (Academic) and was conferred the Public Administration Medal (Military), Silver and Gold.

Ravinder is a board member of the Agency for Science, Technology and Research (A*STAR), 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 Ministry of Communications and Information. Ravinder is also a member of the Board of Trustees of Singapore Institute of Technology.

Group Executive Committee

Ravinder 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. He attended the Advanced Management Program at Wharton Business School.

TAN LEE CHEW

Tan Lee Chew, 60, is Group Chief Commercial Officer (Market Development) and President Smart City & Digital Solutions of ST Engineering.

Before her current role, she was the President Commercial from September 2021 to June 2023.

As Group Chief Commercial Officer (Market Development), Lee Chew 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, she leads the international growth and market expansion for the Smart City and Digital businesses, enabling customers to create digital experiences and transform operational efficiencies through the use of cloud, artificial intelligence, data analytics, the internet of things and digital connectivity.

Lee Chew also has oversight of the Group's Urban Solutions and Satellite Communications businesses, a role she has assumed since joining the Group in September 2021.

Before joining ST Engineering, Lee Chew was the Managing Director, Worldwide Public Sector (ASEAN) from Amazon Web Services (AWS), 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 Centre Infrastructure and Software Defined technology portfolio globally.

Having operated out of Singapore and California with business experiences in North America, Latin America, Europe and Asia, Lee Chew is a firm believer in talent development and is a strong advocate for diversity. She is appointed as President for the Women in Tech Chapter at the Singapore Computer Society, serves on the Board of Infocomm Media Development Authority of Singapore and the Advisory Board of EDPR APAC (formerly known as EDPR Sunseap). In addition, she is a member on the Board of Governors for Temasek Polytechnic and the Vice Chairperson on the Board of the Singapore Heart Foundation.

Lee Chew holds a Bachelor of Arts (Honours) in Philosophy from National University of Singapore.

LAM WAI MENG JEFFREY

Lam Wai Meng Jeffrey, 52, is President Commercial Aerospace of ST Engineering.

Jeffrey has been serving as President Commercial Aerospace since October 2020 and has spent more than 10 years of his career in the Group's Aerospace business. He oversees the Group's Commercial Aerospace business cluster. He has held several senior management appointments within the Group, including President of the Aerospace sector of ST Engineering, Chief Operating Officer of ST Engineering Aerospace, VP/GM of ST Engineering Aerospace Engines, and VP of Engine Total Support in the Aerospace sector.

Under Jeffrey's leadership, the Commercial Aerospace business, a key growth driver of the Group, has demonstrated resilience throughout the COVID-19 pandemic, and has seen significant business growth. Alongside his current responsibilities, Jeffrey will continue to lead the Group's Continuous Improvement initiatives and provide effective Quality & Safety oversight.

Jeffrey 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, USA. He obtained his Diploma in Economics from the Universite d'Aix-Mareille III, France and attended the Advanced Management Program at Harvard University.

Corporate Information

(AS AT 29 FEBRUARY 2024)

BOARD OF DIRECTORS

Teo Ming Kian
(Chairman)

Vincent Chong Sy Feng
(Group President & CEO)

VADM Aaron Beng Yao Cheng

Kevin Kwok Khien

Lim Ah Doo

Lim Chin Hu

Lim Sim Seng

Neo Gim Huay

Ng Bee Bee (May)

Ong Su Kiat Melvyn

Quek See Tiat

Song Su-Min

Tan Peng Yam

Colonel Chong Shi Hao
(Alternate Director to
VADM Aaron Beng Yao Cheng)

AUDIT COMMITTEE

Kevin Kwok Khien
(Chairman)

Lim Ah Doo

Song Su-Min

EXECUTIVE RESOURCE AND COMPENSATION COMMITTEE

Teo Ming Kian
(Chairman)

Lim Chin Hu

Lim Sim Seng

Ng Bee Bee (May)

NOMINATING COMMITTEE

Lim Chin Hu
(Chairman)

Lim Sim Seng

Ng Bee Bee (May)

Teo Ming Kian

RESEARCH, INNOVATION, TECHNOLOGY AND ENTERPRISE COMMITTEE

Tan Peng Yam
(Chairman)

Vincent Chong Sy Feng

Lim Chin Hu

Teo Ming Kian

Chua Kee Lock
(Co-opted member)

RISK AND SUSTAINABILITY COMMITTEE

Quek See Tiat
(Chairman)

VADM Aaron Beng Yao Cheng

Vincent Chong Sy Feng

Kevin Kwok Khien

Neo Gim Huay

Song Su-Min

STRATEGY AND FINANCE COMMITTEE

Teo Ming Kian
(Chairman)

Vincent Chong Sy Feng

Lim Ah Doo

Lim Chin Hu

Lim Sim Seng

COMPANY SECRETARY/ JOINT COMPANY SECRETARY

Low Meng Wai

Tan Wan Hoon

REGISTERED OFFICE

1 Ang Mo Kio Electronics Park Road
#07-01 ST Engineering Hub
Singapore 567710
Tel: (65) 6722 1818
www.stengg.com

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View
#12-00 Marina One East Tower
Singapore 018936

Lam Hock Choon
(Partner-in-charge)

Date of appointment:
15 May 2020

SHARE REGISTRAR

Tricor Barbinder Share
Registration Services
9 Raffles Place
#26-01
Republic Plaza Tower 1
Singapore 048619

TECHNOLOGY + INNOVATION

Technology and innovation lies at the core of what we do as a global technology, defence and engineering group. From sustainable innovations to disruptive technologies, we harness innovation and technology to improve lives and make the world more secure and sustainable.

STRONG TECHNOLOGY, ENGINEERING & INNOVATION COMMUNITY

Deepen Capability Building			Drive Innovation Culture	Broaden Outreach to Leverage External Capabilities	
Business-driven Product Development	Core Engineering Capabilities	Strategic Technology Centres	Internal Innovation Programmes	Research Translation @ ST Engineering	Corporate Ventures

OUR R&D INVESTMENT

Our approach to R&D is thoughtful. We focus on investments based on business and product roadmaps that enable us to provide differentiated products and solutions and support our growth.

R&D SPEND

R&D Activity	Funding Sources	Classification in Financial Statements	2023
Research Projects	Internal/External	**Research, design and development expenses**	**$187.9m[1]**
Development Projects/ IP Rights and Licences	Internal/External	**Capitalised development expenditure, commercial/ intellectual property rights and licences**	**$75.6m[2]**
Customer Funded R&D Projects	External	part of **Cost of Sales**	**$146.9m**
		Total R&D	**$410.5m**
		R&D Intensity over Revenue	**4.1%**

[1] see Note B3 in Notes to Financial Statements page 150

[2] see Note C3 in Notes to Financial Statements pages 172-173

"Our tech and innovation efforts are business-driven and centred around core technologies, much of which is digital – including 5G, satellite and future communications, advanced video analytics, AI and quantum computing. Simultaneously, we invest in refining existing operations, such as using robotics and digital twins for shipbuilding to enable cost competitiveness and to accelerate production.

Our solutions are precision crafted to meet the dynamic customer needs, empowering their success in an ever-evolving landscape. This dual focus is pivotal, seamlessly enabling our customers to leverage established solutions to new innovations. It ensures consistent industry leadership as they maintain agility and adaptability in the face of change.

Strengthening our talent pool remains a priority, especially in key areas like generative AI, so we can continuously deepen our engineering competencies. We also tap a global ecosystem of startups, universities, and research institutes to stay at the forefront of technology, foster innovation and to position for new growth opportunities."

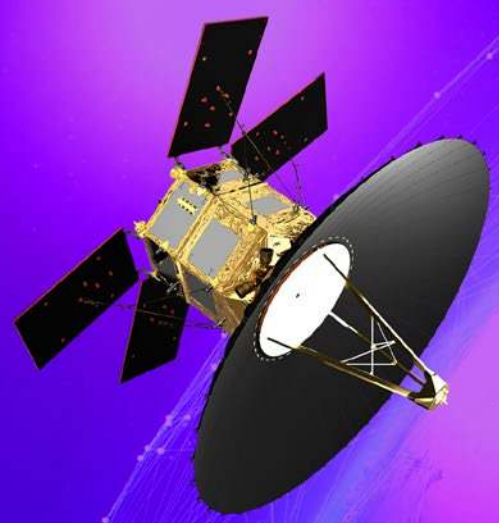
DR LEE SHIANG LONG
Group Chief Technology & Digital Officer

AGIL® Vision

AGIL Vision redefines content discovery and retrieval in video footages by leveraging the unparalleled potential of generative AI. Users can make searches based on colour, object, action, behaviours and logos, thereby facilitating the precise and swift identification of crucial information. This transformative solution can revolutionise operations of diverse sectors, including public safety, security, defence, retail environments, facilities management and construction. AGIL Vision places a paramount focus on security and data privacy by offering an on-premise implementation option, which minimises vulnerabilities that are typically associated with cloud-based infrastructures.

Advancing Singapore's Space Ambitions with TeLEOS-2

TeLEOS-2, Singapore's first polarimetric SAR satellite, features a locally developed payload through collaboration with the Defence Science and Technology Agency for the Singapore government. Utilising indigenous space capabilities, TeLEOS-2 employs a PolSAR payload for day and night imaging in all weather conditions, penetrating clouds and precipitation with full polarimetry. Launched in April 2023, it operates in a near-equatorial orbit (10 degrees inclination), providing 1m high-resolution imagery in an average of 14 daily passes. This expands coverage over shipping routes, disaster-prone areas and forests, creating opportunities in disaster monitoring, environmental management, resource exploration, climate change and weather studies.



Next-generation AGIL® Platform Screen Door

The AGIL Platform Screen Door (PSD) places a high priority on metro station safety, boasting a SIL 3 certification and advanced features like dynamic displays and passenger counting. Engineered for resilience in both high-traffic areas and severe weather conditions, it provides adaptability and cost effectiveness through customisable elements. Its versatile facade options provide an innovative choice for metro stations. Our PSD allows seamless configuration for diverse projects worldwide, facilitating efficient production scaling and cost savings. Our continuous product development efforts focus on reliability and ease of maintenance for greater sustainability. This also enables us to deliver high quality and innovative solutions, maintaining our competitive edge in an ever-changing global landscape.

Operating Review and Outlook

COMMERCIAL AEROSPACE

WHAT WE ACHIEVED IN 2023

- Exceeded pre-pandemic levels of revenue and profit
- Expanded new capabilities in engine MRO to capture future growth
- Continued investment in global capacity growth in MRO and freighter conversion

The aviation industry continued to see steady recovery, with the reopening of the Chinese market and resurgent global travel demand that helped drive flying activities back to almost pre-pandemic levels.

The strong recovery in the aviation sector was however tempered by persisting supply chain issues, a tight labour market and high inflation which impacted the whole industry. A weakened global macroeconomic outlook also contributed to a dip in air cargo, with generally lower monthly freight volumes in 2023 as compared to 2022.

Against this backdrop, our Commercial Aerospace business managed to turn in an impressive performance. Revenue and profit exceeded pre-pandemic levels by mid-year. As part of our sustained efforts to position the business for growth, we reached a few milestones in capability and capacity expansion, and entered into a number of ventures to capture new markets.

AEROSTRUCTURES AND SYSTEMS

Our Aerostructures and Systems business maintained its engines of growth and recovery during the year. Orders for our nacelle product lines remained healthy, while the fundamental demand for freighter conversions stayed strong. Leveraging our strength in engineering and original equipment (OE) manufacturing, we set up a JV to expand our product portfolio with the introduction of the AirFish family of Wing-in-Ground (WIG) craft.

Nacelle and Composite Manufacturing

Production volumes for our biggest nacelle programme, the A320neo, rose in line with increased production of the aircraft platform by Airbus, which aims to increase the rate of production to 75 aircraft in 2026. Orders for our other nacelle product lines such as the Boeing 767 Tanker and Bombardier Global 7500 remained at healthy levels.

As the sole supplier of floor panels used in Airbus' commercial aircraft through our JV in Germany, Elbe Flugzeugwerke GmbH (EFW), our composite manufacturing activities similarly grew in tandem with increased aircraft production rates by Airbus. We expanded our composite solutions for Airbus when they appointed EFW as the manufacturer of the Airspace L Bins, a new retrofit overhead bin solution for narrowbody Airbus aircraft.

Passenger-to-Freighter (P2F) Conversions

Despite a weaker demand that impacted the air cargo market, our freighter conversion business remained strong, which helped to drive our topline growth. Our Airbus P2F programme also continued to mature as the learning curve at our conversion sites improved, which helped in achieving programme profitability at the EBIT level.

Customers remained committed to their orders, signalling confidence in our P2F solutions and the long-term prospects of the industry. To keep up with our busy production schedule, which has conversion slots fully booked through 2026, we boosted our conversion capacity with new modification sites that entered into service in Istanbul, Turkey, as well as in Tianjin and Chengdu in China. These new sites were set up in partnership with third-party conversion houses to augment our inhouse capacity during the year.

Our P2F solutions won further nods when we received validation of our Supplementary Type Certificate from the Civil Aviation Administration of China (CAAC) for the Airbus A330-200P2F and A330-300P2F platforms. The CAAC's validation is a positive development as it enables Airbus A330 aircraft registered in China to easily undergo conversions at our global facilities.

Revenue and profit exceeded pre-pandemic levels by mid-year.

Celebrating the milestone of our 50th Airbus converted freighter redelivery.

Operating Review and Outlook

We expanded our product portfolio with the introduction of the AirFish family of WIG craft.

Cabin Interiors and Engineering Solutions
Our expandable cabin lavatory solution, ACCESS, was certified by the European Union Aviation Safety Agency (EASA) for installation on the Airbus A320 family. This is a significant milestone for us in bringing the solution to market.

Following this successful certification, we are working to make ACCESS available on the Boeing 737 platform. The design for Boeing 737 has been completed, with certification targeted for 2024.

In another significant development, we signed an LOI with Vaayu Group to provide them with 20 units of ACCESS for installation on Airbus A320 and Boeing 737, a step forward to securing a launch customer for ACCESS.

Wing-in-Ground Craft
To expand our product portfolio in the OE manufacturing business, we formed a JV with Peluca to develop WIG craft to serve the maritime public transport, parapublic services and luxury transport market. WIG craft leverages aerodynamic forces and ground effect to glide effortlessly over water, and will prove attractive to operators who value high speed and travel time savings over current vehicle options. The JV plans to certify and have its first platform enter into service in 2025.

Post-COVID-19 recovery momentum continued in 2023 as airlines re-established routes eliminated during the pandemic, flying with greater regularity and pulling aircraft out of storage.

Our airframe MRO capacity in the U.S. grew further with the opening of our second hangar in Pensacola.

AEROSPACE MRO

Post-COVID-19 recovery momentum continued in 2023 as airlines re-established routes eliminated during the pandemic, flying with greater regularity and pulling aircraft out of storage to keep up with burgeoning travel demand. Against this backdrop, our MRO business experienced increased shop visits during the year, and entered into a number of multi-year contracts to cater to the rising needs of airline operators in the coming years.

Airframe Services
Our airframe facilities operated at near full or full capacity throughout the year. To meet the strong market demand, we continued our efforts in increasing airframe MRO capacity with the setting up of new hangars across our network.

We added new capacity in the U.S. when our latest and second hangar entered into service at the Pensacola International Airport where we are developing an airframe MRO complex.

OUR INNOVATIONS

Leveraging Robotics for Engine Maintenance

Engine vane polishing is an essential process during aircraft engine maintenance to restore the machine to its maximum performance. However, the manual method of polishing is repetitive and time-consuming as an engine contains a high number of vanes. The polishing process also generates metallic dust, which can irritate skin and respiratory systems if improperly handled.

To make the process safer and more efficient, we developed a robotic solution that utilises nanobubbles, which are extremely tiny bubbles with high air pressure in reusable deionised water, to remove burrs and other residual material from the vanes.

By leveraging automation technologies for engine vane polishing, we save on manhours required and enable our technicians to focus on higher value work. Given the success of using nanobubbles in polishing engine vanes, we will be expanding its scope to apply the solution on other areas such as engine blade component cleaning.

Operating Review and Outlook

In Singapore, we commenced construction for a new airframe facility at Changi Creek which will add four widebody hangar bays and 1.3 million manhours annually when completed. The first hangar bay is expected to be ready in 2025, with the remaining hangar bays to be ready by end 2026.

In China, we formed a JV with Chinese cargo operator SF Airlines to set up and operate a greenfield airframe MRO facility in Ezhou which is expected to be ready in 2025. Our MRO expertise and years of experience in the region, combined with the strategic collaboration with SF Airlines who is also the anchor customer, will further enhance our presence in China.

Component/Engine Services
Our engine and component MRO businesses saw a steady recovery, spurred by the return of air travel. These were reflected in the multi-year contracts that we secured for component and engine MRO support. Among these new contracts were component Maintenance-By-the-Hour (MBH™) agreements from Japan Airlines to support their Boeing 787 fleet and Airbus A321P2F aircraft, and an exclusive five-year contract to service the existing fleet of CFM LEAP-1B engines belonging to Lion Air Group.

This LEAP-1B contract made Lion Air Group our first LEAP engine customer since we joined the global LEAP MRO network under CFM's Branded Service Agreement (CBSA) in March 2023. Such a contract win marks a significant milestone for us as we continue to enhance our portfolio with the latest engine MRO solutions for airline operators transitioning to new-generation aircraft powered by CFM LEAP engines.

During the year, we forged new strategic partnerships to better capture new nacelle MRO markets. We entered into a collaboration with Spirit AeroSystems to offer stronger value propositions to Middle Eastern airlines, and with Quickstep Holdings to provide the Australasia region with greater breadth and depth in nacelle MRO solutions.

AVIATION ASSET MANAGEMENT

We continued to grow our Aviation Asset Management business by securing new customers and building up our assets under management, which increased to over US$2b in 2023.

We also continued to provide a unique value proposition of customer-focused leasing and freighter conversion solutions all under one roof. We redelivered a number of converted freighter aircraft to our lessee customers during the year, among which were two Airbus A321P2F aircraft for MNG Airlines, and Southeast Asia's first Airbus A321P2F aircraft for Raya Airways.

In line with our strategy of working with partners to grow the Aviation Asset Management business and as part of our efforts to improve capital efficiency by reducing capital employed, we sold 11 narrowbody aircraft to Keystone Holdings, our 50-50 joint venture with Sojitz Corporation. The sale allowed us to expand our asset management operations while improving capital efficiency. It also enables us to

TECH ENVOY

"As Technical Manager for ACCESS, an aircraft lavatory solution designed for passengers with reduced mobility, my key responsibility is to ensure that certification and engineering requirements are met while accounting for manufacturability and user experience. This requires challenging siloed mindsets while fostering close collaboration between various team functions and striking a harmonious balance between innovative thinking and structured processes."

CHARLES BAZ *(extreme left)*
Cabin Interiors and Engineering Solutions
Commercial Aerospace

Harnessing Digital Vision for Facility Inspection

At our U.S. nacelle manufacturing facility, stored energy systems are crucial for material fabrication. Leaks and disruptions to these systems can result in significant production delays. Rainwater that seep in through compromised points in our facility can also potentially damage critical manufacturing hardware.

We have thus developed an integrated digital vision inspection solution for efficient, early detection of maintenance issues and potential failures. It works by operating a drone-mounted Light Detection and Forward-Looking Infrared sensor suite to detect physical deviations in the facility's exterior, as well as emissions leaks and other energy-based anomalies.

The solution uses AI to accurately analyse and compare findings against reference models of the facility, while minimising safety risks associated with human inspection. Similar autonomous systems will be deployed within the facility as part of an initiative to implement end-to-end digital tools for design, evaluation and lifecycle management.

The expansion into LEAP engine capabilities greatly enhances our portfolio with the latest engine MRO solutions for customers.

focus on our core strengths in lease management and MRO while working with our valued partners to offer more product and service options to the market.

OUTLOOK

Although global air travel has almost returned to pre-pandemic levels by the end of 2023, supply chain, talent crunch and inflation issues will likely remain over the short to medium term.

Supply chain issues are expected to continue challenging the air travel industry, causing delays in aircraft deliveries and production issues with engines and parts. Sustained inflationary pressures will also continue to keep costs high for labour, raw materials, logistics and spare parts, impacting the whole value chain. With the aviation workforce shortage compounded by the effects of inflation, industry players will compete harder among one another to attract and retain talent.

Near-term headwinds notwithstanding, our MRO and OE manufacturing business are set to grow in tandem with the air travel market as companies adapt to challenges by increasingly embracing digital and automation technologies, while investing in talent and capacity building.

Operating Review and Outlook

Given the significant upswing in global air passenger activity post-pandemic, the MRO market is expected to become increasingly tight, especially when airlines still have a backlog of deferred maintenance to clear. MRO operators will also experience increased demand over the next few years due to widespread technical issues with new-generation engines, as well as prolonged OEM delivery delays that have prompted airlines to postpone the retirement of older aircraft.

Likewise, the long-term outlook for P2F conversions remains positive even as air cargo demand fell from the pandemic-era highs, with some industry analysts predicting an average year-over-year increase of almost 6% in freighter conversion demand over the next decade from 2024 - 2034. Given that freighter capacity planning by operators is for the long haul, economic cycles and freight demand perturbations will not affect the long-term market trend which is driven by global GDP growth, the need for replacement of older fleets and e-commerce growth.

CHARTING THE WAY FOR GROWTH

We continuously invest across business cycles, so that we can always be ready to capture growth when the upturn comes.

With the COVID-19 pandemic behind us, we are able to shift our gear higher into growth mode as we develop even greater capacity and capabilities to match industry demands and customer needs.

At the same time, we continue to enhance our value proposition as a one-stop solutions provider through the bundling of solutions across the wide spectrum of our offerings.

Capability Development for New Opportunities

As part of our key growth strategy, we will continue to pursue capability expansion across all our businesses. In MRO, our extension into LEAP engine solutions through joining the CBSA partnership strengthens our long-standing relationship with CFM, while offering deep and broad LEAP OEM service solutions to customers. In OE manufacturing, the new JV for WIG craft extends our OEM capabilities in an exciting new frontier to capture opportunities in the maritime and coastal transport industry.

TECH ENVOY

"Innovation is born from the need to do more with less. To achieve business excellence and deliver on product quality, customer expectations and profitability, we are investing in smart MRO technologies not just from a process angle, but also by growing our workforce's capabilities. In engine MRO, robotic automation and digitalisation empower our people to perform complex tasks in innovative ways."

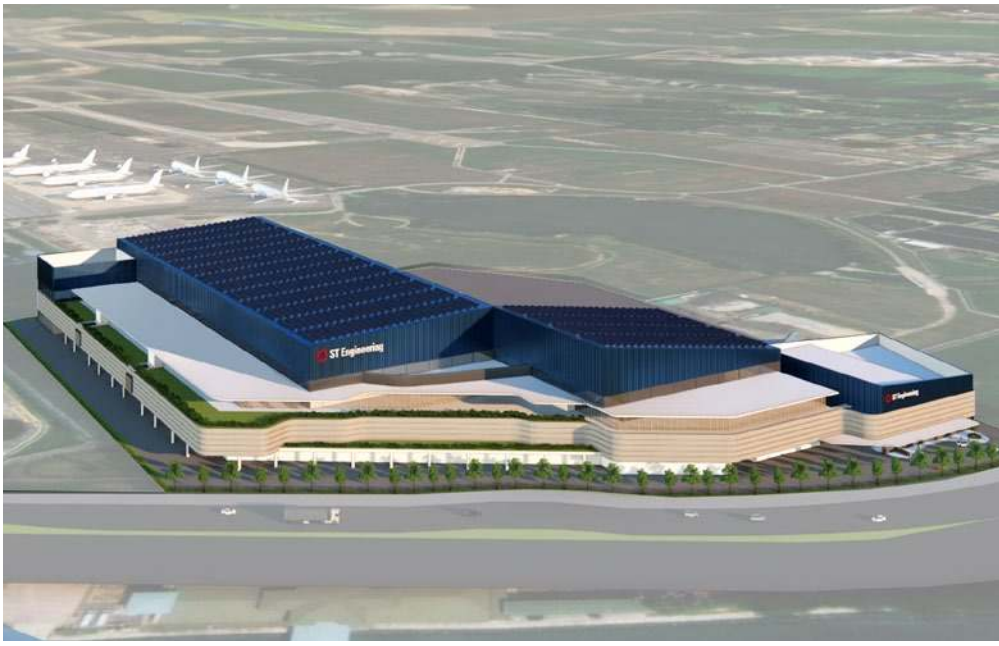
JOHNSTON LUM
Engine Services
Commercial Aerospace

We continue to enhance our value proposition as a one-stop solutions provider through the bundling of solutions across our wide spectrum of offerings.

Higher Capacity for Growing Demand
According to Oliver Wyman, fleet growth worldwide and in the Asia Pacific region are projected to increase at a CAGR of 2.5% and 1.3%, respectively between 2024 and 2034. The establishment of the Changi Creek facility in Singapore will enable us to better serve operators' rising maintenance needs in Asia Pacific. At the same time, we continue to expand internationally with ongoing and planned constructions of new hangar facilities in Pensacola in the U.S., as well as in Ezhou in China.

Fortifying Talent Pipeline
As we increase our MRO capacity, we are also making sure we have the talent pipeline ready to support these expansions. Efforts in growing our workforce include collaborations with technical institutes and universities in the communities where we plan to increase our footprint. For instance, we signed an MOU with Pensacola State College to explore setting up an Aviation Training Academy in Pensacola, U.S. Under the MOU, we will develop an apprenticeship programme and provide "direct to industry" job opportunities for the academy's apprentices.

Value Adding through Integrated Solutions
Combining our various capabilities from MRO and OE manufacturing to leasing, we continue to position ourselves as a one-stop solutions centre with integrated lifecycle fleet solutions. For instance, the bundling of aircraft leasing with MRO services, when combined with inhouse-developed P2F programmes and top-notch conversion standards, offer operators best-in-class economics and unparalleled levels in convenience and customer experience. We will continue to build on our synergies and deliver bespoke solutions that address operators' myriad needs, enabling them to better focus on their operations.



Artist impression of our new airframe MRO facility in Singapore.

Enhancing Performance with Smart Technologies
As we focus on sustaining growth, we continue to capture productivity benefits through the employment of smart technologies.

Turning to smart technologies also helps to mitigate some challenges in MRO, for instance using 3D-printed parts to overcome supply chain disruptions of cabin interior spare parts.

KEY FOCUSES FOR 2024

- Continue investments in global capacity and growth
- Ramp up LEAP engine MRO capacity and capabilities
- Fortify talent pipeline through various training programmes and initiatives to support growth plans

Operating Review and Outlook

DEFENCE & PUBLIC SECURITY

WHAT WE ACHIEVED IN 2023

- Expanded international footprint of Digital Business, land and naval platforms, munitions and MRO in Asia, Europe and the Middle East. Digital solutions include providing mission critical software-as-a-service, building and operating SOCs, and developing on-prem cloud solutions
- Unveiled a new hybrid electric next-generation 4x4 protected vehicle as part of efforts to introduce more superior mobility platforms
- Built a strong network of international partners to collaborate and deliver advanced defence equipment and solutions for NATO markets

2023 was another eventful year as geopolitical conflicts in certain parts of the world continued to highlight the importance of national security and defence.

Defence spending remained on the rise as armed forces continued to pursue their military modernisation objectives, amidst a growing emphasis on self-reliance in critical areas of defence technology and capability.

Ongoing geopolitical conflicts and tensions also meant that countries had to uphold their commitment of military assistance to allies, without compromising their own defensive posture or upending procurement plans.

We expanded our Defence footprint with international contracts, including contracts with Europe and the Middle East for 40mm and 120mm mortar systems, simulation solutions and shipbuilding.

DIGITAL SYSTEMS & CYBER

We kept up our growth momentum to deepen our indigenous capabilities in AI and Software, Cloud and Cyber, even as new technology disruptors continue to emerge, focusing on the development of products and applications that are business-driven and delivered end-to-end solutions that address our customers' digitalisation needs.

Fueled by advancements in deep learning, generative AI was the new tech buzzword in 2023 with applications proliferating across industry segments ranging from healthcare, finance and manufacturing. We also leveraged AI and large language models to augment products and solutions for our customers and stakeholders, and improved solutions for critical information infrastructure and enterprise systems that are smart and secure.

At our Cybersecurity Ops Centres, AI is used in our Threat Intelligence Platform to automate the onerous process of threat analysis, reducing the time needed to derive threat insights from minutes to seconds. We have incorporated generative AI in our predictive models and simulations, enabling users to process larger volumes of data to predict threats before they occur.

Under the growing complexity and diversity of data environments, organisations in Singapore are increasingly embracing hybrid multicloud, with the number set to continue growing in the coming years.

To meet this increasing demand, we teamed up with Nutanix, a leader in hybrid cloud computing, to deliver a hybrid cloud solution that is agile, scalable and secure. Tailored to the unique operational requirements of organisations and businesses, the solution aims to integrate the benefits of both public and private clouds, enabling data storage, multicloud management, critical applications hosting and disaster recovery capabilities while adhering to the strictest security standards.

The upward trend for hybrid cloud solutions translates to a swell in demand for tech talents with requisite skill sets. To this end, we will work with Nutanix to co-create and deliver training curriculums in the next two years, targeting educational institutions of higher learning to equip students with skills required to excel in cloud-centric environments. These efforts will elevate the cloud competency in Singapore, in support of government-wide initiatives to build deep tech skills for high-demand areas such as cloud computing.

As part of our efforts to build and deliver superior mobility platforms, we are always adapting and integrating new and relevant technologies to enhance the effectiveness and performance of our products.

TECH ENVOY

"Being involved in the productisation of AGIL® Vision allowed me to help customers incorporate new technology into their businesses and reimagine their existing operational workflows. In the realm of video surveillance, AGIL Vision offers sophisticated capabilities for real-time threat detection, object recognition and anomaly detection for sectors including public safety and security, defence and enterprises such as construction, education amongst others. This helps businesses increase their productivity, optimise their processes, and improve safety and accident prevention. As we continue to push the technology frontier, we seek to make sense of emerging technologies and translate them into tangible solutions that address real-world challenges."

TERRY TAN
Sales Manager
Enterprise Communications
Advanced Networks & Sensors

Operating Review and Outlook

With a proven track record for integration and execution of Operational Technology (OT) cybersecurity solutions, our Cyber business also stepped up efforts to strengthen OT cybersecurity in Asia and the Middle East. Together with Siemens Energy, we are combining our collective expertise and resources to secure critical installations and infrastructures in new markets, building up the OT cybersecurity ecosystem.

To further grow our Cyber business, we acquired D'Crypt to augment and expand our encryptor product offerings and augment our cryptographic and quantum capabilities, as well as strengthen our talent pool in cryptography and cybersecurity. This acquisition will enable us to advance the development of dual use cyber technologies for critical infrastructure and enterprise, and deliver cutting-edge cyber and encryption solutions to a broader spectrum of customers.

Signing of MoU with Saab at DSEI 2023.

We are also working with Dell to provide a complete solution to secure endpoint, network and data for our customers across various industries. During the year, we received orders for our cyber products, data diodes and encryptors from new customers in global markets.

Using 5G technologies and AI-infused edge analytics solutions, we enabled customers to overcome latency in Internet of Things (IoT) and meet their demands for faster decision making and higher processing speeds at lower bandwidth requirements. Supporting our partners DSTA and HTX, we completed a 5G trial on Sentosa, successfully demonstrating

TECH ENVOY

"Harnessing the power of Extended Reality (XR), we redefined the concept of command centre operations. For enhanced sensemaking capabilities, our digital twin applications on XR headsets and Digital Sandtable integration allow users to virtually teleport to their select location to conduct virtual patrols and inspections. This offers flexible, immersive perspectives and extends the reach of existing command centres by enabling remote users to participate in planning and share a virtually identical common operating picture with those at the command centre."

JONATHAN HIA
Head CoE-XR
Training & Simulation

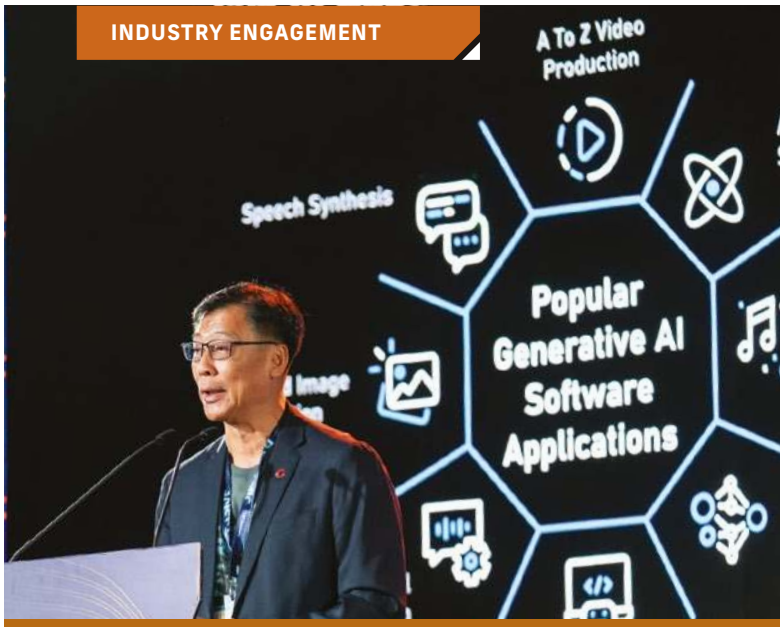
the pairing of multiple moving assets, which included drones and unmanned ground vehicles, with smart videocam feeds, to provide real-time security insights to a command centre equipped with immersive collaboration tools. We also worked with telco M1 to co-develop Pinnacle, a next-generation Multi-Access Edge Computing solution that combines M1's 5G network and our AGIL Edge Platform for 5G to offer enterprises high levels of service performance in a cost effective and efficient manner.

Our training and simulation solutions expanded their market presence, gaining new users including the United States Marine Corps and the UK Armed Forces. The Immersive Training Environment Project, Phase 2 will provide training that immerses U.S. Marines into realistic scenarios combining live, virtual and augmented reality. This allows them to practise, refine and reinforce decision making skills in challenging and realistic environments. Our training and simulation companies in Europe and the U.S. were part of a global delivery team providing the MAK One suite of simulation and visualisation software to Boeing Defence UK for the UK Royal Air Force Gladiator programme, a new synthetic training system.

Leveraging the opportunities presented by digital and dual use technologies, we teamed up with Ultra Precision Control Systems, a UK-based engineering company, to develop a commercial off-the-shelf Electronic Architecture Kit which is based on our Vehicular Integrated Communications System (VICS). Built as a generic vehicle architecture (GVA) compliant system, the Electronic Architecture Kit is a cost effective solution for militaries seeking to digitise and upgrade their existing fleets.

Accentuating the prevalence of technology and its impact on businesses, we held two key conferences during the year, bringing together international thought leaders and industry captains to engage and discuss the latest technological insights and developments.

INDUSTRY ENGAGEMENT



Sharing Insights in Cybersecurity and New Technologies

We organised two large cybersecurity and technology conferences in 2023, namely the ST Engineering Cyber Security Summit and the ST Engineering InnoTech Conference 2023. The ST Engineering Cyber Security Summit saw an attendance of more than 900 global participants. Themed "Cybersecurity: The Next Wave", renowned international cyber experts shared their views on the next wave of cybersecurity threats. They gave insights on how to proactively secure cyberspace from imminent threats at the national level, expanding the audience's lens on unknown security issues in operational technology, supply chain, Internet of Things, 5G security, generative AI and more.

The ST Engineering InnoTech Conference 2023 brought together thought leaders and industry captains from around the world to engage in and discuss the latest technological insights and developments. Aligning with the theme "Thrive in the New Dynamic: Embracing Digital Disruptions", the large-scale forum with over 1,700 participants delved into the transformative potential of disruptive technologies and their impact on businesses. Breakout sessions were held where global business and technology leaders shared their perspectives on game-changing technologies such as hybrid cloud and AI, 5G, and autonomous solutions, generative AI and metaverse, smart cities and cybersecurity.

Operating Review and Outlook

Bronco static display at Mountain Warfare Congress 2023.

Display of the 120mm Ground Deployed Advanced Mortar System (GDAMS) at DSEI 2023.

LAND SYSTEMS

Force modernisation continued to rank high on the priorities of armed forces, with the emergence of new technologies set against the backdrop of rising ongoing geopolitical tensions and conflicts. Technologies like AI, robotics and digital communications were used to enhance situational awareness and enable faster decision making, as well as for predictive maintenance of equipment and logistics optimisation.

As part of our efforts to build and deliver superior mobility platforms, we are always adapting and integrating new and relevant technologies to enhance the effectiveness and performance of our products. During the year, we unveiled a new hybrid electric next-generation 4x4 protected vehicle (NGPV). Targeting users who seek extended silent watch and stealth capabilities, the vehicle has a silent drive mode of up to 15km and an extended range of about 780km. With a digitalised open architecture platform, the vehicle can support a range of payload configurations. The NGPV is in the final stages of verification and validation tests and will undergo stress tests under high desert temperatures.

The hybrid electric drive kit was conceptualised in April 2022, in response to an increasing demand for high-power payloads and green technology. The current kit is designed for wheeled vehicles in the 15 to 20 tonne class and can achieve potential fuel savings of up to 30%.

Another new product was the 120mm Ground Deployed Advanced Mortar System (GDAMS) that can be easily fitted onto a range of vehicles, including light utility vehicles. Being man-portable, it requires only a two-man crew and can be stowed in 25 seconds.

We continued to secure new orders for our 40mm ammunition, both from existing and new customers in Europe and the Middle East.

In the humanitarian assistance and disaster relief segment, we continued our efforts to establish market presence in Mexico. We delivered the first of two ExtremV vehicles to our distributor, Ferbel, a motor vehicle manufacturing company based in Querétaro, Mexico for their customers.

MARINE

Strong demand for our shipbuilding and shiprepair businesses, had our shipyards operating at full capacity for most of the year.

In March, we were awarded a contract by the Ministry of Defence (MINDEF) of Singapore 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, 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.

We continued to meet key delivery milestones for our current programmes. For the Falaj 3-class Offshore Patrol Vessels project in UAE, we have completed the detailed design of the vessels and begun construction.

We also performed shipbuilding, repair and overhaul works for several foreign navies. In October, we secured our first international naval MRO in-service support contract. Awarded by Muara Maritime Services, the main MRO service provider for the Royal Brunei Navy, the contract scope covers two ex-Singapore Fearless-class patrol vessels. We will deploy a team of specialist engineers to Brunei to support the

TECH ENVOY

"In the pursuit of enhancing our manufacturing operations, we have implemented a centralised operations centre with real-time, end-to-end decision support systems. The key innovation in this operations centre is its prowess to seamlessly integrate and analyse data from diverse sources – spanning materials tracking, production and final acceptance – all presented in real time through intuitive dashboards and alerts. These capabilities have led to a notable positive impact on our customers, ensuring punctual delivery, enhancing product quality and elevating responsiveness to their needs."

DAVID MAK
Vice President
Manufacturing
Land Systems

TECH ENVOY

"We are constantly looking for ways to integrate new technologies into our business operations. Our digitalisation initiatives in our shipbuilding and shiprepair businesses have enhanced our efficiency and increased accuracy in documentation and data collection. With these in place, customers and stakeholders can now have access to a database of various vessels with records easily available at their fingertips. Digitalisation also sets the stage for advanced technologies in Industry 4.0 as we leverage them to derive valuable insights, support data-driven decision making processes and optimise our operations."

FUNG CHUL YEAN
Senior Executive
Continuous Improvement
Marine

Operating Review and Outlook

build-up of a maintenance regime and offer engineering solutions for obsolescence and modernisation needs.

Our commercial shiprepair business also enjoyed higher activity levels, buoyed by increased demand resulting from a rise in offshore oil and gas exploration activities, renewables and offshore wind segments. We also implemented more ballast water management systems for international customers during the year. This is ahead of the IMO regulations which will take effect in September 2024, requiring vessels to be fitted with ballast water management systems.

To remain competitive, we acquired a brownfield shipyard to replace our current Tuas yard, whose lease expires in 2024. The new Gul yard is larger and a timely development as we are seeing an uptick in the maintenance and repair segment, as well as growing opportunities in shipbuilding for renewables, offshore wind and offshore oil and gas segments. The Gul yard is being progressively upgraded to incorporate end-to-end digitalisation that will power the shiprepair cycle and processes.

In a nod to our shipbuilding capabilities, we took home the "New Building Yard of the Year" award at the ShipTek International Awards 2023 which recognised organisations who have made significant contributions towards the development of the maritime sector.

The "Estrella Del Mar III", a floating power plant which we jointly designed with Siemens Energy, was accorded POWER magazine's "Plant of the Year 2023". This award recognised our inhouse engineering design capabilities in constructing a power plant that deploys advanced technology while maximising efficiency and minimising environmental impact.

A Tunisian Air Force C-130 aircraft undergoing modernisation and maintenance work at our facility.

DEFENCE AEROSPACE

We held to our steadfast commitment to help customers achieve their operational needs. We secured new contracts with a number of customers whom we had worked with before. They include the Indonesian Air Force for C-130 aircraft maintenance and the Tunisian Air Force for avionics upgrades and maintenance of two C-130s. We also deepened our collaboration with our industry partners such as Boeing for systems integration, training, parts distribution, support and sustainment work for the P-8A Poseidon, and with Honeywell on retrofit, modification and upgrade programmes for fixed-wing and rotary-wing platforms globally.

OUTLOOK

Looking ahead, defence spending will continue to remain high as the geopolitical and security landscape remains volatile and complex. Armed forces around the world are carrying out planned procurements to replace ageing equipment, as well as increasing investments to develop their digital capabilities as a key force multiplier.

Militaries are employing more dual use technologies, such as additive manufacturing, data analytics and AI to provide cybersecurity for wide ranging applications. These applications will help to accelerate their transformation and defend against emerging and evolving threats from multiple domains. The applications include unmanned systems and vehicles, ground robots, future command and control systems, as well as training platforms.

We are also building a strong network of partners to collaborate and deliver advanced equipment and solutions for NATO markets.

These developments present opportunities for both our Land Systems and Digital Systems businesses, as we look to develop new and advanced solutions that meet the current and future operational needs of our customers. Integrating our digital capabilities with engineering expertise that has been accumulated for over 50 years, we have new products in the pipeline, including superior mobility platforms, vehicular communications systems, unmanned ground vehicles, soldier systems and 40mm weapon systems. We are also building a strong network of partners to collaborate and deliver advanced equipment and solutions for NATO markets.

On the digital tech front, as generative AI finds its way into more applications and becomes more pervasive in our everyday lives, there are increasing conversations about ethics and regulations that would either affect or enhance interoperability among countries and organisations. As a founding member of AI Verify, a groundbreaking initiative in Singapore launched in May 2022, we are committed to responsible AI innovation that adheres to international principles of transparency, explainability and robustness. This commitment will extend to our team's AI ethics and governance education, which we conduct through our inhouse Digital Academy, to equip and guide our professionals in our AI developments.

Widespread concerns over data privacy and data loss continue to drive our build up of holistic cybersecurity capabilities to better secure identities and systems, including adopting zero-trust solutions, in order to empower the cyber resilience of organisations. Our Cyber Threat Intelligence Platform not only automates threat analysis, but also dramatically reduces the time required to derive threat insights from hours to mere seconds with less manpower. This involves using generative AI to create predictive models and simulated environments, and to analyse larger volumes of data to predict threats before they occur.

To bolster our engineering, design and production capabilities for our Marine business, we adopted a model-based capability development concept for vessel design and engineering, automated the production processes and digitalised the fleet management and lifecycle support systems. With the new Gul yard due to be fully operational in 2024, we are well positioned for growth in terms of capacity and having a technology roadmap to support this growth.

In line with the push for sustainability, we are also looking into green innovations such as electric/hybrid propulsion, energy-efficient platform systems, eco-hull design for fuel efficiencies and the use of recyclable materials for shipbuilding for our customers.

KEY FOCUSES FOR 2024

- Expand and drive new growth in International Defence, Public Safety and Security, Digital Systems, Cyber and Marine Businesses
- Develop next-generation scalable products and solutions to meet the current and future operational needs of our customers
- Build deep tech skills in Singapore for high-demand areas, such as cloud computing, cyber, data analytics through our inhouse Digital Academy and through collaborations with industry partners

URBAN SOLUTIONS & SATCOM

WHAT WE ACHIEVED IN 2023

- Advanced Smart Mobility leadership position through notable contract wins and was appointed as project leads for the Kaohsiung MRT Red Line South Extension and the first multimodal Intelligent Transportation Central Platform in Abu Dhabi
- Strengthened focus on technology development, and incorporated emerging technologies into our next-generation Smart City solutions
- Embarked on Satcom transformation strategy to establish a foundation for growth and profitability

The continued demands for urbanisation, digitalisation and sustainability spurred gradual recovery of the Smart City segment, generating opportunities amid macroeconomic and geopolitical challenges.

Business momentum in the Smart Mobility and Smart Infrastructure domains picked up during the year, buoyed by continued investments in critical infrastructure projects in our focus markets. We continued to sharpen our go-to-market strategies, successfully growing our presence in key markets while exploring new ones. Against the backdrop of a fast-evolving satellite communications industry, we continued to secure contracts from customers across key markets.

Technology leadership has always been a driving force behind our smart city success, and we recognise the potential of AI in revolutionising smart city transformation. To strengthen our product pipeline, we expanded our R&D focus to include AI and other emerging technologies into our next-generation solutions to help cities better address their urban challenges. We believe this will lay a strong foundation for our future success and bring us closer to realising our aspirations as a global Smart City leader.

SMART MOBILITY

Our Smart Mobility business continued its growth trajectory, securing notable rail and road transport projects around the world that demonstrated the strength of our advanced solutions, competitive differentiation and capabilities. We continued to pursue projects that elevate our position within the mobility value chain.

Highlights from our Mobility Rail business include a $430m contract to provide turnkey rail services for the new Kaohsiung MRT Red Line South Extension, as part of a larger contract with consortium partner Hyundai Rotem. Apart from providing rail electronics solutions including SCADA and Communications Systems, we will serve as the project management and systems integration lead. This win adds to our portfolio of turnkey rail projects in Taiwan, solidifying our foothold in the market.

Our AGIL Platform Screen Door solution is making inroads into Toronto, Canada.

We continued to grow our presence in Australia, Canada, India and Thailand, clinching contracts to supply our AGIL® Platform Screen Door solution for the new Sydney Metro – Western Sydney Airport Line in Greater Western Sydney, the new Ontario Line in Toronto, the new Chennai Metro Phase 2 Corridors 3 and 5 project, as well as rail electronics solutions for Bangkok's Pink and Yellow lines.

Our Mobility Road business strengthened its UAE footprint, winning a contract to design, build and maintain Abu Dhabi's first multimodal Intelligent Transportation Central Platform (ITCP) as part of a consortium. As the consortium lead, we will also be leading project management and system integration. The ITCP will enable city-wide transport network visibility and management for the Abu Dhabi transport authorities as well as seamless commuter travel when completed.

Supporting the transition to green mobility, we deployed our next-generation integrated Smart Car Park and Electric Vehicle (EV) Charging system, GoParkin™, at Singapore's Nanyang Technological University as part of a larger project to build and operate its campus-wide EV charging network. First-of-its-kind in Singapore, GoParkin leverages Automatic Number Plate Recognition technology and allows EV users to park, charge and transact easily on a single mobile app, while delivering operational and maintenance cost savings as well as useful business insights to car park operators.

Powering Ahead with TransCore

TransCore continued its strong performance during the year, securing contracts for tolling and back office systems, customer service operations, and RFID products in the U.S. and the Middle East.

In June, TransCore received the notice to proceed with the final phase of construction for the New York City Congestion Pricing project, the first congestion pricing programme in the U.S. It is actively deploying its next-generation, neural-network-powered tolling systems that provide all-overhead functionality in Lower Manhattan's Central Business District.

The successful deployment is expected to reduce traffic congestion, lower carbon emissions in the deployment zone, improve quality of life for the people of New York and generate funds for public transit capital investment.

We entered into a strategic collaboration with Mastercard to bring innovative and secure multimodal mobility payment solutions to market. This collaboration allows us to combine Mastercard's extensive global network and experience in open loop payments with our focus on innovation, to deliver contactless and seamless commuter journeys.

Our Smart Mobility business continued its growth trajectory, securing notable rail and road transport projects around the world...

SMART UTILITIES AND INFRASTRUCTURE

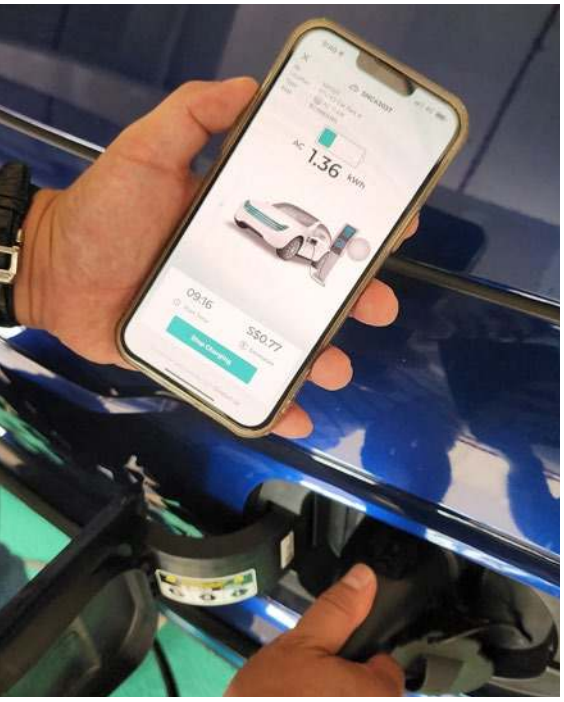
Our Smart Utilities and Infrastructure (SUI) business maintained its focus on addressing the critical needs of smart cities - from driving more efficient utilities, to enabling energy-smart buildings and fortifying them with integrated smart security management solutions.

We made progress in key segments, securing strategic projects in focus markets. Our AGIL Smart Street Lighting solutions continued to help cities light the way to a more sustainable future. Highlights include deploying our Bright City platform to connect over 121,000 streetlights in Auckland, elevating operating efficiencies and achieving energy savings for Auckland Transport. We worked with PUB, Singapore's National Water Agency, to progressively deploy 250,000 Meter Interface Units (MIUs) to upgrade Singapore's water metering infrastructure. The MIU enables meter readings to be transmitted digitally and automatically to PUB daily, improving operational efficiencies.

Our Smart Security solutions saw continued demand from customers in Singapore, and we won our first next-generation AGIL Secure Integrated Security Management Platform contract in Indonesia for the new Dhoho Kediri International Airport. The platform's centralised view, automated monitoring and control of airport security operations enables quicker incident response for a safer traveller experience.

Additionally, SPTel, our JV with SP Group, and SpeQtral will be building Singapore's first nationwide quantum-safe network NQSN+ which will provide unparalleled data protection for critical applications.

Enabling seamless EV charging and parking transactions with GoParkin.



TECH ENVOY

"AI, especially generative AI, is propelling the next wave of automation and creative innovation. At Urban Solutions, we are conscientiously harnessing generative AI to boost our internal productivity as well as enhance our products and services for smart cities. This includes state-of-the-art AI-driven traffic, utilities and security infrastructure management systems that will contribute to more efficient, sustainable and thriving urban environments."

NIXON NG
Head
Technology Development
Urban Solutions

Taking Tolling to New Heights

TransCore's latest generation of tolling solutions leverage advanced AI to eliminate the need for in-ground sensors, reduce roadside equipment footprint and enable less disruptive system installation and maintenance. Its new Vehicle Classification and Tracking System offers accurate vehicle detection, classification and image capture that is housed in a compact enclosure. Motion and object detection algorithms uniquely identify and track vehicles through the toll zone, triggering automatic licence plate recognition cameras and vehicle classification using trained convolutional neural networks running on an onboard processor. The result is highly reliable, all-overhead automatic vehicle detection and classification.

Enhancing Motionless Patient Detection through Advanced Sensor Technologies

Unconscious patients that lie undetected for periods of time within enclosed spaces such as hospital toilets, are at risk of delayed medical attention and adverse health outcomes. Responding to a critical need for automated, motionless patient detection and monitoring, the SUI team tapped on their deep expertise in sensor technologies, wireless communications and smart analytics to develop the AGIL Sense Fall and Motionless Detection Alert system. Currently being piloted at Hong Kong's Tuen Mun Hospital, the non-intrusive system detects patient falls and prolonged space occupancy in the hospital's toilets, providing real-time alerts and actionable insights to hospital staff to enable quick response and timely patient attention.

SATCOM

To build a strong foundation for growth and profitability, we embarked on a transformation journey aimed at enhancing efficiency and redefining investment priorities to be future ready. To this end, we are taking steps to converge our multiple product platforms to develop a single next-generation platform, harnessing best-in-class technologies from each of these solutions. Through a targeted workforce streamlining, we positioned the organisation in line with this strategy to create better engineering leverage and process improvements. With a clear vision, we are innovating to develop a high performance, cloud native, software defined ground platform that is scalable and dynamic in delivering communication services when and where they are needed. We continue to invest in strengthening our product roadmap and capabilities to support our customers to grow and lead in an industry undergoing transformation, which in turn positions us well for the future.

Amid the transformation, we maintained our focus on project delivery, enabling connectivity for remote communities and empowering our customers' access to new growth opportunities.

In Peru, we deployed the SKYflow ecosystem solution to deliver over-the-top (OTT) content to remote regions, facilitating access to distance learning for underserved communities. Our flagship Internet of Things (IoT) solution supported ARSAT in delivering satellite-based IoT services in the remote areas of Argentina and to unlock new applications in markets such as smart agriculture and energy.

Pushing new frontiers in connectivity, our Mx-DMA® MRC waveform technology combined with Astranis' MicroGEO satellites unlocked a new level of scale, agility and service experience. Aitelecom/APCO Networks leveraged this powerful combination to deliver critical 4G cellular backhaul and enterprise services across Mexico and part of Central America.

Operating Review and Outlook

Our cost effective and flexible satellite-based IoT solution is enabling ARSAT to offer connectivity to sensors for remote monitoring and analysis across industry verticals.

Our Satcom Centre of Excellence in Belgium is leading a consortium that will develop a secure waveform standard to future-proof satellite communications across the EU.

In June, we unveiled a significant upgrade to our Mx-DMA MRC waveform technology, setting a new performance record. This was adopted by Speedcast, enabling it to triple the speed of its existing offerings to support its most bandwidth-intensive customers. Additionally, Marlink upgraded to our latest Dialog release, achieving a new level of performance and service agility that better supports its complex customer demands.

Our Satcom Centre of Excellence in Belgium is leading a consortium of satellite industry players to develop the European Protected Waveform (EPW) for the European Defence Fund. Premised on agile, secure, affordable and interoperable satellite communications, the EPW will be developed in tandem with current and future requirements for military and secure operations.

Meanwhile, our Satelite Systems business launched the TeLEOS-2 and DS-SAR LEO satellites, bringing our total satellite constellation to five. With our new ability to capture electro-optical and SAR images at 30-minute intervals, coupled with the application of AI in object identification, movement and colour tracking and prediction, we will be able to generate more powerful geospatial analytics and insights for various use cases.

... the combination of our commitment to technology leadership and innovation, deep domain expertise and focus on customer excellence, will unlock new possibilities for our Smart City business...

Advancing our Satcom Capabilities

Against the backdrop of a rapidly evolving satcom industry, we doubled down on our goal to advance our multi-domain, cloud-enabled, standards-based Satcom capabilities.

We entered into a strategic partnership with Airbus Defence and Space to explore mutual synergies in optimising space-to-ground integration. Through this collaboration, we aim 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. Areas of focus include the Airbus Onesat GEO satellites; NGSO constellation programmes; identification of use cases; the corresponding end-to-end solution architecture and future standards.

Additionally, we have achieved another key milestone on our ground segment virtualisation journey. Building on our partnership with Microsoft Azure Space, we successfully demonstrated a proof of concept (POC) of a fully virtualised satellite modem. This brings the satcom industry one step closer towards virtualisation, paving the way for our customers to build multi-orbit strategies on a cloud-based, multi-access technology platform.

Photo: Airbus Defence and Space

OUTLOOK

With the gradual recovery of city infrastructure expenditure, coupled with the continued push for sustainable development globally, we remain positive about the opportunities for our Smart City business in 2024.

We see technology taking on a pivotal role in addressing the challenges to the environment and urban living that stem from population growth and rapid urbanisation. In particular, the increasing deployment of 5G networks, advancements in IoT devices and platforms and the incorporation of AI into smart city systems are poised to redefine a city's operations and usher in an era of heightened efficiency, safety and sustainability.

These developments play well to our strengths and expertise that span the domains of mobility, the environment and security. We believe that the combination of our commitment to technology leadership and innovation, deep domain expertise and focus on customer excellence, will unlock new opportunities for our Smart City business, strengthening our leadership position as we advance our goal of helping cities transition to a more connected, resilient and sustainable future.

SMART MOBILITY

Growing urban populations, the expansion of metropolitan areas and inadequate transportation infrastructure remain significant contributors to traffic congestion, carbon emissions and air pollution.

In response, cities are increasingly leveraging a holistic combination of advanced technologies with integrated transport strategies such as rail and road infrastructure modernisation and expansion programmes, Green Zones and congestion charging initiatives within their urban planning frameworks. With vehicle electrification as a key thrust in driving sustainable mobility, cities will continue to intensify their electrification efforts to meet decarbonisation targets, creating opportunities in the EV charging market.

These developments bode well for our Smart Mobility business. As we continue to pursue opportunities that reinforce our Smart Mobility leadership position, we will focus on building our capabilities and leverage emerging technologies to develop next-generation smart mobility solutions that help operators address their challenges, heighten operational efficiency and reliability and improve their sustainability outcomes.

Operating Review and Outlook

SMART UTILITIES AND INFRASTRUCTURE

Smart utilities and smart sustainable infrastructure leveraging IoT technology are key to enabling more efficient and greener citywide operations. Paired with technological advances, next-generation IoT devices and platforms will offer heightened abilities for real-time resource monitoring and optimisation, enabling improved data analysis and business insights. As more industries find value in IoT, the demand for comprehensive, secure and scalable IoT platforms is set to grow. We aim to leverage our experience and domain expertise to create novel and differentiated IoT solutions that harness the potential of AI and advanced technologies and bring them to global markets.

Another area of our focus is in enabling energy-efficient buildings. Underpinned by smart energy optimisation and sustainable cooling technologies, energy-efficient buildings serve as the foundation for a greener future. We believe that our capabilities in IoT technology, smart energy optimisation and sustainable cooling position us well to help building owners make strides in decarbonisation.

Smart Security continues to be a focus area of our business. Amid an ever-evolving landscape of security challenges, safeguarding critical infrastructure, strategic assets and people remains a key priority for cities. The integration of AI into smart security systems is set to deliver enhanced threat detection, automation and response capabilities, making it an invaluable tool in today's complex security landscape. To stay ahead of threats, we will continue our pursuit of integrated smart security innovations powered by analytics, AI and machine learning, to deliver user-centric, scalable and robust solutions that protect critical infrastructures and strategic assets.

OUR INNOVATIONS

Unlocking a new Milestone towards Satcom Interoperability

The digital transformation of the teleport is a critical part of the satellite industry's evolution. In partnership with Wavestream, a subsidiary of Gilat Satellite Networks, we successfully demonstrated a POC to convert analog signals to digital signals using the DIFI 1.1 standard which provides interoperability at the IF/RF layer. This will enable manufacturers to build interoperable technologies that work in both open and closed network topologies, resulting in highly flexible networks that can respond to customer demands quickly, facilitating the digital transformation of the space industry.

"The POC implementation of the DIFI standard is an exciting and important milestone on our path to virtualisation and the realisation of the all-digital teleport. Products with DIFI-compliant interfaces will simplify gateway designs and pave the way for a more flexible and virtualised ground infrastructure."

BERT VAN DER LINDEN
Senior Principal Product Manager
ST Engineering iDirect

TECH ENVOY

"Performance, cost efficiency and ease of use are always at the forefront of our minds when we develop technology for the broadcast segment. We are proud that our MCX8000 Multi-Carrier Satellite Gateway was honoured as the Hardware Infrastructure winner in the 2023 NAB Show Product of the Year Awards. With its slotted-based architecture, the MCX8000 system provides a 3-in-1 solution designed to reduce downtime and simplify operational support costs, allowing for simplified upgrades of older networks and built-in guaranteed redundancy."

RAMI MOUSSAWI
Senior Product Manager
Media and Broadcast
ST Engineering iDirect

SATCOM

With the increased global need for high-speed, reliable connectivity at the forefront, the satellite industry is set on a multi-orbit trajectory. Satellite operators and service providers are investing in multi-orbit constellations and services, while the telecom industry continues its transition towards virtualisation and cloudification to improve the speed, scale, cost and flexibility of service delivery.

Amid these shifts that are shaping a new connectivity landscape, we have a clear vision to chart our next chapter of growth. To unlock new opportunities that empower a connected tomorrow, we will focus on establishing the new baseline where satellite-based networks seamlessly integrate multi-orbit solutions with terrestrial-based wireless communications, guided by three core principles of standards-based innovation, operator focus and industry collaboration.

We believe that our commitment to open standards will help our customers interoperate with the 5G telcom network-of-networks model. Our focus on network operations will transform our solutions to become enablers of a harmonised global communications environment. Additionally, our next-generation platform, which is being developed, will serve as the foundation on which we will build a global, multi-domain, cloud-enabled, standards-based communications capability that enable a collective goal to shape the future of how the world connects.

KEY FOCUSES FOR 2024

- Accelerate global Smart City growth and solidify leadership position
- Drive tolling market expansion in Southeast Asia and the U.S.
- Deliver next-generation platform as the foundation for our global, multi-domain, cloud-enabled, standards-based Satcom capabilities

Financial Review

THE GROUP ACHIEVED SIGNIFICANT FINANCIAL MILESTONES IN FY2023

In FY2023, Group revenue exceeded $10b, posting a 12% year-on-year (y-o-y) increase, with contributions from all three segments.

Group earnings before interest and tax (EBIT) increased 24% y-o-y to $915m. On a base operating performance (BOP)[1] basis, Group EBIT would be 40% higher y-o-y. This strong set of results was achieved through a combination of business growth, higher productivity and cost savings initiatives.

Group Profit attributable to shareholders (Net Profit) grew 10% y-o-y to $586m. On a BOP basis, this would be 24% higher y-o-y, despite higher finance costs.

The Group won sizeable new contracts during the year, which culminated in a robust order book of $27.4b as at 31 December 2023, of which $7.9b is expected to be delivered in FY2024.

The Board has proposed a final dividend of 4.0 cents per share. Together with the three quarterly interim dividends for FY2023 of 4.0 cents per share (paid in 2023), the total dividend for FY2023 will be 16.0 cents per share.

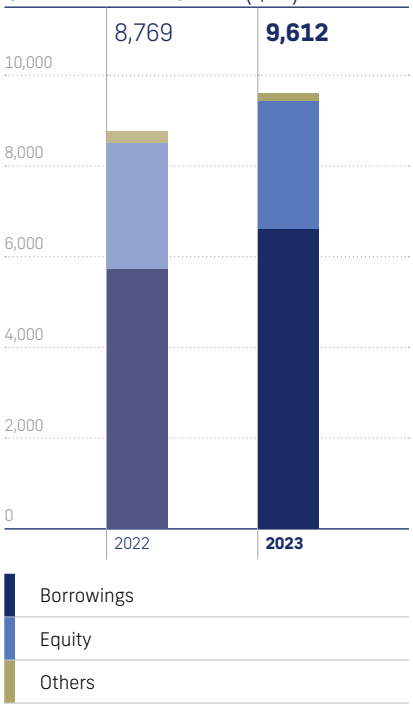
FINANCIAL POSITION

The Group's total assets of $15.4b as at 31 December 2023 were higher by $415m as compared to the prior year. The increase was due largely to additional investments in joint ventures in the Aviation Asset Management business, increases in trade receivables, contract assets, advances and other receivables, as well as inventories to support business growth, partially offset by reduction in intangible assets due to sales of aircraft.

The average capital employed in FY2023 was $9,612m, an increase of $843m from the prior year. The higher average capital employed was attributed mainly to the full-year effect of borrowings in FY2023 (versus 9.5 months in FY2022) to fund the acquisition of TransCore.

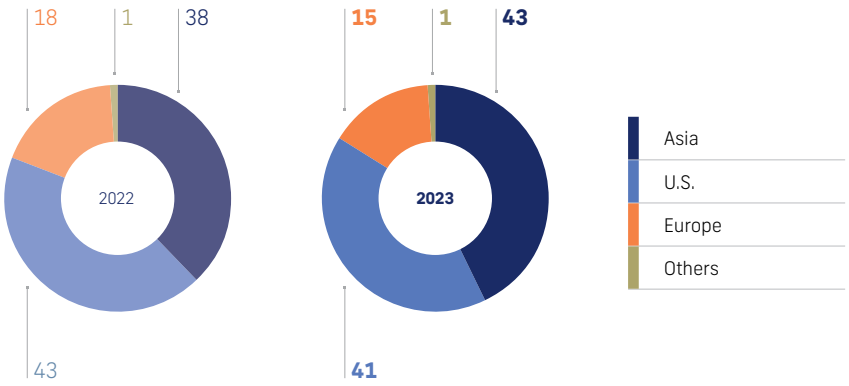
TOTAL ASSETS DEPLOYMENT ($m)

CAPITAL EMPLOYED ($m)

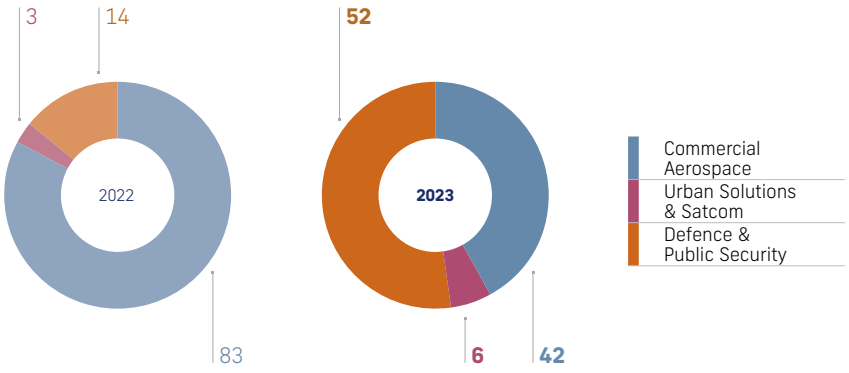


[1] Excluding (i) pension restructuring gain and (ii) higher TransCore transaction and integration expenses in FY2022, and (iii) SatixFy divestment loss and (iv) Satcom severance costs in FY2023.

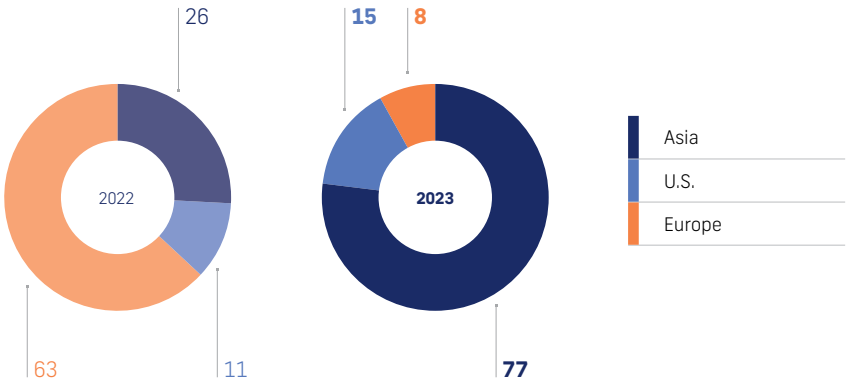
TOTAL ASSETS BY GEOGRAPHY (%)



CAPITAL EXPENDITURE BY SEGMENT (%)



CAPITAL EXPENDITURE BY GEOGRAPHY (%)



CAPITAL EXPENDITURE

In FY2023, the Group invested $542m (2022: $763m) in capital expenditure, attributed to Commercial Aerospace ($229m), Defence & Public Security ($281m) and Urban Solutions & Satcom ($32m). Major capital expenditure included hangar capacity expansion and acquisition of Gul yard. The Group also invested in plant and machinery, production tools and equipment and IT system upgrades during the year.

Financial Review

TREASURY MANAGEMENT

Given its international operations, the Group is exposed to various financial risks, including foreign exchange, liquidity, interest rate and credit risks. The Group has established treasury policies and guidelines to mitigate these risks.

Treasury activities are handled by the Group's wholly owned entity, ST Engineering Treasury Pte. Ltd., to ensure effective management of the Group's liquidity and financial risk exposures.

On 23 May 2023, STE TransCore Holdings, Inc. (STE TCH) issued a US$500m 4.125% Notes due 2026 under the Group's $5b Global Medium Term Note Programme. The net proceeds of this issue were used by STE TCH to reduce part of its outstanding short-term U.S. commercial papers (USCP). The interest expenses incurred on the Notes were reduced through the amortisation of the remaining Treasury Locks settlement gains on the balance sheet reserves.

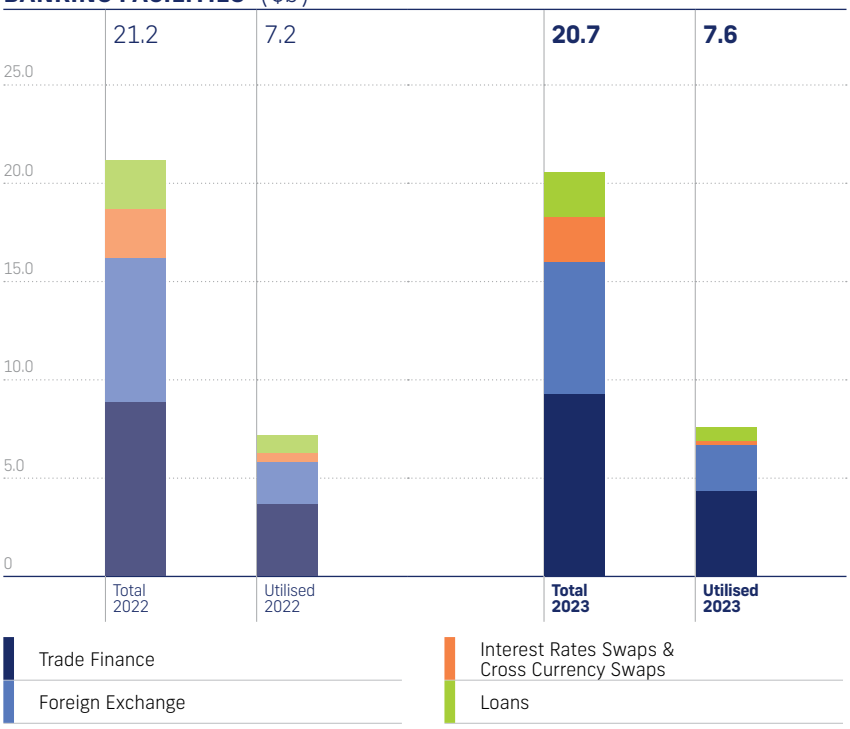
With the reduction of the USCP borrowings mentioned above, the committed revolving credit facility to backstop the USCP Programme was reduced from US$2.2b to US$1.7b in August 2023.

Banking Facilities

The Group has banking facilities of approximately $20.7b (2022: $21.2b) as at 31 December 2023 to support business operations in the areas of trade finance, hedging and credit.

As at 31 December 2023, the Group has utilised $7.6b or 37% of its total facilities (2022: $7.2b or 34%) with $13.1b or 63% (2022: $14.0b or 66%) remaining untapped.

BANKING FACILITIES* ($b)



* Excludes US$1.7b committed revolving credit facility to backstop USCP.

Foreign Exchange
The Group has receivables and payables denominated in foreign currencies. Where possible, the Group offsets currency exposures across its business units before hedging the remaining currency exposures in the market via foreign exchange forward contracts. The main currencies transacted in 2023 for the Group were USD and EUR.

As at 31 December 2023, $2.4b (2022: $2.1b) remained as outstanding foreign exchange transactions.

Liquidity
The Group's cash and cash equivalents stood at $0.4b as at 31 December 2023 (2022: $0.6b).

Borrowings
The Group's borrowings including lease obligations were lower at $6.1b as at 31 December 2023 (2022: $6.5b).

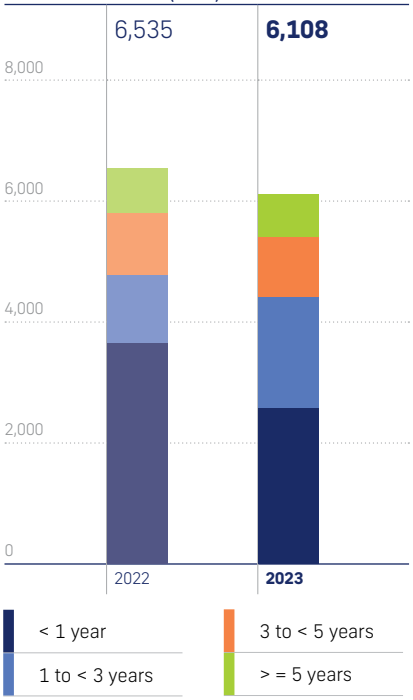
Apart from the lease obligations, the Group's borrowings comprised the medium term notes, USCP, and short-term and long-term bank loans. Details of the Group's borrowings are presented in Notes E4 to the Financial Statements (pages 227 to 232).

The gross debt/EBITDA ratio and net debt/EBITDA ratio as at 31 December 2023 of 4.2 times and 4.0 times respectively were lower compared to 2022's 5.2 times and 4.7 times respectively.

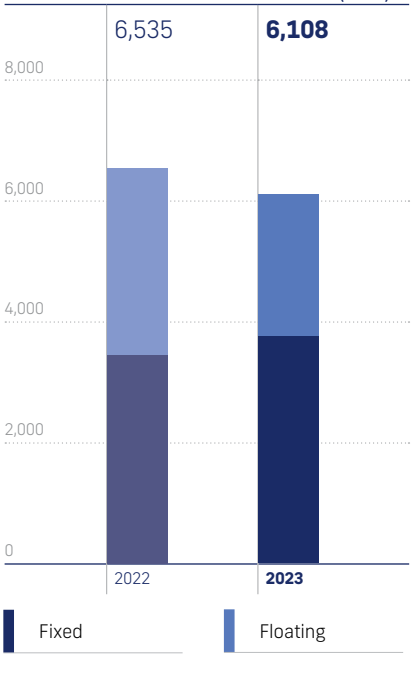
ST Engineering's credit ratings remain strong at Aaa (Stable) and AA+ (Stable) by Moody's and S&P respectively.

	2022	**2023**
Gross Debt	6,535	**6,108**
Gross Debt / EBITDA Ratio	5.2	**4.2**
Net Debt	5,933	**5,755**
Net Debt / EBITDA Ratio	4.7	**4.0**

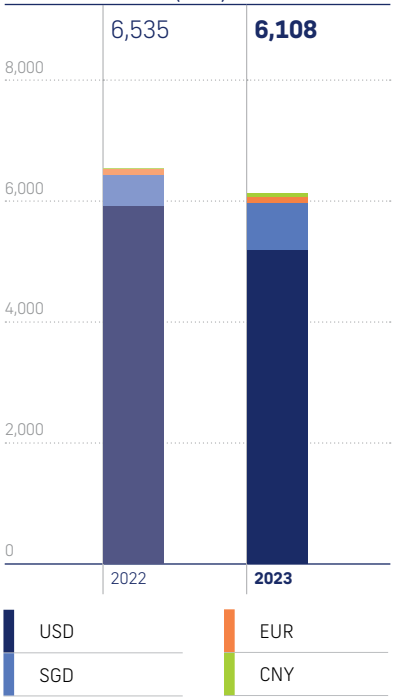
BORROWING PROFILE BY MATURITY ($m)



BORROWING PROFILE BY FIXED AND FLOATING RATES ($m)



BORROWING PROFILE BY CURRENCY ($m)



Financial Review

CASH FLOWS

In FY2023, the Group generated operating cash flow of $1,179m. $201m was deployed for investing activities and $1,226m for financing activities to end the year with cash and cash equivalents (CCE) of $353m.

Operating Activities
The Group generated cash of $1,179m from its operating activities in FY2023, which was higher than the prior year due to improvement in EBITDA and working capital movements.

Investing Activities
Net cash used in investing activities of $201m in FY2023 was mainly attributed to the Group's investment in property, plant and equipment ($540m), investment in associates and joint ventures ($116m) and additions to intangible assets ($76m), partially offset by proceeds from disposal of property, plant and equipment ($262m), proceeds from disposal of intangible assets ($121m), repayment of loans by an associate ($86m) and dividends received from associates and joint ventures ($56m).

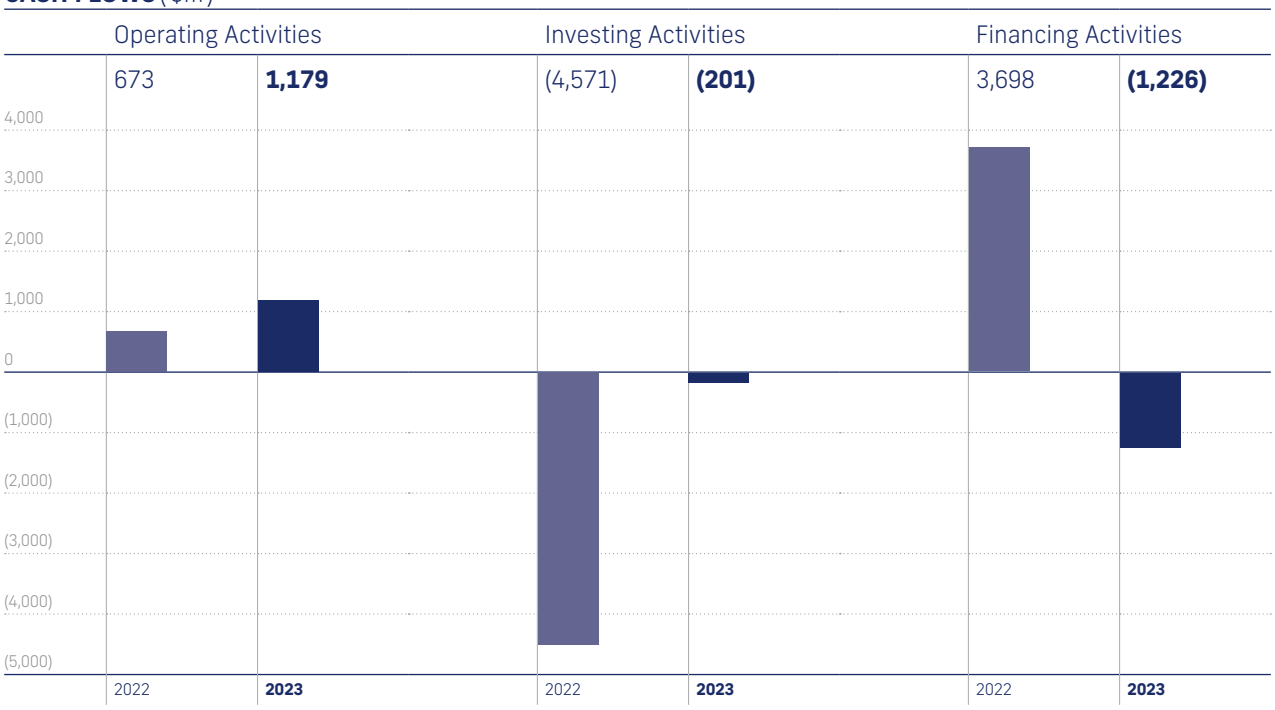
Financing Activities
Net cash used in financing activities of $1,226m in FY2023 was mainly attributed to net repayment of commercial papers ($740m), bank loans ($244m), payment of dividends ($499m) and payment of interest ($282m), partially offset by proceeds from issuance of medium-term note ($677m).

SIGNIFICANT ACCOUNTING POLICIES

The Group's financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS (I)). The significant accounting policies are presented at the end of each Notes to the Financial Statements (pages 140 to 265).

The Group's accounting policies and methods of computation in the preparation of the financial statements for the current reporting period are consistent with those used in the previous financial year. The adoption of the new and revised SFRS(I) and related interpretations that are mandatory for financial year beginning on or after 1 January 2023 has no significant impact on the financial statements of the Group or the Company in 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).

CASH FLOWS ($m)



TOTAL SHAREHOLDER RETURN

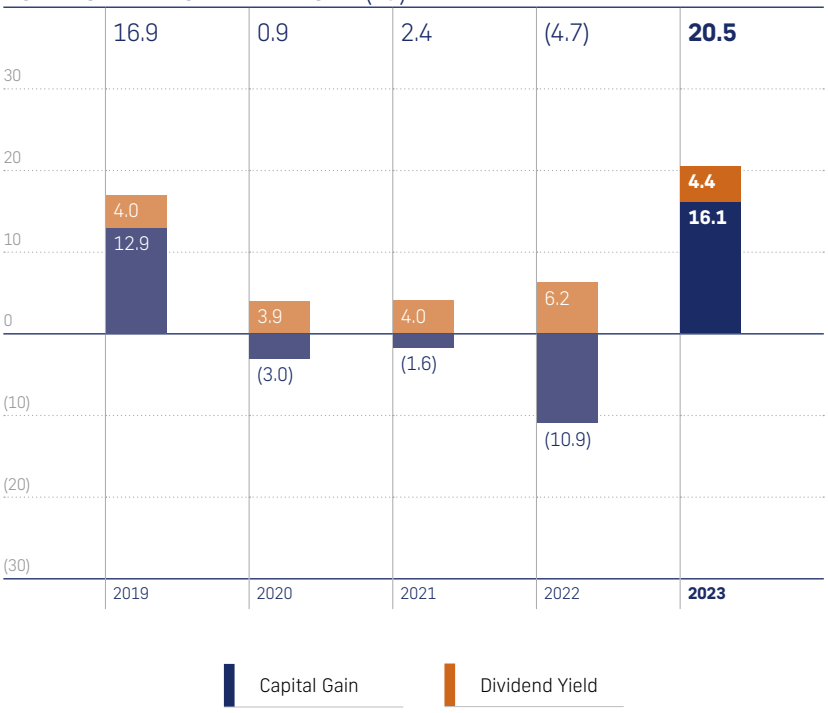
In calendar year 2023, ST Engineering paid total dividends of 16.0 cents per share, comprising (i) final dividend of 4.0 cents per share for financial year 2022 paid in May 2023 and (ii) three quarterly interim dividends for financial year 2023 of 4.0 cents per share each paid in June 2023, August 2023 and December 2023. Based on the average share price of $3.62, the total dividend per share of 16.0 cents paid in calendar year 2023 translated to a dividend yield of 4.4%[2].

ST Engineering's share price at the end of the year was $3.89, a 16.1% increase y-o-y. With the dividend yield of 4.4%, total shareholder return (TSR) for 2023 was 20.5% (being 4.4% plus 16.1%).

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

The Group's WACC[3] for 2023 was 5.5% (2022: 5.0%).

TOTAL SHAREHOLDER RETURN (%)



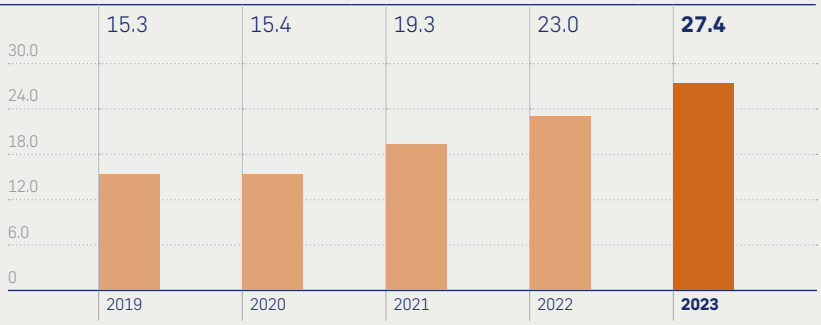
[2] For the purposes of TSR computation, dividend yield based on dividends paid to shareholders during the "calendar year" is used.
[3] Calculated in accordance with established Group policy.

Financial Review

5-Year Key Financial Data	2019	2020	2021	2022	**2023**
Income Statement ($m)					
Revenue	7,868	7,158	7,693	9,035	**10,101**
Profit					
EBITDA	1,098.1	975.0	1,071.7	1,252.0	**1,456.1**
EBIT	731.9	596.4	673.6	735.1	**914.7**
PBT	695.2	534.4	637.6	597.5	**704.2**
Net Profit	577.9	521.8	570.5	535.0	**586.5**
Balance Sheet ($m)					
Property, plant and equipment, and right-of-use assets	2,289	2,296	2,352	2,658	**2,727**
Intangible and other assets	2,622	2,686	2,877	6,255	**5,966**
Inventories	1,312	1,269	1,261	1,684	**1,897**
Trade receivables, contract assets, and advances and other receivables	2,845	2,982	3,210	3,765	**4,436**
Bank balances and other liquid funds and funds under management	453	731	816	602	**353**
Current liabilities	5,446	4,289	4,680	8,005	**7,322**
Non-current liabilities	1,584	3,100	3,168	4,306	**5,304**
Share capital	896	896	896	896	**896**
Treasury shares	(27)	(24)	(33)	(36)	**(30)**
Capital and other reserves	(37)	18	2	66	**30**
Retained earnings	1,390	1,402	1,548	1,473	**1,563**
Non-controlling interests	269	282	255	255	**293**
Financial Indicators					
Earnings per share (cents)	18.53	16.74	18.30	17.18	**18.82**
Net assets value per share (cents)	71.32	73.59	77.49	77.03	**78.96**
Return on sales (%)	7.5	7.3	7.4	6.0	**6.0**
Return on equity (%)	26.0	22.8	23.6	22.3	**23.8**
Return on capital employed (%)	12.3	9.6	10.4	6.9	**7.7**
Dividend					
Gross dividend per share (cents)	15.0	15.0	15.0	16.0	**16.0**
Dividend yield (%)	4.0	3.9	4.0	4.5	**4.4**
Dividend cover	1.2	1.1	1.2	1.1	**1.2**
Productivity Data					
Average staff strength (numbers)	22,494	23,103	22,405	23,420	**25,734**
Revenue per employee ($)	349,794	309,842	343,355	385,786	**392,517**
Net profit per employee ($)	25,693	22,588	25,465	22,844	**22,790**
Employment costs ($m)	2,291.7	1,948.1	2,128.2	2,597.8	**2,983.9**
Employment costs per $ of revenue ($)	0.29	0.27	0.28	0.29	**0.30**
Value added per employee ($)	155,338	129,893	145,673	166,888	**174,179**
Value added per $ of employment costs ($)	1.52	1.54	1.53	1.50	**1.50**
Value added per $ of gross property, plant and equipment ($)	0.87	0.73	0.75	0.85	**0.94**
Value added per $ of revenue ($)	0.44	0.42	0.42	0.43	**0.44**

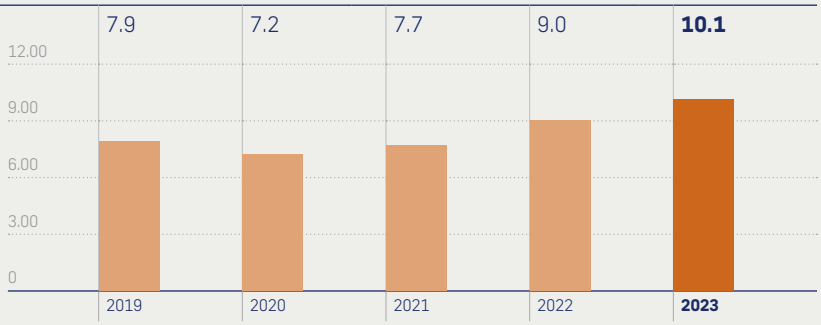
ORDER BOOK ($b)

$27.4b



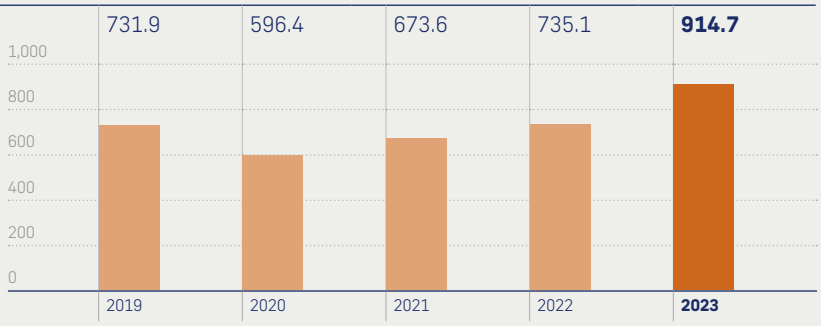
REVENUE ($b)

$10.1b



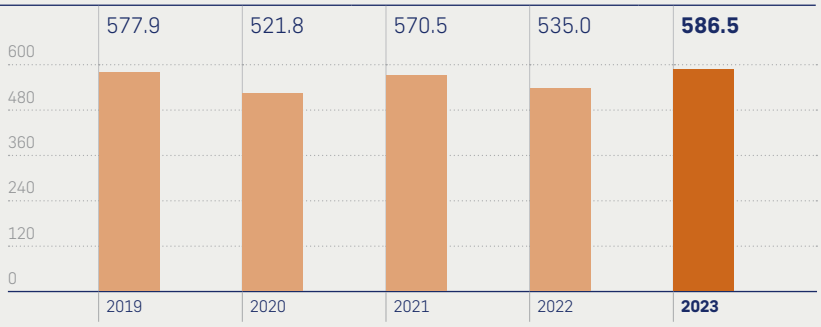
EBIT ($m)

$914.7m



NET PROFIT ($m)

$586.5m



Investor Relations

Throughout 2023, we consistently delivered timely updates to the global investment community, fostering in-depth discussions on operational and financial achievements, and ESG matters. These updates were disseminated through a diverse range of channels, including group and one-on-one meetings, conference calls, active participation in investor conferences and involvement in roadshows. This multifaceted approach provided investors with a comprehensive perspective on the Group's overall performance.

In addition, we proactively engaged with sell-side analysts, maintaining coverage by 14 analysts, which included one initiation during the year. As part of our commitment to enhance disclosures and Investor Relations (IR) practices, we closely monitored analyst, industry and media reports. This vigilant approach reflects our dedication to staying informed and continuously improving our communication strategies.

We held results briefings for our half-year and full-year results, and market update briefings for the first and third quarters. Our Group President & CEO and Group CFO also met with investors at post results meetings to share the same information following the release of the half-year and full-year results.

In August and September, we hosted a group of investors at our InnoSuite exhibition gallery in Singapore where they experienced our range of innovations and capabilities across mobility, cybersecurity, defence, public safety and security, satellite communications and future technologies.

We met with our shareholders and investors at non-deal roadshows, corporate access forums and conferences in select cities in Canada, Europe, Hong Kong, UK and the U.S. Institutional investor meetings and conference calls between senior management representatives were also held to facilitate their understanding of the Group's business and performance. We engaged ESG-related research and rating agencies to communicate the Group's sustainability framework, priorities and goals. Relevant functions and departments such as Sustainability, Human Resources and Risk & Assurance also participated in these exchanges. We value these exchanges as they help to sharpen our ESG disclosures.

ST Engineering was awarded the "Best Investor Relations" Silver Award for companies with $1 billion and above in market capitalisation at the 18th Singapore Corporate Awards ceremony. The award was given in recognition of our relentless pursuit of excellence in every aspect of our engagements with investors, and highlighted our commitment to maintaining transparency, communication and excellence in investor relations.

Retail investors are important stakeholders to us. We strongly encourage them to attend our annual general meetings.

The 2023 Annual General Meeting (AGM) took place in person in April. The Notice of AGM was published more than two weeks before the required notice period. Shareholders were encouraged to submit their questions ahead of the AGM, and our responses were published on SGXNet and on our corporate website before the meeting. The Group President & CEO presented the Group's performance in the year under review before the resolutions were put to the vote. Our Directors, Management, external legal counsel and external auditor were also in attendance to address shareholders' questions and feedback. Voting was conducted during the AGM. Shareholders who were unable to attend the meeting had appointed the Chairman or others as their proxy(ies) to vote on their behalf. The AGM results and AGM minutes were posted on SGXNet and on our corporate website after the conclusion of the meeting, and this was done within one month from the AGM.

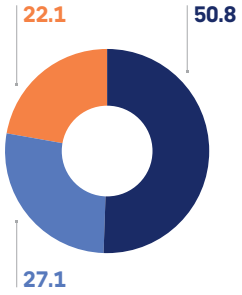
We maintain an updated corporate website that serves as the primary source of corporate information, financial data, sustainability as well as business updates and developments. There is a dedicated IR section on the website where a wealth of investor-related information including investor presentations, financial results, past annual reports and other information considered to be of interest to stakeholders are readily available. Material information is posted on the IR section immediately after release to SGXNet to ensure fair, equal and prompt dissemination of information.

Our IR communication engagement principles are outlined in our IR Policy, accessible in the 'Investor Relations' section of our website. We consistently evaluate our disclosure practices to align with industry best practices, ensuring that the information provided is sufficient for investors to make well-informed investment decisions.

SHAREHOLDER PROFILE

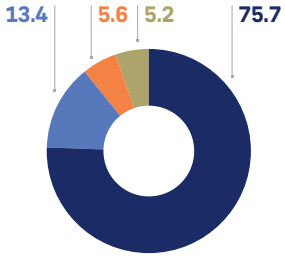
Temasek Holdings remains our largest shareholder with about 50.8% of total issued shares as at 29 December 2023. Another 27.1% was held by institutional shareholders and the remaining 22.1% held by retail shareholders. In terms of geographic distribution, Singapore shareholders held approximately 75.7%, followed by those in the U.S. (13.4%), UK (5.6%) and Europe and others (5.2%).

SHAREHOLDINGS BY TYPE[1] (%)



Temasek Holdings[2]
Retail
Institutional

SHAREHOLDINGS BY COUNTRY OF RESIDENCE (%)



Singapore
UK
U.S.
Europe & Others

Notes

[1] Shareholding profile was derived from analysis of ST Engineering's share register as at 29 December 2023.

[2] Total shareholdings of Temasek Holdings and Vestal Investments as at 29 December 2023.

2023 INVESTOR RELATIONS CALENDAR

Jan – Mar

- FY2022 Results release and briefing
- Post-FY2022 Results institutional investor meetings
- Kuala Lumpur NDR
- Hong Kong NDR

Apr – Jun

- 1Q2023 Market Updates briefing
- Nomura Investment Forum Asia

Jul – Sep

- London NDR
- 1H2023 Results release and briefing
- Post-1H2023 Results institutional investor meetings
- Investors' visit to InnoSuite (Singapore)
- 30th Annual CITIC CLSA Flagship Investors' Forum 2023

Oct – Dec

- Canada NDR
- U.S. NDR
- 3Q2023 Market Updates briefing

Supplemented by group and one-on-one IR meetings throughout the year

Awards Highlights

ST Engineering received the Charity Platinum Award from Singapore's Community Chest for the fifth consecutive year.

ST Engineering iDirect's MCX8000 Multi-Carrier Satellite Gateway won the 2023 NAB Show Product of the Year Award in the Hardware Infrastructure category.

Business Excellence

Best Investor Relations (Large Market Cap Category) Silver Award
By Singapore Corporate Awards 2023
• ST Engineering

Top Four Most Attractive Engineering and Natural Sciences Employers in Singapore
By Universum
• ST Engineering

Billion Dollar Club 2023: Highest Return on Equity Over Three Years (Industrial Conglomerates, Industrial Goods)
By The Edge Singapore
• ST Engineering

Charity Platinum Award
By Community Chest, Singapore
• ST Engineering

Aviation 100 (Asia Pacific) MRO of the Year
By Airline Economics
• Commercial Aerospace

Best Places to Work 2023 (Large Company)
By Washington Business Journal
• iDirect Government

Commercial Aerospace clinched the Asia MRO of the Year (Engine) award for its strong value propositions, such as services for CFM LEAP engines that power new-generation aircraft.

Product & Service Excellence

MRO Asia Pacific Awards 2023 – Asia MRO of the Year (Engine)
By Aviation Week Network
• Commercial Aerospace

New Building Yard of the Year
By ShipTek International Awards
• Marine

NAB Product of the Year Award (Hardware Infrastructure)
By NAB Show
• ST Engineering iDirect
  - *MCX8000*

Red Dot Award: Product Design
By Red Dot
• Land Systems
  - *ARC Cooler*

Land Systems attained the WSH Innovation Award for its Safe Float System, a safer and more efficient solution replacing the use of overhead cranes to lift up and shift the rear chassis of armoured vehicles.

ARC Cooler, a wearable air-conditioning device by the Land Systems' Integrated Soldiers System Team, won a distinction in the Red Dot Award: Product Design 2023.

IES Prestigious Engineering Achievement Award 2023
By The Institution of Engineers, Singapore
- Digital Systems
  - *Maritime Security Unmanned Surface Vessel*

Singapore Good Design Award 2023 (Sustainable Design)
By Design Business Chamber Singapore
- Urban Solutions
  - *Airbitat Data Centre Cooling System*

Marine took home the New Building Yard of the Year Award at the ShipTek International Awards, in recognition of our contributions towards the development of the maritime sector.

Operations & People Excellence

Excellence in Energy, Greenhouse Gas Management (Honourable Mention)
By National Environment Agency, Singapore
- Commercial Aerospace and Defence Aerospace

MRO Asia Pacific Awards 2023 – Sustainability Initiative of the Year
By Aviation Week Network
- Commercial Aerospace

WSH Innovation Award
By Workplace Safety and Health Council, Singapore
- Land Systems
  - *Safe Float System*

Safety and Health Award Recognition for Projects (SHARP) 2023
By Workplace Safety and Health Council, Singapore
- Urban Solutions
  - *Thomson-East Coast Line*
  - *Circle Line*
  - *Downtown Line*

Safety, Health and Environmental Award 2023
By Land Transport Authority, Singapore
- Urban Solutions
  - *Thomson-East Coast Line*

SG WIT 100 2023 (Honourees)
By SG Women in Tech
- Cheryl Chan, Group Chief Strategy & Sustainability Officer and President New Ventures

Urban Solutions bagged seven SHARP awards for its Thomson-East Coast, Circle and Downtown Lines projects.

Sustainability Dashboard

ECONOMIC

R&D AMOUNT SPENT

$411m

spent on R&D

SUPPLY CHAIN

$810m

value of purchases from SMEs in Singapore

ENVIRONMENTAL

SCOPE 1 AND 2 GHG EMISSIONS

36%

reduction over 2010 base year

GREEN ENERGY

12%

of electricity consumption from global operations derived from renewable energy

SOCIAL

CORPORATE COMMUNITY CONTRIBUTIONS

$2.3m

worth of community contributions by the Group, employees and other stakeholders

PEOPLE MANAGERS

15%

of male employees are people managers

14%

of female employees are people managers

LEARNING & DEVELOPMENT

30

average training hours per employee

ACCIDENT RATE

0.33

Recordable Frequency Rate

2.93

Recordable Severity Rate

GOVERNANCE

BRIBERY AND CORRUPTION

Zero

substantiated cases of bribery and corruption

RECOGNITION

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Community Chest Awards – Charity Platinum Award

Fifth

Consecutive Year

MRO Asia Pacific Awards 2023 – Sustainability Initiative of the Year

SUSTAINABILITY IS IN OUR DNA...

Board Statement

The Board of Directors oversees the management, including the review of material environmental, social and governance (ESG) factors for ST Engineering and takes them into consideration when setting the Group's strategic direction.

We remain steadfast in positively impacting people's lives and the health of our planet by operating responsibly in our communities and the wider global ecosystem. We create value by addressing real-world problems, including those related to climate change, urbanisation, pandemics, public safety and evolving security challenges. We harness technology and innovation to enable a more secure and sustainable world.

In our efforts to decarbonise, we are focusing in the medium term on managing opportunities and risks related to climate change across our global units.

We link a range of operational, financial and non-financial key performance indicators to our material ESG factors to encourage the adoption of strategies and practices that are aligned to the sustainable and long-term success of the Group.

Read more about the basis of our report and details of our efforts in our Sustainability Report

AND IS INTEGRATED INTO OUR STRATEGY AND OPERATIONS

"Sustainability is firmly rooted in the ST Engineering ethos with 'People, Planet and Profit' at the core of our business.

In 2023, we established the Sustainability Working Committee to integrate and advance our group-wide sustainability efforts, spanning the key areas of environmental, social and governance.

Looking ahead, we will continue to act upon sustainability risks and leverage opportunities across our value chain to ensure sustainable growth for the Group."

CHERYL CHAN
Group Chief Strategy & Sustainability Officer and President New Ventures

SUSTAINABILITY IS CRITICAL FOR OUR LONG-TERM SUCCESS

The Group's success relies on creating value for our stakeholders in a sustainable manner. Our business processes are built upon the commitment to long-term thinking and considerations of multiple stakeholders while harmonising current customer needs with future global requirements.

We believe in doing our part and enabling our customers to do theirs. This includes offering products and solutions that enable our customers to operate sustainably while conducting our business sustainably, ethically and responsibly.

Our people and the communities we operate in are vital to our global success. We support inclusive development and foster an ecosystem that promotes the continuous growth of our business. We facilitate this by contributing to the communities that we operate in and investing in the development of our people.

In the midst of volatile markets and an uncertain world, integrating sustainability into our strategy and operations is key to ensuring our businesses remain resilient and relevant.

WE CONDUCT OUR BUSINESS RESPONSIBLY

As a Group, we are committed to:

- **Protecting human rights and adhering to all labour laws and regulations where we operate.**
- **Maintaining zero tolerance for unethical labour practices such as child labour, forced labour, slavery and human trafficking in any of our operations.**
- **Prohibiting discrimination and harassment at our workplaces.**
- **Supporting the right to freedom of association and encouraging effective communication and consultation with our employees.**
- **Not designing, producing or selling anti-personnel mines, cluster munitions and white phosphorous munitions or any of their related key components.**
- **Complying with all Export Control Regimes governing the export of Controlled Items in all jurisdictions we operate in.**
- **Zero tolerance for fraud and corrupt practices.**

WE CONTRIBUTE TO GLOBAL GOALS

ST Engineering is a participant of the United Nations Global Compact (UNGC). We support its Ten Principles and are also committed to advance the broader objectives of the United Nations Sustainable Development Goals (UN SDGs).

We affirm our support of all 17 UN SDGs and have identified six goals where the Group has more contributions in terms of our internal practices, and in the products and services we offer to our customers.

Our contributions to these six goals are also reflected in the Group's 10 material factors.

WE SUPPORT UN GLOBAL COMPACT

SUSTAINABLE DEVELOPMENT GOALS

WE FOSTER A SUSTAINABLE CULTURE GUIDED BY OUR LEADERSHIP

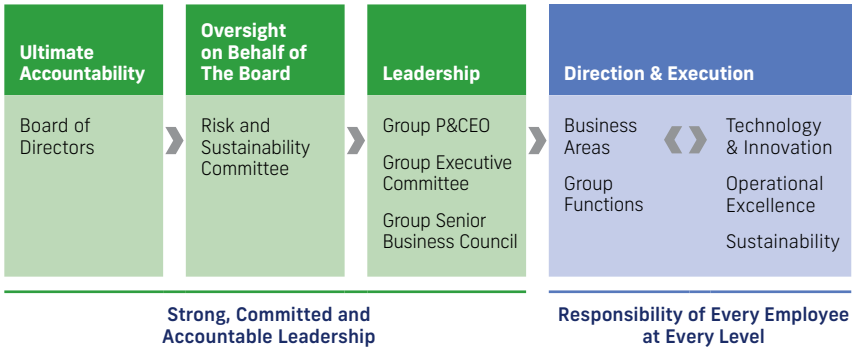
We believe that our success hinges on nurturing a sustainable culture within the organisation, led by committed leadership, and instilling a sense of responsibility amongst employees at every level.

The Board provides strategic direction and considers sustainability issues, including the management of material ESG factors when formulating the Group's strategies and policies.

The Board's Risk and Sustainability Committee (RSC) oversees risk, internal controls and sustainability matters.

The Group President & CEO (Group P&CEO), supported by the Group Executive Committee (EXCO), is accountable to the Board for the implementation of these strategies and directions. The Group Chief Strategy & Sustainability Officer and President New Ventures ensures that sustainability is a core part of our business strategy, and that ESG considerations are integrated into our business strategies and plans.

Sustainability is the responsibility of every ST Engineering employee at every level. Our Business Areas' management teams and Group Functions, working across the group in various key areas, play critical roles in shaping and executing our strategy.



WE ACTIVELY ENGAGE WITH OUR STAKEHOLDERS

Our six material stakeholders were identified based on the magnitude that these parties can impact or be impacted by the Group's activities.

We engage our stakeholders regularly to understand and address their concerns. These relationships are critical to our business and enable us to grow in an inclusive and resilient way.

Our Stakeholders

Customers | Employees & Other Workers | Local Communities | Suppliers & Collaborators | Shareholders & Investors | Regulators & Governments

WE TAKE ACTION AGAINST CLIMATE CHANGE

A WHOLE OF ST ENGINEERING EFFORT

We recognise the impact of climate change and support the efforts to address it, both globally and locally where we operate, by adopting a two-pronged approach of doing our part and enabling our customers. We do our part to reduce greenhouse gas (GHG) emissions and adopt environmentally-friendly practices in our business, as well as encourage our employees to inculcate similar habits in their daily lives. We develop products and solutions that will help our customers reduce their carbon footprint in their journey towards net zero.

SHAPING OUR CULTURE

As part of the Group's sustainability journey, we believe it is critical to cultivate an environmentally conscious culture among our employees, which will shape habits at our workplaces and in the communities where we live in. We facilitate this by organising various environmental initiatives for our employees.

OUR TARGET **50%** › **OUR PROGRESS** **36%**

reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2010 baseline

DOING OUR PART

ST Engineering is committed to halving our Scope 1 and 2 GHG emissions by 2030, with 2010 as a baseline. We have made signficant strides in our decarbonisation journey through the adoption of various carbon reduction initiatives such as harnessing renewable energy for our operations and pursuing the electrification of our fleet of vehicles and ground support equipment.

Launch of ST Engineering's Inaugural Green Day
In 2023, the Group launched our inaugural Green Day event. In commemoration of Singapore's founding Prime Minister's green city vision, 300 employees, led by Deputy Prime Minister Mr Heng Swee Keat, our Chairman and Group P&CEO planted 100 research trees. This was further solidified with a $1 million pledge over five years for annual tree-planting activities, supporting Singapore's 'City in Nature' vision. As part of the event, employees also attended sustainability-focused workshops and embarked on a biodiversity trek which emphasised the importance of biodiversity and the urgent need to address climate change.

Fleet Electrification
Due to the diverse nature of the Group, we have a considerable fleet of vehicles and ground support equipment across our business areas. The Group has begun electrifying our fleet of vehicles with a phased approach to ensure minimal disruption to our operations.

ENABLING OUR CUSTOMERS

The Group is committed to a pathway towards net zero. After publishing our first Task Force on Climate-related Financial Disclosures (TCFD) analysis, the Group regularly monitors our progress towards reaching our targets while refining our pathway towards net zero. We continue to focus on decarbonising our operations while expanding efforts in mapping out our Scope 3 emissions.

We place efforts on building resilience in our value chain, identifying areas of risk and exploring collaborations with our suppliers and customers to achieve sustainable growth. This journey to assess and collaborate with our value chain stakeholders will be undertaken continuously as the business and global environment evolves.

The increased focus on technology and innovation presents opportunities for the Group to address sustainability challenges with our capabilities.

Electrifying the Paving Industry
Our Land Systems business unit LeeBoy in the U.S. recently demonstrated the electrification potential within the commercial asphalt paving sector with the launch of its 8520C E-Paver. Partnering with Portable Electric's Voltstack Level 2 e-Charger, the E-Paver gets an extra 19 tonnes of asphalt with a 15-minute recharge.

Harnessing Renewable Energy
Harnessing renewable energy is one of the Group's abatement levers in our journey to halve absolute emissions (Scope 1 & 2) by 2030. In 2023, 16% of our Singapore operations energy requirements was supplied by photovoltaic systems. Internationally, similar efforts are also underway. For instance, at our Elbe Flugzeugwerke GmbH (EFW) facility in Dresden, Germany, 100% of electricity is provided by a renewable source.

Photo: National Environment Agency

Recognition of our Sustainability Efforts
The Group's Commercial and Defence Aerospace Business Areas had their sustainability efforts recognised at MRO Asia Pacific 2023 and received the National Environment Agency's Energy Efficiency National Partnership Award for Excellence in Energy, Greenhouse Gas (GHG) Management (Honourable Mention). We executed the largest solar panel rollout by a Singapore aerospace company, generating 10.63 MWp of energy annually. The Group also supports our aerospace customers in their decarbonisation journey by offering products and services such as the EcoPower® engine wash and nacelle systems, which help improve engine efficiency and performance.

WE DEVELOP OUR PEOPLE FOR SUCCESS

ENABLING PEOPLE DEVELOPMENT

We recognise the importance of having a good pipeline of talent to achieve sustainable growth. We are committed to ensuring that our employees are equipped with the right competencies, skill sets and opportunities to realise their full potential.

We continuously invest in our employees' development through targeted skills and competencies training, mentorships and structured rotations. This ensures that they are well-equipped to perform their roles in a fast-evolving market landscape.

We also regularly review our manager development roadmap to help our employees build key leadership competencies.

These initiatives serve to build up our employees' repertoire of experiences, skills and knowledge to help ST Engineering achieve its aspiration to be a global technology, defence and engineering powerhouse.

AVERAGE TRAINING HOURS PER EMPLOYEE

30 hours

Engineering Competency Management Framework (ECMF)
We rolled out the ECMF for a pilot group of 600 engineers and their managers. These pilot participants will evaluate the effectiveness of the framework and competency system in charting their career development journey as engineering professionals.

Company Training Committees
Company Training Committees were set up at the respective Business Areas to provide relevant upskilling and reskilling programmes for our employees. This enables them to be better prepared for the opportunities and challenges in their respective industries as our businesses continue to evolve.

BUILDING A PASSIONATE AND ENGAGED WORKFORCE

We are committed to making ST Engineering a conducive place for all employees to work and develop their careers. It is important to create a positive work environment to enhance our employees' well-being and satisfaction at work. To do that, we solicit our employees' feedback and seek to incorporate their views and ideas into our people policies and practices.

Following the Global Employee Engagement Survey in 2022, we set up two taskforces to develop group-level action plans under the themes of "Connection & Communication" and "Well-being & Support". The taskforces have since proposed and driven the implementation of various initiatives, including enhanced recognition frameworks, two-way communication channels, upskilling and learning opportunities, employee well-being and cohesion programmes.

A CHOICE EMPLOYER

Ranked

No.4

of the 100 Most Attractive Employers for Engineering/Natural Sciences students (Universum)

Annual Convention 2023
This year's Annual Convention was the largest yet with almost 3,000 employees across 13 countries gathering virtually and physically in Singapore. This year's theme was "Collaborating for Global Growth & Profitability" and employees were updated on the Group's strategic direction to achieve sustainable growth. They also engaged in conversations with business leaders on topics such as global talent development and mobility.

Staff Unions
We work closely with our staff unions globally to support our workers and ensure they have the necessary skill sets to perform their jobs effectively.

With the signing of the first Collective Agreement with ST Engineering Staff Union (STESU) in Singapore, after the latter was formed in April 2021, our graded employees can enjoy greater job mobility and career progression under the new terms.

We also rolled out ST Engineering - STESU Education Awards for our Singapore-based employees' families and established the Skilled Trades Apprenticeship Program for Middle River Aerostructure Systems employees in Maryland, U.S.

Sustainability

NURTURING FUTURE TALENTS

Singapore-Industry Scholarship
2023 marks our 12th year partnering with Singapore-Industry Scholarship (SgIS), a multi-industry scholarship programme in partnership with the Singapore Government, to grow and nurture future industry leaders, particularly in the technology, defence and engineering domains. We have awarded a total of 128 scholarships, deploying our scholars across our global business for a fulfilling career.

Internships
We stepped up our outreach efforts via regular engagement sessions, fireside chat events and site tours to engage interns and pique their interest to build their careers with us. At Mobile Aerospace Engineering in Alabama, U.S., we launched the Aircraft Maintenance Training Traineeship program. This programme seeks to identify and hire exceptional talent among local secondary and post-secondary students into their career field on a part-time basis, while they complete their schooling. In all, we onboarded 900 interns globally.

STRENGTHENING WORKPLACE HEALTH AND SAFETY

Ensuring the health and safety of our workers, whether physical or mental, is of paramount importance to ST Engineering.

Keeping our workplace accident free for all our stakeholders is a top priority. We do this through the provision of health and safety services to our employees and contracted workers. We also have a strong focus on raising awareness, and our managers and supervisors are vigilant about health and safety matters.

The Group's leadership regularly emphasises and communicates the importance of workplace safety. This is achieved through regular safety walkabouts conducted by our Group P&CEO, EXCO members and Business Area Presidents.

The Group also offers a 24-hour Employee Support Programme (ESP) to employees and their immediate family members on work-related issues and personal well-being. We organise monthly wellness workshops and provide a resource portal to support employees' professional and personal well-being.

Recognition for our Workplace Safety and Health Efforts
In 2023, we were recognised for our efforts by the WSH Council in Singapore and were awarded a total of 10 national awards and two industry level awards.

FACILITATING CONNECTIONS, COLLABORATIONS AND GLOBAL EXPERIENCES

We provide our employees with international exposure to excel in a globalised economy and promote collaboration efforts across the Group.

Through our mentorship programme, we also ensure that there are ample opportunities for meaningful exchanges and learning between our employees and business leaders.

"I was given the opportunity to work at our MRO facility in San Antonio, Texas. Collaborating with my co-workers taught me how to navigate in a distinctly different work culture. This experience further fuelled my passion for the aviation industry and encouraged me to further my knowledge in this area. Beyond my professional responsibilities, I also seized the chance to go on many adventures during my leisure time. This assignment has expanded my global perspective of the company and industry."

MADELEINE NG
Specialist
San Antonio Aerospace
Commercial Aerospace (U.S.)

"Being in a global technology, defence and engineering group, I relish the opportunity to learn from the various businesses that we have situated all around the world. Having a well-structured rotation programme gave me the opportunity to explore a diverse range of roles in new industries and locations within the organisation. Despite the steep learning curves, having the internal support and guidance from management, mentors and colleagues gave me the confidence to push myself out of my comfort zone."

MARCUS TEO
Product Manager
ST Engineering iDirect,
Satcom (U.S.)

"I really appreciate all the advice and meetups with my mentor. She is more than just a mentor. Indeed, she is a good friend whom I can approach for both career and life advice."

BOO KWOK YING *(left)*
Senior Executive
Group Strategy and Sustainability Office
(Singapore)

TAN YING YI *(right)*
VP/Head Operations
Smart Security & Automation
Urban Solutions
(Mentor to Kwok Ying)

AND HARNESS THE STRENGTH OF OUR DIVERSE WORKFORCE

EMBRACING DIVERSITY, EQUITY & INCLUSION (DEI)

Our DEI Commitment Statement

"We embrace diverse perspectives, backgrounds and experiences of our employees. We create an inclusive environment that provides equitable opportunities for our employees, enabling them to contribute to the best of their abilities."

We strive to build an environment that fosters mutual respect and creates opportunities for the exchange of ideas, innovation and personal growth. We facilitate this through four key areas:

- **Gender**
  We focus on building a gender diverse workforce where individuals have equitable opportunities to advance and grow at work through initiatives such as Women@ST Engineering, Women@Work and DEI training programmes.
- **Generation**
  We foster an environment that facilitates cross-generation mindset and work practices to increase cohesion and knowledge sharing.
- **Geography**
  We encourage the exchange of ideas and perspectives across diverse work cultures that lead to creative and innovative solutions.
- **Persons with Disabilities (PwDs)**
  We nurture an environment where PwDs have fair opportunities for growth and development.

WORKFORCE PROFILE

Employees

78% male

22% female

Supervised Workers

81% male

19% female

People Managers

15% of male employees are people managers

14% of female employees are people managers

Women@ST Engineering
Women@ST Engineering supports our diversity and inclusion efforts by inculcating an environment where everyone has equal opportunities to pursue their careers while balancing their work-life commitments. The initiatives cover areas such as family care-taking, professional enrichment, and health and wellness programmes.

In 2023, Women@ST Engineering organised the Women of Impact Fireside Chat for our employees. During the fireside chat, our leaders shared the various approaches that helped them break down gender barriers, garner respect, build supportive networks and drive positive change, with the hope that it would inspire the audience to do the same.

Management Workshop on Diversity, Equity and Inclusion
We organised a DEI workshop where our senior leaders came together to learn about the latest DEI market practices and reviewed the progress of our collective DEI efforts. Participants also took part in a fireside chat with our EXCO members to discuss and share ideas on driving the DEI agenda in the organisation. The workshop ended with time for personal reflection where the leaders reaffirmed their commitment towards fostering a diverse, equitable and inclusive work environment, and made personal pledges to drive DEI efforts.

Women@Work
In 2023, we launched the Women@Work initiative in the U.S., an extension of Women@ST Engineering, to better serve the needs of our female employees. It aims to support our female employees to reach their full potential in their careers and personal lives through raising awareness of the importance of gender diversity and launching initiatives such as support groups and mentorships.

WE CONTRIBUTE TO THE COMMUNITIES WE OPERATE IN

OUR ECONOMIC CONTRIBUTIONS

We contribute economically to the communities we operate in through local procurement, direct and indirect employment, dividends to shareholders, taxes paid to governments, and investment in community programmes.

Direct Economic Value Generated and Distributed

Group Economic Contribution	($m)
Bought-in materials and services	**5,717**
Employee wages, salaries and benefits	**2,975**
Dividends and interest paid	**735**
Government taxes and levies	**125**
Total	**9,552**

WE BUY LOCALLY AND WORK WITH SMALL AND MEDIUM ENTERPRISES (SMEs)

Our wide range of business areas contributes to a diverse supply chain. Where possible, we strive to buy locally in the countries we operate in. In 2023, our spend with SMEs is $810m, which is 20% of our Singapore spend. We have 9,500 active suppliers for our Singapore operations alone. Of these, 74% are based in Singapore, 8% in Asia, 8% in Europe, 9% North America and the remaining 1% in other parts of the world.

We continue to contribute to the local ecosystem by investing and working with SMEs. Combined with our collaborative efforts to enhance their capabilities, it enables them to reciprocally bolster the Group's growth in technology, product capability and competitiveness.

PROCUREMENT SPEND ON SMEs IN SINGAPORE

$810m

WE SERVE OUR COMMUNITIES

Understanding the deep connections between our business and the communities where we operate, we remain dedicated to fostering mutual growth.

We support our communities through volunteering, skills-based contributions as well as in-kind and monetary contributions. We seek to cultivate an inclusive, resilient and vibrant society where people can thrive and stay safe.

In 2023, we refreshed our Corporate Social Responsibility (CSR) focus pillars to better reflect our corporate purpose:

- Improving Lives through Charitable Gifts
- Empowering Lives through Education
- Transforming Lives through Technology and Innovation

CONTRIBUTED A TOTAL OF

$2.3m*

IN COMMUNITY CONTRIBUTIONS

$1,307,000
of donations and sponsorships

$525,000
to President's Challenge 2023

Over
$511,000
to Community Chest's SHARE Programme

* Baselined according to 2023's refreshed focus pillars. Including contributions from the Group, employees and other stakeholders.

IMPROVING LIVES THROUGH CHARITABLE GIFTS

Doing Good through ST Engineering MOVEment
ST Engineering MOVEment – a global month-long initiative organised to encourage employees to stay healthy, keep fit and do good. Over 6,300 employees across 22 markets participated actively, putting their best foot forward to walk, run and cycle for charity. With everyone's effort and commitment to MOVE for good, we managed to raise $600,000 to support the underserved groups, including beneficiaries of the President's Challenge 2023.

Food For Neighbors
Our U.S. colleagues from ST Engineering iDirect, accompanied by their families, rallied at sorting locations in Herndon, Centreville, and Falls Church to dedicate their time and efforts to Food For Neighbors, in support of ending child hunger in Northern Virginia. Being the Red Bag Sponsor for this event, they managed to gather and process a commendable 9,400 kilogrammes of donations, providing for over 5,000 students in 41 secondary schools.

Donation of COVID-19 Test Kits
Our colleagues from EFW donated 3,000 COVID-19 self-test kits to Alexa Senioren Residenz (Alexa Senior Residence) and Hansahaus Seniorenpflegeheim (Hansahaus Senior Nursing Home), which cater to the living and care needs of the elderly. The donation enhanced the safety and well-being for the residents of these facilities.

Sustainability

EMPOWERING LIVES THROUGH EDUCATION

Experiencing the Working World
Our Land Systems Business Area in Singapore hosts students, twice a year, from Assumption Pathway School as part of an Industry Experiential Programme (IEP). These students are attached to our staff to perform simple facility inspection and maintenance work as well as warehousing activities. IEP provides students the opportunity to gain practical experiences and skills, build professional networks and cultivate soft skills such as teamwork and communication in a real working environment.

SG Cares Giving Week – Empowering Young Minds through STEM Education
As part of Singapore's SG Cares Giving Week 2023, we organised fundraising and volunteering activities to empower children through Science, Technology, Engineering, and Mathematics (STEM) education.

Fundraising:
We raised over $32,000 for Child at Street 11, an Institution of a Public Character (IPC) registered non-profit preschool and student care service provider. We view STEM education as an important means of preparing children to excel in a world increasingly shaped by technology. Our collaboration with Child at Street 11 aims to provide the children under their care with additional resources to strengthen their STEM education.

Volunteering:
Our 140 volunteers took 100 children from Child at Street 11 and Life Community Services Society out on a fun day to Science Centre Singapore. To spark their interest in STEM, we spent the afternoon engaging with the children and introduced simple science topics through fun and interesting quizzes. We were honoured to have Singapore's President Tharman Shanmugaratnam grace our event, engaging and interacting with both the children and our employee volunteers.

TRANSFORMING LIVES THROUGH TECHNOLOGY AND INNOVATION

Connectivity for World Champions
Our Satcom business, ST Engineering iDirect, partnered with Innoptus Team for the annual World Solar Challenge. We provided game-changing satcom-on-the-move capable equipment to enable constant satellite connectivity for the team to monitor key weather parameters and adapt their race-winning strategy. As a result of this contribution, participants gained insights to the development of solar-powered cars and battery efficiency, leading to the betterment of STEM.

Corporate Governance Report

(AS AT 29 FEBRUARY 2024)

WHILE HOLDING OURSELVES TO HIGH ETHICAL STANDARDS

Good corporate governance is the foundation for long-term value creation of the Group. This report sets out ST Engineering's corporate governance processes, practices and activities in 2023 with specific reference to the principles and provisions of the Singapore Code of Corporate Governance 2018 (the Code). The Board is pleased to report that the Company has complied with the principles and substantially with the provisions of the Code. Variations from any provision of the Code are explained in this report.

BOARD MATTERS

The Board's Conduct of its Affairs (Principle 1)

The Board is accountable to shareholders for overseeing the effective management of the Company. To this end, the Board relies on the integrity, commitment, skills and due diligence of its Management, its external advisors and auditors and holds Management accountable for performance. The Board puts in place a Code of Business Conduct and Ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company.

In addition to its statutory responsibilities, the Board reserves the following key matters for its decision:

- setting the Group's strategic objectives including appropriate focus on value creation, innovation and sustainability and ensuring that decisions made are consistent with these objectives;
- approval of annual budgets, major funding proposals, investment and divestment proposals in accordance with the approved delegation of authority framework;
- appointment of the Group President & Chief Executive Officer (Group President & CEO), Board succession and appointments on Board and Board Committees;
- appointment and removal of the Company Secretary;
- approval of terms of reference of Board Committees and any revisions;
- review of the risk management framework and sustainability performance; and
- approval of the unaudited half-yearly and audited full-year results, and quarterly dividend payout prior to their release.

Corporate Governance Report

In the discharge of its functions, the Board is supported by six Board Committees to which it delegates specific areas of responsibilities for reviewing and decision making. The Board decides on matters that require its approval and clearly communicates this to Management in writing. The Board Committees are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. Details of authorities and duties and summary of key activities of the respective Board Committees are disclosed under the sub-section of each committee in this report.

The Group President & CEO, Vincent Chong, is accountable to the Board. He is supported by the other Key Management Executives of the Group (EXCO) comprising:

- Group Chief Financial Officer (Group CFO);
- Group Chief Operating Officer (Technology & Innovation) and President Defence & Public Security;
- Group Chief Commercial Officer (Market Development) and President Smart City & Digital Solutions; and
- President Commercial Aerospace.

Director Induction, Training/Development

For the onboarding of a Board member, a formal letter is sent to a Director upon his/her appointment setting out his/her statutory obligations, duties and responsibilities as a Director. He/She is also given key information of the Group and the Company, as well as the terms of reference for the respective Board Committees.

An induction programme is organised for a new Director on the strategic direction, sustainability efforts and performance of the Group as well as his/her duties and obligations under the statutory compliance and corporate governance framework. The induction programme includes briefings by Presidents/Business Heads of various business areas including facility visits, where applicable, to enable them to develop a good understanding of the Group's businesses and operations.

The Board is routinely updated on the relevant laws, Singapore Exchange Securities Trading Limited (SGX-ST or the Exchange) continuing listing obligations and accounting standards requiring compliance, and their implications to the Group, so as to enable each Director to properly discharge his/her duties as a Board member and Board Committee member.

Depending on their skill sets and background, Directors are sponsored to attend relevant courses, conferences and seminars to better equip them with the appropriate skills and knowledge to fulfil their governance role and to comply with Directors' obligations. Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. Where there are statutory and regulatory changes that affect the obligations of Directors, the Company will update the Board and, where the changes are substantive, through briefings organised by external legal counsel. The Company arranged numerous briefings and trainings to the Board on matters such as Sustainability, Environmental, Social and Governance (ESG), Technology Outlook, Quantitative Risk Management, anti-bribery and corruption and updates on legislative or regulatory changes.

In addition, the Directors were also informed of relevant courses organised by Singapore Institute of Directors (SID) or other external professional organisations for their enrolment.

The Directors' trainings and developments were funded by the Company. For new Directors without any prior experience as a Director of an issuer listed on the Exchange, the Company will arrange for the Directors to attend training as prescribed by the Exchange. During the year, ST Engineering arranged for VADM Aaron Beng Yao Cheng and COL Chong Shi Hao, to attend such training conducted by SID. ST Engineering also arranged for a Director to attend the Directors Conference organised by SID.

Board Meetings

The Board convenes scheduled meetings on a quarterly basis to review the business performance and key activities of the Group and to deliberate significant business proposals. All Board and Board committee meetings, and the Annual General Meetings (AGMs) are scheduled well in advance in consultation with the Directors.

Board members participate actively in Board discussions, and decisions are taken objectively in the interests of the Company. Where warranted by particular circumstances, ad-hoc/special Board meetings may be convened to consider corporate actions requiring the Board's guidance or approval.

To facilitate the Board and Board Committees' decision-making process, the Company's Constitution provides for Directors to participate in virtual meetings. If a Director is unable to attend a Board or Board Committee meeting, he/she will still receive all the materials to be tabled for discussion at that meeting, and where required, separate briefing sessions are arranged. Decisions of the Board and Board Committees may also be obtained via circulation.

At the end of every scheduled quarterly Board meeting, the Chairman allocates time for its non-executive Directors to meet without the presence of Management.

Information furnished to the Board is an ongoing process, which includes updates on major projects/matters, monthly consolidated management reports on the financial performance of the Group and the businesses.

On a quarterly basis, the management reports would also include key business highlights and capital expenditure of the Group and the businesses to keep the Board apprised of business investments and performance updates.

The Board also has separate and unrestricted access to the Senior Management, the Company Secretary, internal and external auditors, risk management and sustainability teams. The Board may also seek independent professional advice, if necessary, to enable them to discharge their duties effectively. All engagements of external advisers are at the Company's expense.

The Board and Board Committee members are provided with complete, adequate, relevant and timely information on matters to be discussed or considered at meetings.

The Board has, at all times, exercised independent judgment to make decisions, using its collective wisdom and experience to act in the best interests of the Company as a whole and not of any particular group of shareholders or stakeholders.

BOARD met

5 times

in 2023

Any Director who has an interest that may conflict with a subject under discussion by the Board, declares his/her interest and recuses himself/herself from the information and discussion of the subject matter and abstains from decision. Each Director is also required to submit details of his/her associates upon his/her appointment to the Board and on an annual basis or as and when relevant changes occur, for the purpose of monitoring interested persons transactions.

The Company has adopted half-yearly reporting and provides business updates in the first and third quarters to the market and analysts alike. Board, Audit Committee as well as Risk and Sustainability Committee meetings continue to be held quarterly.

During the year, the Board met quarterly to consider, among other things, the approval and release of the FY2022 and 1H2023 results, including the review of the 1Q2023 and 3Q2023 Market updates, declaration of quarterly interim dividend, updates on significant events relating to the Company and information concerning industry-related developments. The Board also scheduled a strategy workshop to discuss and deliberate on strategic direction, global trend, growth and sustainability of the Group.

Corporate Governance Report

Details and attendance at Board and Board Committee meetings in 2023 are tabulated below.

Board Members' Details			Meeting Attendance Report*							
			● Chair of the Board/ Board Committee ● Member of the Board/ Board Committee							
			Board	AC	ERCC	NC	RITE	RSC	SFC@	AGM
			Number of meetings held in FY2023							
Names	Independent (I)/ Non-Independent (NI)	Executive (E)/ Non-Executive (NE)	5	5	3	3	3	5	10	1
Kwa Chong Seng[1] (Chairman)	I	NE	● 1/1		● 1/1	● 1/1			● 5/5	● 1/1
Teo Ming Kian[2] (Chairman)	I	NE	● 5/5		● 3/3	● 3/3	● 3/3		● 10/10	● 1/1
Vincent Chong Sy Feng (Group President & CEO)	NI	E	● 5/5				● 3/3	● 5/5	● 10/10	● 1/1
VADM Aaron Beng Yao Cheng[3]	NI	NE	● 3/3					● 1/2		
Kevin Kwok Khien	I	NE	● 5/5	● 5/5				● 5/5		● 1/1
Lim Ah Doo	I	NE	● 5/5	● 5/5					● 3/4	● 1/1
Lim Chin Hu	I	NE	● 5/5		● 3/3	● 3/3	● 3/3		● 5/5	● 1/1
Lim Sim Seng	I	NE	● 5/5		● 3/3	● 3/3			● 4/4	● 1/1
Ng Bee Bee (May)[4]	I	NE	● 5/5		● 2/2	● 3/3				● 1/1
Ong Su Kiat Melvyn[5]	NI	NE	● 3/5					● 1/3		
Quek See Tiat	NI	NE	● 5/5					● 5/5		● 1/1
Song Su-Min	I	NE	● 5/5	● 5/5				● 5/5		● 1/1
Tan Peng Yam	NI	NE	● 5/5				● 3/3			● 1/1
COL Cai Dexian[6] (Alternate to Ong Su Kiat Melvyn)	NI	NE	● 1/2							● 1/1
COL Chong Shi Hao[7] (Alternate to VADM Aaron Beng Yao Cheng)	NI	NE	● 3/3							

AC-Audit Committee, ERCC-Executive Resource and Compensation Committee, NC-Nominating Committee, RITE-Research, Innovation, Technology and Enterprise Committee (formerly known as Research, Development & Technology Committee), RSC-Risk and Sustainability Committee, SFC-Strategy and Finance Committee, AGM-Annual General Meeting

* Refer to meetings held/attended by each Director.

@ SFC convened 10 meetings during the year of which 8 meetings are for evaluation of tenders. Such SFC (Tender) meeting requires attendance of 3 members of which Chairman and Group President & CEO are permanent attendees. The third attendee will be drawn from the remaining members.

[1] Kwa Chong Seng retired as Chairman of the Board and Director at 2023 AGM. Following his retirement from the Board, Mr Kwa also ceased to be Chairman of the ERCC and the SFC and a member of the NC.

[2] Teo Ming Kian assumed the role as Chairman of the Board, the ERCC and the SFC following the retirement of Kwa Chong Seng.

[3] VADM Aaron Beng Yao Cheng was appointed as Director and a member of the RSC on 12 June 2023.

[4] Ng Bee Bee (May) was appointed as a member of the ERCC on 21 April 2023.

[5] Ong Su Kiat Melvyn ceased as a member of the RSC on 12 June 2023. As Mr Ong was away on duty, COL Cai attended one Board Meeting and 2023 AGM on his behalf.

[6] COL Cai Dexian ceased as Alternate Director to Ong Su Kiat Melvyn on 12 June 2023.

[7] COL Chong Shi Hao was appointed as Alternate Director to VADM Aaron Beng on 12 June 2023.

Role of Company Secretary
The Company Secretary/Joint Company Secretary attends all Board meetings and ensures that board procedures are followed, as well as prepares minutes of Board proceedings. The Company Secretary/Joint Company Secretary facilitates communication between the Board, its Committees and Management, and advises the Board on governance matters including their disclosure obligations. The Company Secretary/Joint Company Secretary also assists with the induction of new Directors and the coordination of training for Board members to keep the Board up to date on corporate governance matters. The appointment and removal of the Company Secretary/ Joint Company Secretary is a matter for the Board as a whole to decide.

Board Composition and Guidance (Principle 2)

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

As at 29 February 2024, the Board comprises 13 Directors and an Alternate Director.

The Directors' ages range from the forties to seventies, and they have served on the Board for various tenures. The Board consists of members with established track records in defence, business leadership and professional experience and expertise in energy, finance (including audit and accounting), investment banking, engineering and technology, legal, business management, human resources, cybersecurity, sustainability and risk and management domains. Each Director brings to the Board an independent perspective based on his/her training and professional expertise to enable the Board to make balanced and well-considered decisions.

The Board of Directors with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's businesses and directions. Having considered the scope and nature of the operations of the Group, the Nominating Committee (NC) and the Board are satisfied that the current composition and size of the Board provide for diversity and allow for informed and constructive discussion and effective decision making at Board and Board Committee meetings.

Since 2019, the Board has adopted a Board Diversity Policy to ensure an appropriate balance of perspectives, skills and experience on the Board. The Company recognises and embraces the benefits of diversity on the Board, and views diversity at the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board Diversity Policy had been revised to reflect the commitment to having female representation on the NC and to include and consider female candidates in the Board appointment selection process. The NC will consider candidates on merit against objective criteria and with due regard for diversity on the Board.

The Board, through the NC, has robust processes in reviewing and assessing the size and composition of the Board and succession planning, taking into consideration the age, skill sets, knowledge, experience, background, gender, tenure, independence of Directors and other relevant factors. The Board also recognises that diversity is not limited merely to gender or any personal attributes and believes that having experienced Directors with an independent mindset is important for the Board to be effective.

The Board made progress towards its target of appointing at least one more female director by FY2024. Neo Gim Huay was appointed to the Board in February 2024.

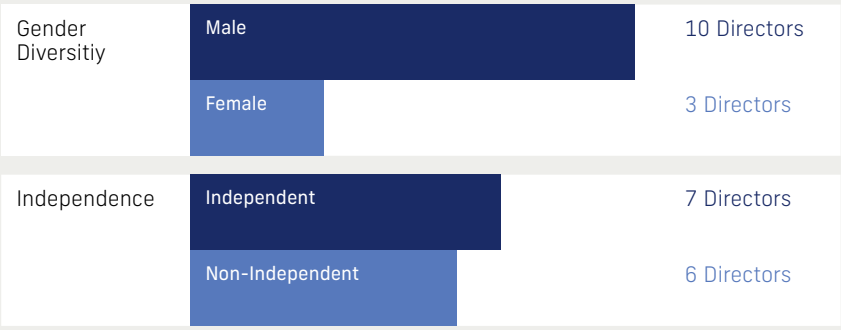
VADM Aaron Beng Yao Cheng joined the Board in June 2023 and COL Chong Shi Hao was appointed as the Alternate Director to VADM Aaron Beng on the same day. COL Chong is fully apprised of all Board matters, receives notices and Board papers to attend Board meetings, as well as Board resolutions by circulation. VADM Aaron Beng, in his position as Chief of Defence Force, may be called away on duty at times and may not be able to attend all Board meetings. COL Chong as Alternate Director will act on behalf of VADM Aaron Beng in the latter's absence.

The appointments of aforesaid Directors have further enhanced the Board's diversity in gender, skills and experience, including in the area of sustainability. Profiles of Neo Gim Huay, VADM Aaron Beng and COL Chong Shi Hao can be found at pages 13, 16 and 19 of the Annual Report.

As at 29 February 2024, there are three female Directors on the Board.

Corporate Governance Report

Details of the Board composition as at 29 February 2024 are as follows:



Board Independence
As at 29 February 2024, the Board has 12 non-executive Directors of whom seven are independent Directors. The Code requires non-executive Directors to make up a majority of the Board and the SGX-ST Listing Manual requires one-third of the Board to comprise independent Directors. Our Board composition is in compliance with these requirements.

We have not appointed a lead Independent Director as our Chairman is independent.

The independence of each Director is determined upon appointment and reviewed annually by the NC, and as and when circumstances arise. Such determination is made in accordance with the requirements of the SGX-ST Listing Manual, the Code and where relevant, the recommendations set out in the Practice Guidance accompanying the Code.

The Board, taking into account the views of the NC, affirmed that the independent Directors are Teo Ming Kian, Kevin Kwok Khien, Lim Ah Doo, Lim Chin Hu, Lim Sim Seng, Ng Bee Bee (May) and Song Su-Min. The Board comprises majority independent Directors including Board Chairman. Each of the members of the NC and the Board recused himself/herself from the deliberations on his/her independence.

Teo Ming Kian, Kevin Kwok Khien, Lim Ah Doo, Lim Chin Hu, Lim Sim Seng, Ng Bee Bee (May) and Song Su-Min declared that each of them does not have any relationship with the substantial shareholder, no management relationship and no business relationship with the Company and its group of companies, that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of ST Engineering.

Teo Ming Kian stepped down as a non-executive Director of Temasek Holdings (Private) Limited (Temasek), which is a substantial shareholder of the Company, in September 2022. During his tenure in Temasek, he was not a nominee of Temasek on the Board of ST Engineering. His role on the Temasek board was non-executive in nature and he was not involved in the day-to-day conduct of the business of Temasek. Mr Teo was also not directly associated with Temasek in that he was not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to the corporate affairs of ST Engineering. It also did not generate any issue that may affect his independence as a Director of ST Engineering. The NC had previously determined that Mr Teo's position in Temasek would not have any conflict or did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. The Board had also previously viewed that the relationships set out above do not interfere with the exercise of Mr Teo's independent business judgement in the best interests of ST Engineering. Mr Teo remains as an independent Director.

Lim Sim Seng has declared that he is an independent Director. He has retired from executive management in DBS Bank (DBS) as of 31 March 2023, and is now a Senior Advisor to DBS Bank. In November 2023, Mr Lim returned on a temporary basis to assist with the day-to-day functions of the DBS Singapore market. DBS is one of the many banks which ST Engineering group companies have a banking relationship with. All transactions between DBS and ST Engineering group companies are conducted in the ordinary course of business and at arm's length on normal commercial terms. Our facilities with DBS are under Corporate Banking and not Consumer Banking or Wealth Management. Mr Lim is not involved in the day-to-day business operations of ST Engineering. He only receives Director's fees. Mr Lim recused himself from discussions and decisions involving DBS' dealings with ST Engineering group companies. Mr Lim has no relationship with ST Engineering, its related corporations, its substantial shareholder or its officers, which could interfere or be perceived to interfere with his independent judgement. With the aforesaid, the NC determined that business relationships between ST Engineering group companies and DBS would not affect Mr Lim's independence. The Board is of the view that the relationships set out above do not interfere with the exercise of Mr Lim's independent business judgement in the best interests of ST Engineering and therefore, he is considered an independent Director.

Sister of Ng Bee Bee (May) is an Executive Director (Corporate Banking) in United Overseas Bank (UOB) Singapore, but she does not manage UOB's banking relationships with ST Engineering group companies with UOB. UOB is one of the many banks which ST Engineering group companies have a banking relationship with. All transactions between UOB and ST Engineering group companies are conducted in the ordinary course of business and based on normal commercial terms. The NC determined that the sister of Ng Bee Bee's position in UOB would not have any conflict or affect Ms Ng's independence. In the event of any engagement of UOB requiring the Board's approval, Ms Ng will recuse herself from discussions on UOB's dealings with ST Engineering group companies. The Board is of the view that the relationships set out above do not interfere with the exercise of Ms Ng's independent business judgement in the best interests of ST Engineering and therefore, she is considered an independent Director.

Quek See Tiat, who has served more than nine years on the Board, has been re-designated as non-independent non-executive Director when he reached his nine-year tenure. Mr Quek who is due to retire at the 2024 AGM will not be offering himself for re-election. Following the conclusion of the aforesaid AGM, Mr Quek will cease to be a Director of the Company.

Song Su-Min is a partner of Allen & Gledhill LLP (A&G). Ms Song does not hold 5% or more interest in A&G. Ms Song's role in A&G is non-executive in nature and she is not involved in the day-to-day conduct of the business of A&G. The fees received by A&G for the services rendered to ST Engineering group companies were not material or significant in the context of A&G or ST Engineering group for the relevant period. Ms Song is not involved in legal services rendered by A&G to ST Engineering group companies and the selection and appointment of legal counsels for the provision of legal services to ST Engineering group companies. She is not involved in the day-to-day business operations of ST Engineering. She only receives Director's fees. In the event of any engagement of A&G requiring the Board's approval, Ms Song will recuse herself from discussions and decisions involving A&G's dealings with ST Engineering group companies. The Company has engaged A&G in the preparation of Letter to Shareholders for certain resolutions to be tabled at AGMs. Such advisory work was done by corporate regulatory and compliance team in A&G. Ms Song who specialises in M&A and private equity, was not involved in advising the Company in this Letter to Shareholders. With the aforesaid, the NC determined that business relationships between ST Engineering group companies and A&G would not affect Ms Song's independence. The Board is of the view that the relationships set out above do not interfere with the exercise of Ms Song's independent business judgement in the best interests of ST Engineering and therefore, she is considered an independent Director.

Corporate Governance Report

Neo Gim Huay is the Managing Director, Head of the Centre for Nature and Climate; and 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., a related corporation of the Company. The NC determined Ms Neo to be non-independent given her past employment with Temasek International. However, she will be considered independent in January 2025 when her departure from Temasek International reaches three years.

VADM Aaron Beng Yao Cheng is considered as non-independent non-executive Director given his position as Chief of Defence Force of Ministry of Defence.

Ong Su Kiat Melvyn is considered as non-independent non-executive Director given his positions as Permanent Secretary (Defence Development) of Ministry of Defence and as Permanent Secretary (Development) of Ministry of National Development.

Tan Peng Yam is considered as non-independent non-executive Director given his position as Chief Defence Scientist of Ministry of Defence.

Chairman and Chief Executive Officer (Principle 3)

The Chairman and Group President & CEO roles and responsibilities are kept separate in order to maintain effective oversight. The recommendation in the Code for a lead independent Director is not applicable as the Chairman and the Group President & CEO are separate individuals and are not related. No individual or small group of individuals dominates the Board's decision-making process. The Group President & CEO and Senior Management regularly consult with individual Board members and seek the advice of members of the Board Committees through meetings, telephone calls, as well as by email.

The Chairman is responsible for leading the Board and ensuring the effective functioning of the Board to act in the best interests of the Company and its shareholders. The Chairman facilitates the relationship between the Board, Group President & CEO and Management, engaging them in open dialogue over various matters including strategic issues, sustainability, safety, risks and business planning processes and promotes high standards of corporate governance. He ensures that discussions at the Board level are conducted objectively and professionally where all views are heard and key issues are debated in a fair and open manner. The Chairman also ensures that adequate time is provided for discussion of strategic issues and key concerns at Board meetings. He represents the views of the Board to the shareholders and ensures effective communication with shareholders and other stakeholders.

Teo Ming Kian took over the Chairmanship from Kwa Chong Seng following Mr Kwa's retirement at 2023 AGM.

Vincent Chong as an executive Director and Group President & CEO, is accountable to the Board for the conduct and performance of the Group. He collaborates closely with non-executive Directors for the long-term success of the Group. He has been delegated authority to make decisions within certain financial limits authorised by the Board. He is supported in his work by the Senior Management.

Board Membership and Board Performance (Principle 4 and 5)

The Board is supported by the following Board Committees:

- Audit Committee
- Executive Resource and Compensation Committee
- Nominating Committee
- Research, Innovation, Technology and Enterprise Committee
- Risk and Sustainability Committee
- Strategy and Finance Committee

Nominating Committee

Lim Chin Hu (Chairman)
Lim Sim Seng
Ng Bee Bee (May)
Teo Ming Kian

The NC comprises four members, all of whom (including the NC Chairman) are independent Directors. Under its terms of reference, the 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, reviewing succession planning for the Board and its committees, including the Chairman and the Group President & CEO, as well as Key Management Executives, and reviewing Director training and professional development programmes according to the needs of each individual Director.

NC met

3 times

in 2023

Selection and Appointment Process

The NC conducts review of Board composition annually to plan for Board succession and future needs. The NC is also continually engaged in the Board renewal process of ST Engineering, having regard to the skills, experience and industry expertise needed for a balanced Board composition to, among other things, oversee governance, safety, risks and sustainability within the Group's businesses.

When the need for a new Director is identified, potential candidates are identified from various sources including independent professional firm of consultants, internal references or recommendations made by Directors. The NC will ensure that female candidates are included for consideration. Nevertheless, Board appointments will be made based on merits, taking into account the attributes, contributions and the experiences the candidates can bring to enhance the Board's effectiveness.

The NC will assess a shortlist of candidates 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 will then make recommendations to the Board for approval.

Succession Planning

The NC is tasked to oversee and review the succession planning process for Board renewal including that of the Chairman of the Board, having regard to achieving a balance of skills, diversity, independence, knowledge and attributes required of an effective Board. The NC also oversees and reviews the succession planning process for the Group President & CEO and Key Management Executives. While reviewing the succession plans, the NC will take into consideration the Company's strategy and objectives including the factors that affect the long-term success of the Company, the orderly replacement of Directors and Key Management Executives and contingency planning for preparedness against sudden and unforeseen changes.

In relation to the Board, a formal process has been put in place for the Board renewal including the selection and appointment of new Directors. A skills matrix is used to assess and monitor the overall balance, diversity and quality of the Board and shape succession plans, Board evaluation and the appointment and reappointment of Directors to ensure that the Board has an optimal composition that contributes to higher effectiveness and aligns to the Company's strategy and objectives. Board and Board Committee appointments require the approval of the Board.

The NC appreciates the importance of succession planning for Group President & CEO and Key Management Executives. The Company has a robust succession planning process which involves:

- Reviewing the key proficiencies and qualities required for identified positions
- Identifying and developing internal and external candidates
- Ensuring that candidates possess the necessary proficiencies and qualities
- Catering for contingency succession needs
- Driving development and retention plans for potential candidates

Corporate Governance Report

Maximum Board Representation
The NC reviews directorships of the Board and determines if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the Director's number of listed company board representations and/or other principal commitments, the results of the recent peer assessment of the Directors, and their actual conduct and involvement on the Board and/or Board Committees, including availability and attendance at the scheduled meetings and ad-hoc meetings.

The NC noted the list of other directorships held by our Directors, taking into consideration their principal commitments. Based on the FY2023 individual Director assessment, all Directors were well prepared for the Board and Board Committee meetings and expressed thoughtful, honest concerns and opinions on issues presented at the meetings.

The Board has considered and agreed not to set guidelines for a maximum directorship that a Director can hold. Annually, an incumbent Director is asked to affirm that he/she has adequate time to devote to his/her Board responsibilities. ST Engineering Board members are selected on the basis of their ability to contribute to the Board through their relevant skill sets, experience, calibre and willingness to devote time.

In addition, each Director is required to provide an annual affirmation of commitment to his/her Board responsibilities. With these considerations, the Board is of the view that setting a maximum number of board representations for our Directors is not needed.

Re-election of Directors
The NC is responsible for renewal and succession plans to ensure Board continuity. At each Annual General Meeting (AGM), one-third of the Directors with those longest in office since his/her last re-election have to retire pursuant to the Constitution. Effectively, this results in all Directors having to retire at least once every three years or even earlier, in compliance with Rule 720(5) of the SGX-ST Listing Manual. A retiring Director may submit himself/herself for re-election. Under this provision, Lim Chin Hu, Ng Bee Bee (May), Ong Su Kiat Melvyn, and Quek See Tiat will retire at the 2024 AGM. The newly appointed directors, VADM Aaron Beng Yao Cheng and Neo Gim Huay, who will hold office until the forthcoming AGM of the Company, will also be subject to re-election at the 2024 AGM. Except for Quek See Tiat who has decided not to offer himself for re-election, the remaining retiring Directors, being eligible, have offered themselves for re-election. The information relating to the retiring Directors seeking re-election can be found on pages 20 to 21 of this Annual Report.

Each of the retiring non-executive Directors has confirmed that he/she does not have any relationship with his/her fellow Directors nor with the Company and its substantial shareholders.

The Board, acting on the recommendation of the NC and taking into consideration the composition and progressive renewal of the Board as well as each retiring Director's competencies, contribution and performance (such as attendance, preparedness and participation), proposes that each of the retiring Directors be re-elected at the Company's 2024 AGM. Each of the members of the NC and the Board recused himself/herself from participating in his/her own review.

Board Evaluation
The NC has the responsibility of developing and overseeing the process and criteria for performance evaluation of the Board, each of its Board Committees and individual Directors and may engage an external facilitator to assist in the conduct and performance evaluation process. The NC will propose the objective performance criteria and process on how the Board's performance may be evaluated for the Board's approval before carrying out the evaluation.

The NC is of the view that the engagement of an independent external consultant once every three years to conduct the Board evaluation process will provide the Board with an independent perspective of the Board's performance, including benchmarking against peer boards and provide insights on best practices.

An independent external consultant was last appointed to conduct the Board evaluation process for FY2021.

For FY2023, the NC conducted an annual Board Evaluation internally to gauge the effectiveness of the Board and Board Committees as well as the individual Board member's performance. The performance criteria were similar to that adopted in FY2022.

The performance criteria for the Board and Board Committees included board composition, board independence, board processes, board performance, CEO development and succession planning, Director development and management, Board Committee effectiveness covering general evaluation of Committees, Committee self-evaluation and open questions for Directors to provide their feedback on board effectiveness.

The performance criteria of individual Directors' peer evaluation included contribution, knowledge and abilities, teaming, integrity, and overall performance to the Board and/or Board Committee(s). The outcome of the evaluation of individual Director's performance aims to assess whether a Director is willing and able to constructively challenge and contribute effectively to the Board and demonstrate commitment to his/her roles on the Board.

The evaluation was conducted by requiring each Director to complete a questionnaire on the performance of the Board and Board Committees and Directors' peer evaluation. A report on Board and Committee evaluation and the Directors' feedback was reviewed by the NC and shared with the Board, in consultation with the NC. The report indicated that the Board and Board Committees continue to function effectively. The Board also took on board the recommendations and feedback in the report on areas for improvement. In respect of the individual Director's performance, the NC Chairman and Board Chairman act on the results of the evaluation and arrange for one-to-one feedback session with the Director, where necessary.

The assessment of the Group President & CEO's performance is undertaken by the Chairman of the Board together with the members of the NC and ERCC and the results are reviewed by the Board.

Strategy and Finance Committee

Teo Ming Kian (Chairman)
Vincent Chong Sy Feng
Lim Ah Doo
Lim Chin Hu
Lim Sim Seng

SFC met

10 times

in 2023

Teo Ming Kian was appointed Chairman of the Strategy and Finance Committee (SFC) in April 2023. The SFC's 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 has incorporated sustainability and ESG factors in the Group's five-year plan. Details of the Group's efforts in this area can be found in our Sustainability Report.

The SFC also reviewed the 2024 Budget prior to submission to the Board for approval.

Research, Innovation, Technology and Enterprise Committee

Tan Peng Yam (Chairman)
Vincent Chong Sy Feng
Lim Chin Hu
Teo Ming Kian
Chua Kee Lock (Co-opted member)

The Research, Development and Technology Committee has been renamed to Research, Innovation, Technology and Enterprise Committee (RITE) with effect from 1 January 2024 to better reflect the focus on our Go-to-Market strategy and business impact from Research, Development and Technology. Chua Kee Lock was appointed as a co-opted member of the RITE in FY2023. Mr Chua, CEO of Vertex Venture Holdings Ltd, has good global network and is familiar with the technology and start-up ecosystem. He is able to provide valuable perspectives on the start-up ecosystem. Under its terms of reference, the RITE's 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.

RITE met

3 times

in 2023

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 6)

Level and Mix of Remuneration (Principle 7)

Disclosure on Remuneration (Principle 8)

Executive Resource and Compensation Committee

Teo Ming Kian (Chairman)
Lim Chin Hu
Lim Sim Seng
Ng Bee Bee (May)

Teo Ming Kian and Ng Bee Bee (May) were appointed as Chairman and Member of the Executive Resource and Compensation Committee (ERCC) in April 2023. The ERCC comprises four members, all of whom (including the ERCC Chairman) are independent Directors. The ERCC performs the role of the remuneration committee. The members of the ERCC have held senior positions in large organisations and are experienced in the area of executive remuneration policies and trends.

All decisions at any meeting of the ERCC are decided by a majority of votes of the ERCC members present and voting (the decision of the ERCC shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration).

ERCC met

3 times

in 2023

Under its terms of reference, the ERCC performs the following duties and responsibilities:

Executive Remuneration General Framework

- Reviews and recommends to the Board the Group's general framework for determining executive remuneration including the remuneration of the Group President & CEO, Key Management Executives and other senior management executives (collectively referred to as "Senior Management Executives").

Executive Director and Senior Management Executives

- Reviews and recommends to the Board the entire specific remuneration package and service contract terms for the Group President & CEO, who is also the executive Director.

- 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. For FY2023, the Board reviewed and approved the specific remuneration packages and service contract terms for the Key Management Executives.

Non-Executive Director Remuneration

- Reviews and recommends to the Board the remuneration framework (including Directors' fees) for non-executive Directors.

Equity-based Plans

- Approves the design of equity-based plans and reviews and administers such plans.

Executive and Leadership Development

- Oversees the development of Management with the aim of a continual build up of talent and renewal of strong and sound leadership to ensure the continued success of the Group and its businesses.

- Approves appointments to Senior Management Executive positions within the Group.

For FY2023, Aon Solutions Singapore Pte Ltd (Aon) was engaged as remuneration consultant (Remuneration Consultant) to provide professional advice on Board and executive remuneration matters. Aon and its principal consultant are independent and are not related to the Group or any of its Directors.

Executive Remuneration Structure

Remuneration for the Senior Management Executives comprises a fixed compensation, variable cash-based incentives, share-based incentives and market-related benefits.

A. Fixed Compensation:
The fixed compensation comprises the base salary and compulsory employer's Central Provident Fund (CPF) contributions.

B. Variable Cash-based Incentives:
The variable cash-based incentives include the Performance Target Bonus (PTB) and EVA-based Incentive Scheme.

Performance Target Bonus
The PTB is a cash-based incentive for Senior Management Executives which is linked to the achievement of annual performance targets that will vary depending on their job requirements.

Individual performance objectives are set at the beginning of each financial year. The performance targets are in financial, people, operational, customer and sustainability areas aligned to the business' strategic goals. These objectives are cascaded down to a select group of key executives creating alignment between the performance of the Group, Company and the individual.

The individual PTB payouts for the Group President & CEO and Key Management Executives are determined by the ERCC based on the Group's, Company's and individual performance at the end of the financial year.

EVA-based Incentive Scheme
The EVA-based Incentive Scheme (EBIS), which is linked to the Company's economic value-add and financial performance forms part of the short-term incentives for the Senior Management Executives.

Under the plan, a portion of EBIS bonus declared for the financial year will be paid out annually, while the remaining portions will be deferred in an EVA bank. Amounts in the EVA bank are at risk because negative EVA will result in a clawback of EVA accumulated in the bank. This mechanism encourages the Senior Management Executives to work for sustained EVA generation and to adopt strategies that are aligned with the long-term interests of the Group.

In addition, the Group has a clawback facility with respect to the EVA bank in the event of a restatement of the financial results of the Group subsequent to an earlier misstatement, and provisions for the forfeiture of the remaining EVA bank balance on termination due to misconduct or fraud resulting in any financial loss to the Group.

The ERCC has determined that the Group has met the EVA targets set for FY2023.

C. Share-based Incentives:
Shares which were granted in FY2023 were based on the Singapore Technologies Engineering Performance Share Plan 2020 ("PSP2020") and the Singapore Technologies Engineering Restricted Share Plan 2020 ("RSP2020" and together with the PSP2020, the "2020 Share Plans") approved and adopted by shareholders of the Company at the 23rd AGM held on 15 May 2020.

The 2020 Share Plans have malus and clawback rights which allow the ERCC to cancel all or part of any award to the extent not yet released to the participant, and to exercise the right to clawback the monetary value of shares which have been released to the participant within a six-year clawback period, if certain exceptional circumstances occur in relation to that participant. Such exceptional circumstances include:

- The grant of the relevant award being based on inaccurate financial statements;
- The participant having engaged in conduct which resulted in or contributed to any financial loss or reputational harm to the Company or the Group; and
- The participant having engaged in misconduct or committed fraud or breach of trust or duty in relation to the Company or the Group.

Share grants under the 2020 Share Plans during FY2023 did not exceed 0.5% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings), which is the yearly limit set by the ERCC for the 2020 Share Plans.

The aggregate number of shares issued and/or to be issued and the aggregate number of existing shares (including treasury shares) delivered and/or to be delivered, pursuant to the 2020 Share Plans, does not exceed 5% of the issued share capital of the Company (excluding treasury shares).

Details of the abovementioned share plans and grants are set out in the Share Plans section of the Directors' Statement from pages 119 to 122 of this Annual Report.

PSP2020
The objective of the PSP2020 is to motivate Senior Management Executives to strive for sustained growth and performance of the Group.

Performance share awards are generally granted on an annual basis and are conditional on the Group meeting targets set for a three-year performance period. The performance measures used in performance share grants are:

- Absolute Total Shareholder Return (TSR) taking reference to the Group's Cost of Equity; and
- Earnings Per Share (EPS) growth against predetermined EPS growth targets over the relevant performance period.

A minimum threshold performance is required for any shares to be released at the end of the applicable performance period. The actual number of performance shares released will depend on the achievement of predetermined targets over the applicable performance period, capped at 170% of the shares granted.

The release of the shares is also conditional on satisfactory individual performance at the end of the performance period.

The performance share awards granted during FY2021 were conditional upon the performance of the Group from financial years 2021 to 2023. For this grant, the ERCC has determined that the Group has met the PSP targets set.

RSP2020
The objective of the RSP2020 is to retain and motivate managers and above to strive for sustained long-term growth of the Group. The plan also aims to foster a share ownership culture among employees within the Group and to better align employees' incentives with shareholders' interests. The RSP2020 allows for restricted share awards to be granted to non-executive Directors ("NED Awards") as part of their remuneration in respect of their office as such in lieu of cash. Such awards, which are meant to align the interests of the Directors with those of shareholders, will consist of fully paid shares with no vesting periods or performance conditions imposed although the Directors will be required to hold the shares for certain moratorium periods.

Restricted share awards are generally granted on an annual basis. Save for NED Awards, restricted share awards are generally conditional on the Group meeting a target set for a one-year performance period. The performance measure used in such restricted share grants is:

- Return on Capital Employed (ROCE)

Under such awards, a minimum threshold performance is required for any shares to be released after the end of the applicable performance period. The shares will vest equally over a four-year period, subject to continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.

The restricted share awards granted during FY2023 were conditional upon the performance of the Group in FY2023. For this grant, the ERCC has determined that the Group has met the RSP target set.

D. Market-related Benefits:
The benefits provided are comparable with local market practices.

The Code requires a company to disclose the names and remuneration of the CEO and at least the top five key management personnel (who are not also Directors or the CEO). Details of the remuneration package for the Group President & CEO are provided in the Summary Remuneration Table for Executive Director and Group President and Chief Executive Officer on page 95. Details of the remuneration packages for the Key Management Executives are provided in the Summary Remuneration Table for Key Management Executives on page 96.

In performing the duties as required under its Terms of Reference, the ERCC ensures that remuneration paid to the Senior Management Executives are strongly linked to the achievement of business and individual performance targets.

This link is achieved in the following ways:

a. Allocating a significant portion of executives' remuneration to be subjected to performance conditions and vesting schedules.

b. Incorporating appropriate individual performance objectives for awarding of annual PTB. The performance targets are in financial, people, operational, customer and sustainability areas aligned to the business' strategic goals.

c. Linking variable incentives to Group's performance conditions such as EVA, ROCE, EPS growth and Absolute TSR and requiring those conditions to be met for the incentives to be awarded or vested.

d. Setting realistic yet stretched performance targets each year to motivate a high degree of business performance with emphasis on both short and long-term quantifiable objectives.

An annual Pay-for-Performance Alignment study was conducted by the Remuneration Consultant and reviewed by the ERCC. The findings indicate strong Pay-for-Performance alignment for the Group in terms of both absolute and relative performance.

Under the Code, the compensation system shall take into account the risk policies of the Group, be symmetric with risk outcomes and be sensitive to the time horizon of risks. Having considered this, the ERCC has incorporated the following risk adjustments in the remuneration structure:

a. Setting a prudent funding mechanism of annual bonus;

b. Subjecting and deferring the vesting of 2020 Share Plans to pre-determined performance conditions and potential forfeiture under malus and clawback rights;

c. Requiring the executive Director and key management personnel to hold a minimum number of shares under the share ownership guidelines; and

d. Applying discretion, whenever necessary, to ensure that remuneration outcomes align with the long-term interests and performance of the Group and discourage excessive risk-taking.

The ERCC undertakes periodic reviews of the compensation system to identify potential compensation-related risks and consider policies and processes to manage risk exposures identified.

The ERCC is of the view that the level and structure of remuneration align with the long-term interests and risk management policies of the Group.

During FY2023, there were no termination, retirement and post-employment benefits granted to Directors, Group President & CEO and Key Management Executives other than in accordance with the standard contractual agreement.

There were no employees who were immediate family members of a Director or the Group President & CEO and whose remuneration exceeded S$100,000 during the FY2023.

Non-Executive Director Remuneration

The non-executive Director (NED) Remuneration Framework comprises a basic retainer, attendance and additional fees for serving on Board Committees.

For services rendered in FY2023 and approved by shareholders at April 2023 AGM, eligible NEDs received 70% of the total Directors' fees in cash (paid half-yearly in arrears) and 30% of the total Directors' fees in the form of restricted shares which are governed by the terms of RSP2020. The share component of the Directors' fees for FY2023 is intended to be paid after 2024 AGM.

As the restricted shares are granted in lieu of Directors' remuneration in cash, the shares will be granted outright as fully paid shares with no performance conditions attached and no vesting periods imposed. To encourage the alignment of interests of the NEDs with the interests of shareholders, the share grant has a moratorium on selling. Each eligible NED is required to hold shares in the Group worth the lower of: (a) the total number of shares in the Group granted to such NED as payment of the shares' component of the NEDs' fees; or (b) the number of shares of equivalent value to the prevailing annual basic retainer fee for a Director of the Group. A NED can sell all granted shares one year after the end of their Board tenure.

The computation of NEDs' remuneration is based on the following rates.

	From Private Sector ($) FY2023
Chairman Fee (all-in)	750,000
Board Basic Retainer Fee	
Deputy Chairman	150,000
Director	75,000
Additional/Committee Fees	
Audit Committee:	
- Chairman	52,000
- Member	29,000
ERCC, SFC, RITE and RSC:	
- Chairman	35,000
- Member	18,000
Other Committees (including NC):	
- Chairman	29,000
- Member	14,000
Attendance Fees	
Per Board Meeting	5,000
Per Board Committee Meeting	2,500

The Chairman's fee is a fixed fee covering Board basic retainer, Board Committee and meeting attendance fees. The fee is paid in a combination of cash (70%) and shares (30%). The shares granted, as part of the fee, are fully-paid with no performance conditions attached and no vesting period imposed. However, the shares will have to be held for at least two years from the date of grant, and the two-year moratorium will apply even in the event of retirement.

Fees for Directors who hold public sector appointments follow the Directorship & Consultancy Appointments Council's (DCAC) guidelines as set out below.

	Public Sector NED fees ($) FY2023
Chairman	45,000
Deputy Chairman/Chairman Executive Committee/Chairman Audit Committee	33,750
Member Executive Committee/Member Audit Committee/Chairman of Other Board Committee(s)	22,500
Director	11,250

NEDs who hold public sector appointments will not be eligible for the shares component of the NEDs' remuneration. 100% of their remuneration in cash is payable to DCAC, where applicable.

The NEDs' remuneration payable, in respect of FY2023 is $2,211,780 (FY2022: $2,406,662). Details of the Directors' remuneration are provided in the Summary Remuneration Table for non-executive Directors. The Company will be seeking shareholders' approval for the NEDs' remuneration of up to $2,500,000 for FY2024 at the upcoming AGM to be held in April 2024.

SUMMARY REMUNERATION TABLE FOR NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023 (GROUP):

Payable by the Company

	Directors' Total Fees[a]		
Non-Executive Directors	**Cash-based $**	**Share-based $**	**Total**
Kwa Chong Seng[b]	226,027	-	226,027
Teo Ming Kian[c]	428,520	183,651	612,171
VADM Aaron Beng Yao Cheng[d][g]	6,257	-	6,257
Kevin Kwok Khien	136,500	58,500	195,000
Lim Ah Doo	116,900	50,100	167,000
Lim Chin Hu	152,600	65,400	218,000
Lim Sim Seng	122,500	52,500	175,000
Ng Bee Bee (May)[e]	97,352	41,723	139,075
Ong Su Kiat Melvyn[f][g]	11,250	-	11,250
Quek See Tiat	103,250	44,250	147,500
Song Su-Min	120,400	51,600	172,000
Tan Peng Yam[h]	99,750	42,750	142,500
COL Cai Dexian[i] (Alternate to Ong Su Kiat Melvyn)	-	-	-
COL Chong Shi Hao[j] (Alternate to VADM Aaron Beng Yao Cheng)	-	-	-
Total for Non-Executive Directors	**1,621,306**	**590,474**	**2,211,780**

	Directors' Total Fees[a]		
	Cash-based $	Share-based $	Total
Payable by Subsidiary			
Non-Executive Director			
Lim Chin Hu	20,000	-	20,000
Total for Non-Executive Director	**20,000**	**-**	**20,000**

(a) NED who steps down before the delivery of share grants will receive all of his/her fees in cash.
(b) Pro-rated. Retired as Board Chairman/Director and ceased as Chairman of SFC and ERCC and member of NC on 21 April 2023.
(c) Pro-rated. Appointed Chairman of the Board, the ERCC and the SFC on 21 April 2023.
(d) Pro-rated. Appointed as Director and member of RSC on 12 June 2023.
(e) Pro-rated. Appointed as Member of ERCC on 21 April 2023.
(f) Pro-rated. Ceased as Member of RSC on 12 June 2023.
(g) Fees for public sector NED are payable to a government agency, the DCAC.
(h) Director's fee is paid based on private sector NED remuneration fee structure.
(i) Ceased as Alternate Director to Ong Su Kiat Melvyn on 12 June 2023.
(j) Appointed Alternate Director to VADM Aaron Beng Yao Cheng on 12 June 2023.

SUMMARY REMUNERATION TABLE FOR EXECUTIVE DIRECTOR AND GROUP PRESIDENT AND CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 31 DECEMBER 2023 (GROUP)

The Group President & CEO, as an executive Director, does not receive Directors' fees from ST Engineering. His compensation comprises of two components, cash compensation (salary, allowances, cash-based incentives and benefits) and share-based incentives which are conditional upon meeting certain performance targets over a performance period. For more information on the performance shares and restricted shares granted, please refer to the Executive Remuneration Structure section in the Corporate Governance Report from page 90 to 92.

Cash Remuneration for Executive Director and Group President & CEO				
Name of Executive Director and Group President & CEO	**Salary[1] $**	**Variable cash-based Incentives[2] $**	**Benefits[3] $**	**Total Cash Remuneration $**
Vincent Chong Sy Feng	1,165,911	2,650,409	130,474	3,946,794

Share Remuneration for Executive Director and Group President & CEO	
Contingent Grant under RSP2020[4] No. of Shares (vesting of 0 - 100% shares over 4 years based on ROCE KPI)	241,777 restricted shares to be granted for financial year ended 31 December 2023 (Fair value per share: S$3.49)
Contingent Grant under PSP2020[5] No. of Shares (vesting of 0 - 170% shares after 3 years based on ATSR & EPS KPIs)	520,865 performance shares to be granted for financial year ended 31 December 2023 (Fair value per share: S$2.43)

1 Salary includes base salary and employer CPF for the financial year ended 31 December 2023.
2 Variable cash-based Incentives include Performance Target Bonus & EVA-based incentive declared.
3 Benefits provided for employees are comparable with local market practices. These include medical, dental, insurances, transport, etc.
4 This conditional award is subject to a performance target set over a one-year performance period. If the performance target is attained, the restricted shares comprised in this conditional award will be released according to the stipulated vesting periods. The restricted shares will vest annually over four years, subject to the recipient's continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.
5 A minimum threshold performance over a three-year period is required for any performance shares to be released and the actual number of performance shares to be released is capped at 170% of the conditional award.

SUMMARY REMUNERATION TABLE FOR KEY MANAGEMENT EXECUTIVES FOR THE YEAR ENDED 31 DECEMBER 2023 (GROUP)

The ERCC is of the view that the Key Management Executives shall comprise members of the EXCO. Their compensation comprises of two components, cash compensation (salary, allowances, cash-based incentives and benefits) and share-based incentives which are conditional upon meeting certain performance targets over a performance period. For more information on the performance shares and restricted shares granted, please refer to the Executive Remuneration Structure section in the Corporate Governance Report from page 90 to 92.

Cash Remuneration for Key Management Executives				
Name of KME & Cash Remuneration Bands	Salary[1] %	Variable cash-based Incentives[2] %	Benefits[3] %	Total Cash Remuneration %
Between $2,250,000 and $2,500,000				
Ravinder Singh s/o Harchand Singh	31%	66%	3%	100%
Between $2,000,000 and $2,250,000				
Foo Chee Keng Cedric	33%	63%	4%	100%
Lam Wai Meng Jeffrey	26%	70%	4%	100%
Tan Lee Chew	31%	65%	4%	100%
				Total Cash Remuneration for KME ($): 9,007,326

Share Remuneration for Key Management Executives	
Contingent Grant under RSP2020[4] No. of Shares (vesting of 0 - 100% shares over 4 years based on ROCE KPI)	547,564 restricted shares to be granted for financial year ended 31 December 2023 (Fair value per share: S$3.49)
Contingent Grant under PSP2020[5] No. of Shares (vesting of 0 - 170% shares after 3 years based on ATSR & EPS KPIs)	786,420 performance shares to be granted for financial year ended 31 December 2023 (Fair value per share: S$2.43)

1 Salary includes base salary and employer CPF for the financial year ended 31 December 2023.
2 Variable Cash-based Incentives include Performance Target Bonus & EVA-based incentive declared.
3 Benefits provided for employees are comparable with local market practices. These include medical, dental, insurances, transport, etc.
4 This conditional award is subject to a performance target set over a one-year performance period. If the performance target is attained, the restricted shares comprised in this conditional award will be released according to the stipulated vesting periods. The restricted shares will vest annually over four years, subject to the recipient's continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.
5 A minimum threshold performance over a three-year period is required for any performance shares to be released and the actual number of performance shares to be released is capped at 170% of the conditional award.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls (Principle 9)

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

The Board received a written assurance from the Group President & CEO and the Group CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

RSC met

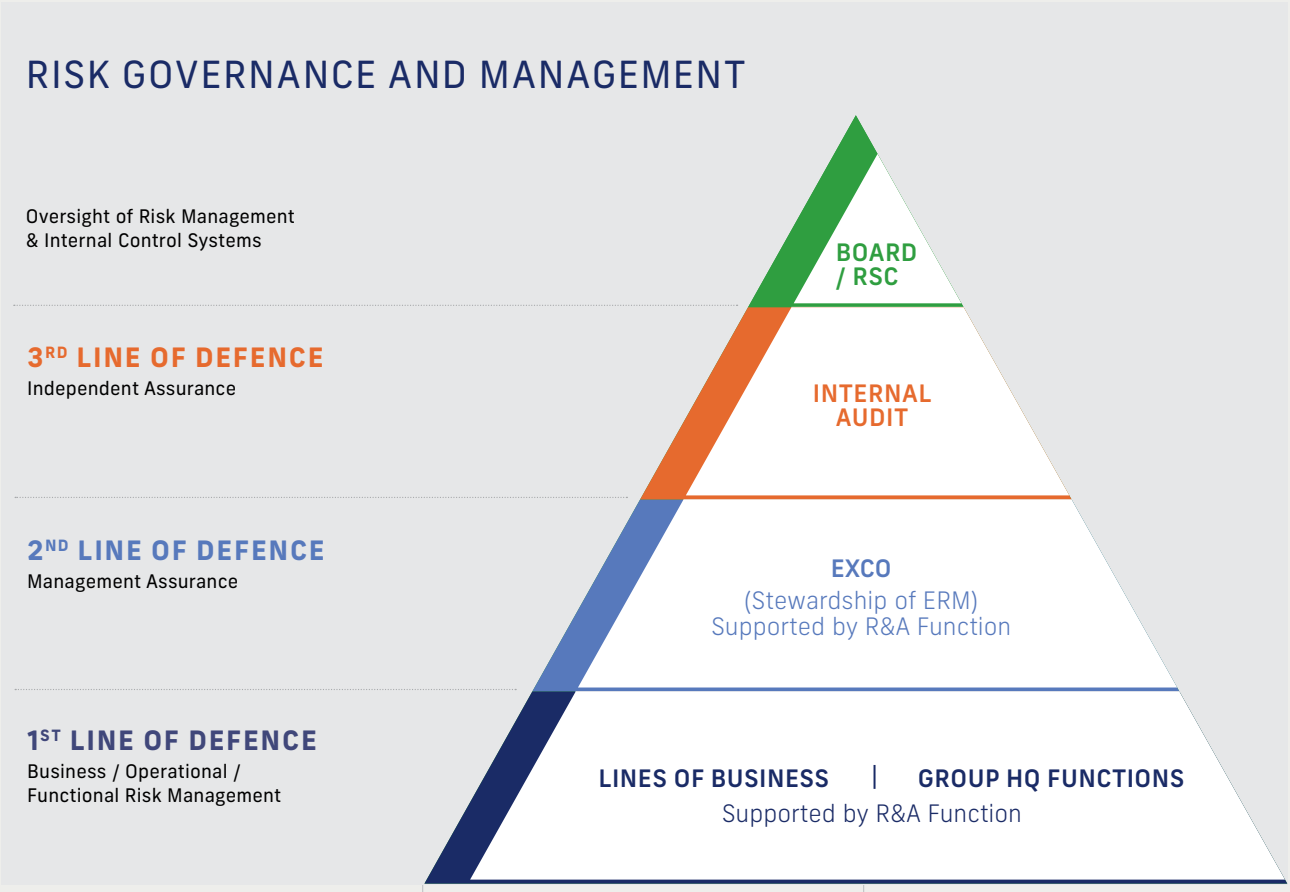
5 times

in 2023

The Risk and Sustainability Committee (RSC) is established to ensure Management has adequate oversight over the awareness and handling of safety, risks and sustainability matters.

Risk and Sustainability Committee

Quek See Tiat (Chairman)
VADM Aaron Beng Yao Cheng
Vincent Chong Sy Feng
Kevin Kwok Khien
Neo Gim Huay
Song Su-Min



VADM Aaron Beng Yao Cheng and Neo Gim Huay were appointed as members of RSC in June 2023 and February 2024 respectively. Ong Su Kiat Melvyn stepped down as a member of RSC upon VADM Aaron Beng's appointment to the Committee. For the Board to discharge its duties objectively over risks and internal controls, Management of ST Engineering meets with the Board and Board Committees frequently during the year.

Under its terms of reference, the RSC performs the following duties and responsibilities:

a) Sustainability Oversight

The RSC oversees the Group's sustainability matters, including those related to climate change. It provides direction on sustainability strategies (short, medium and long term) and monitors progress on sustainability plans and commitments.

Information on sustainability is reported to the RSC via the Group Strategy and Sustainability Office.

Details on RSC's governance and oversight of sustainability are in our Sustainability Report.

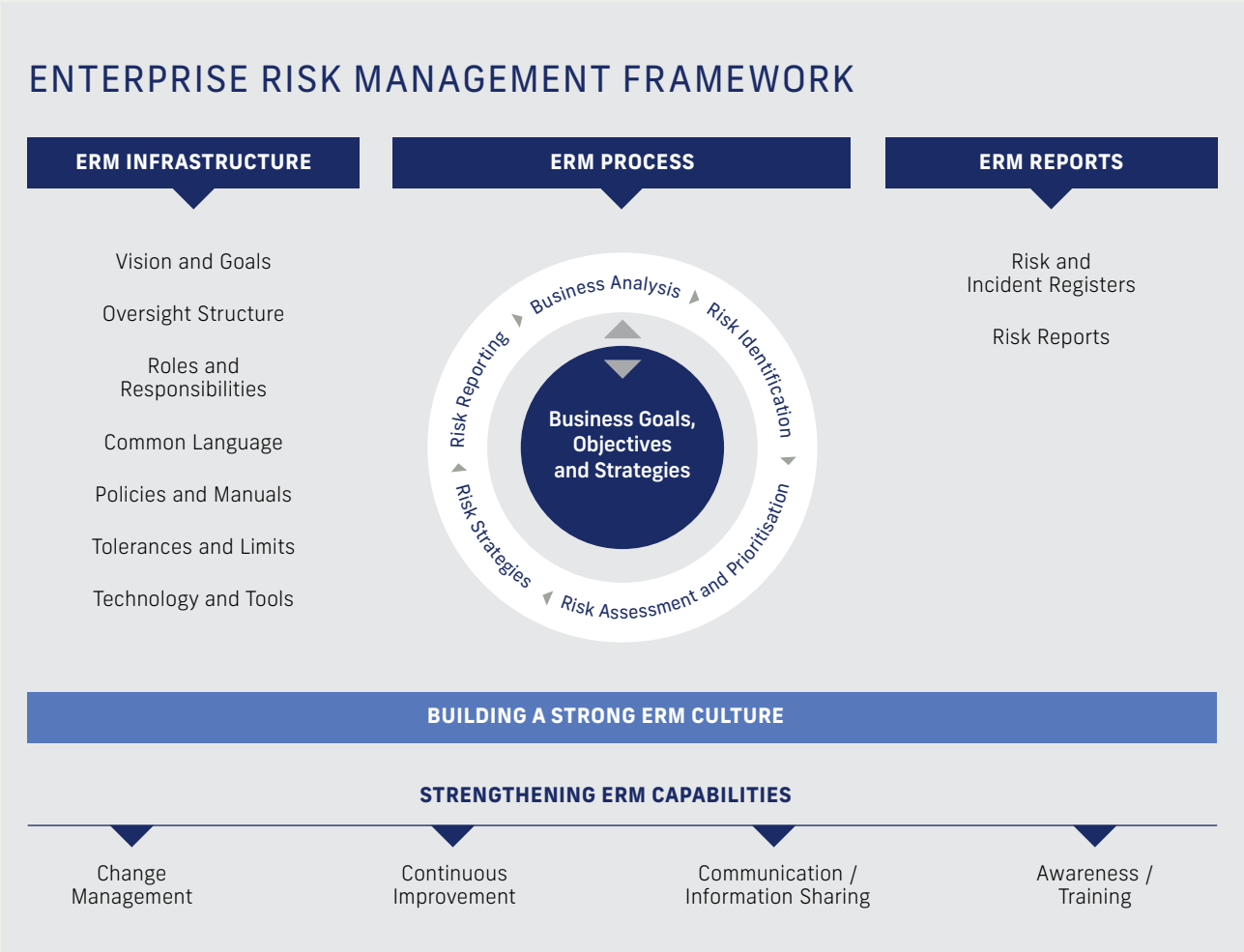
b) Risk Governance

The RSC assists the Board in its risk governance responsibility, overseeing the responsibilities delegated to Management to ensure that there is a sound system of controls in place for identifying and managing risks to safeguard stakeholders' interests and the Company's assets and reputation.

ST Engineering adopts the 'three lines of defence' model of risk governance and management to define the relationships and roles of different functions and operations across the Group in managing risk:

- The first line of defence refers to various Lines of Business' operational teams that identify risks and implement controls.
- The second line of defence is led by the EXCO and supported by the Risk and Assurance (R&A) function to establish governance and control mechanisms.
- The third line of defence is represented by Internal Audit (IA), which provides independent assurance to Management and the Board as to whether the systems of risk management and internal controls are adequate and effective.

Corporate Governance Report



Enterprise Risk Management (ERM) Framework
We recognise the importance of a robust risk management framework to safeguard the interests of the Company and its shareholders. We have a comprehensive risk assessment process to identify, assess and mitigate key risks that may impact our businesses. Our risk management process is dynamic and adaptive, with a focus on anticipating and responding to the evolving landscape of challenges faced by our businesses.

Management is actively engaged in reviewing and analysing key and other applicable risks such as ESG (including climate change) and legal risks.

The Group has put in place an ERM framework to identify, assess, monitor, and manage key business risks in the short, medium, and long term. The ERM framework sets out a common and consistent understanding of risks and risk tolerance limits across the Group, allowing the Board and Management to cascade the Company's risk management philosophy and overall risk appetite as they establish business strategies and objectives.

To facilitate knowledge sharing across various Business Areas and continuous improvement of key ERM processes, material risk events and corresponding controls are also captured and updated in a centralised risk repository. This repository supports analysis, risk monitoring and response, and facilitates risk assessments and dashboard reporting. Management feedback loops such as risk escalation protocols, quarterly risk management meetings and risk deep-dives ensure that changes to business priorities, operating environment and external threats are monitored effectively.

a) Risk Appetite Framework

The Risk Appetite Framework defines the risk boundaries in line with our corporate strategy for compliance within the Group. Under this framework, the Board has approved six Group Risk Appetite Statements with respect to our key risks, and in line with the Group's material ESG factors. They serve as a key conduit for aligning the Group's risk profile with the Group's corporate strategy to achieve its business objectives.

Enterprise-wide risk appetite statements are translated into risk tolerances to guide tactical risk-taking at the operational level. Risk tolerance sets the boundaries of acceptable variation in performance in line with the risk appetite for each underlying key risk.

Strategic

We are committed to pursuing sustainable and inclusive growth to enhance our competitive advantage whilst upholding our core values.

ESG

We subscribe to ESG best practices to benefit all stakeholders.

Financial

- We aim to maintain a resilient balance sheet.
- We have a defined governance framework to evaluate and approve all investment and business transactions.

Regulatory Compliance

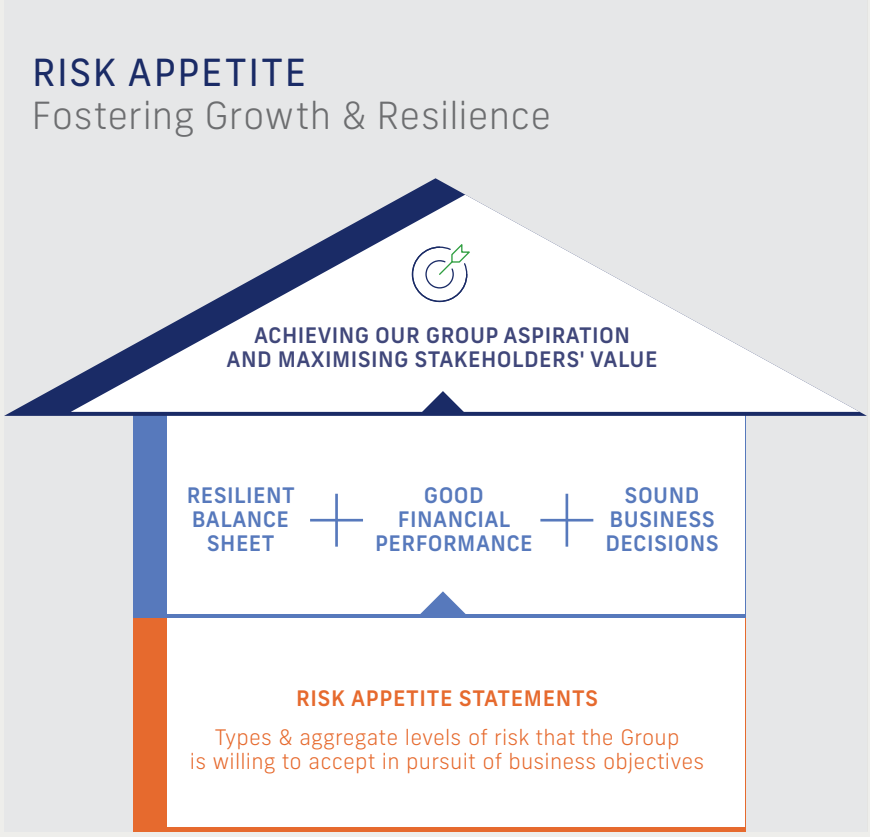
- We comply with all applicable laws and regulations in the countries where we operate in.
- We adopt a zero tolerance policy towards fraud, bribery and corruption.

Operational

- We are committed to "Safety Before Profits".
- We aim to achieve zero accidents at the workplace.

IT and Cyber

We are committed to protecting our data and systems including those entrusted to us by adopting best practices in cybersecurity.



The RSC provides oversight to the Group by reviewing the Risk Appetite Framework and risk tolerance limits. These limits are subject to periodic reviews to take into consideration significant changes in the business environment, ensuring that they continue to support the Group in achieving its strategic objectives.

Corporate Governance Report

b) Risk Review Process

Under the ERM framework, our Group's key risks have been established and regularly refreshed to incorporate new and emerging risks. In 2023, the Group formalised the Emerging Risk Management Framework to identify potential emerging risks which could impact our businesses through conducting horizon scanning. Established watchpoints for key emerging risks are monitored and communicated regularly to facilitate informed decision-making. Each Line of Business will update its risk register periodically based on the risk taxonomy, developments on emerging risks and control self-assessment results, ensuring appropriate risk mitigation (comprising preventive, detective, and responsive controls) and that the key risks operate within the defined threshold, which is aligned with the Group's business strategies.

Responsibility for implementing newly identified controls and reviewing their effectiveness lies with identified Control Owners and Risk Owners respectively.

A risk heatmap featuring the top business and functional risks is also generated and maintained by each of the Lines of Business, which the R&A function will aggregate into a group-wide risk heatmap to determine the Group key risks and overall risk profile.

Presidents of the Business Areas and relevant Group HQ Functions regularly review the key risks and other applicable risks with the RSC. At the meetings, the risk movements and corresponding risk mitigations are highlighted for discussion, including:

- Emerging trends and issues in each Business Area and/or Group HQ Function;
- New risks or changes to existing risk profile;
- New risk incidents;
- Major risk exposures; and
- Risk mitigations taken on previously identified risks.

The RSC continues to monitor the implementation of risk management policies and procedures and receives updates on the risk registers maintained by the respective businesses.

Other key activities during the year include regulatory compliance reviews, as well as assessment of business disruption risks and their corresponding business continuity plans.

We remain committed to continuously enhancing our risk management processes and fostering a risk-aware culture across the Group. This commitment to proactive risk management aligns with our dedication to sustainable and responsible business practices, reinforcing our resilience and ability to create long-term value for our shareholders.

c) Control Self-Assessment Process

The Control Self-Assessment (CSA) process plays an essential role in maintaining an adequate and effective internal control system. To promote ownership and accountability for managing risks and embed risk management into business processes, we have formalised the terms of reference for Risk and CSA Champions. The R&A function provides training to equip these Risk and CSA champions with the required skill sets in the execution of their roles.

d) Risk Communication and Awareness

As part of the annual risk and compliance training programme, key risk and compliance topics covering ST Engineering Code of Business Conduct and Ethics, Anti-bribery and Corruption, Conflict of Interest, Artificial Intelligence Governance & Ethics are shared with staff through e-learning. The RSC is updated regularly on the status of these trainings.

System of Internal Control and Risk Management

The Board receives, at regular intervals, updates from the Board Committees on the key business risks, the material controls to manage these risks, and the internal audit reports on the operational effectiveness of the material controls. Accordingly, the Board, through the Board Committees and supported by the R&A and Internal Audit functions, is satisfied that internal control issues are identified on a timely basis and remedial actions are taken promptly to minimise lapses.

The Board has received assurance from the Group President & CEO and Group CFO on the adequacy and effectiveness of the Company's internal controls and risk management system. Based on the internal controls and risk management process established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and various Board Committees, the Board is satisfied that the Group's framework of internal controls (including financial, operational, compliance and information technology controls) as well as the risk management systems are adequate and effective as at 31 December 2023.

The Audit Committee concurs with the Board on the adequacy and effectiveness of the internal controls and risk management systems established and maintained by the Group as at 31 December 2023. In this regard, the Board also notes that no framework of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, fraud or other irregularities.

Audit Committee (Principle 10)

Kevin Kwok Khien (Chairman)
Lim Ah Doo
Song Su-Min

The Audit Committee (AC) comprises all independent Directors with majority, including the AC Chairman, having relevant accounting or related financial management experience. The AC does not comprise any former partners or directors of ST Engineering's existing external auditing firm within two years preceding their appointment to the AC, and none of them have any financial interests in the auditing firm.

Under its terms of reference, the AC performs the following duties and responsibilities:

- reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and all announcements relating to financial performance;
- reviews the adequacy and effectiveness of internal controls and risk management systems;
- reviews the assurance from the Group President & CEO and the Group CFO on the financial records and financial statements;
- makes recommendation to the Board on the appointment, removal, remuneration and the terms of engagement of the external auditors;
- reviews the adequacy, effectiveness, independence, scope and results of both the external and internal audit functions;

- reviews with the internal auditors on the scope and results of the internal audits conducted, including monitoring of Management's responses to ensure appropriate and timely follow-up;
- reviews and approves the internal and external audit plans;
- reviews the whistleblowing policy and arrangements and all significant whistleblowing cases;
- approves the composition and terms of reference of the Whistleblowing Committee. The AC Chairman chairs the Whistleblowing Committee and is supported by the Group CFO, the Group General Counsel, the Group Chief Human Resource Officer, the Group Head, R&A and the Group Head, Internal Audit (Group Head, IA); and
- reviews all material interested person transactions.

The AC has the authority to investigate any matter within its terms of reference. It has full access to Management and has received full co-operation. The AC also has full discretion to invite any director or executive officer to attend its meetings, and reasonable resources are provided to enable it to discharge its functions.

AC met

5 times

in 2023

The Group has an inhouse internal audit function – ST Engineering Group Internal Audit (IA) which comprises a team of professionals, including the Group Head, IA, with relevant experience in corporate governance, internal controls, IT security and other relevant disciplines. The Group Head, IA reports functionally to the AC and administratively to the Group President & CEO.

The AC approves the ST Engineering Internal Audit Charter and assesses at least annually, whether the internal audit function is adequately resourced and with the relevant skill sets and qualifications to carry out its duties. The AC approves decisions relating to the appointment, removal, evaluation and remuneration of the Group Head, IA.

The role of the IA is to provide independent and objective assurance to the AC on the adequacy and effectiveness of the Group's governance, risk management and system of internal controls. IA also undertakes investigations as directed by the Whistleblowing Committee and has unfettered access to all documents, records, assets, and personnel, including direct access to the AC. IA also performed the internal review on the Sustainability Report for 2023 and recommendations arising from the review were taken into consideration during its development.

As a corporate member of the Singapore Chapter of the Institute of Internal Auditors (IIA), IA adopts the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) laid down in the International Professional Practices Framework, including its Code of Ethics. A quality assurance and improvement programme on the internal audit function is in place to ensure that internal audit activities conform to the IIA Standards.

Training plans and programmes are developed and reviewed to equip ST Engineering IA staff with the relevant qualifications and technical knowledge so that skill sets remain relevant and current.

ST Engineering IA adopts a risk-based approach in its annual internal audit plan, including inputs from senior management of the Group and other key stakeholders. The AC also approved the internal audit plan for FY2023.

The AC is satisfied that the IA is independent, effective, adequately resourced and has appropriate standing within the Group. In addition, the AC reviewed the adequacy of internal control procedures including cybersecurity matters, interested person transactions and the issues raised in both the external and internal audit IA reports.

External Auditors

The appointment of external auditors is subject to approval at each AGM. In making its recommendations to shareholders on the appointment and reappointment of external auditors, the Board relies on the review and recommendations of the AC. The AC reviews the adequacy, effectiveness, independence, scope and results of the external audit and makes recommendations to the Board on the appointment, removal, remuneration and the terms of engagement of the external auditors. In compliance with the SGX-ST Listing Manual, an audit engagement partner may only be in charge of an audit for up to five consecutive years. PricewaterhouseCoopers LLP, first appointed in 2020, meets this requirement.

Fees paid to the external auditors for audit and non-audit services of the Group for FY2023 totalled $5.9m, of which $0.7m or 13% were for non-audit services. The AC was satisfied that the non-audit services provided by the external auditors did not compromise their independence. The Company confirms that it has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the engagement of its auditors.

During the year, the AC held five meetings, including a joint meeting with the RSC to review significant risks of the Company and related key controls. The AC also met with the external auditors, and with the internal auditors, in each case without the presence of Management, during the year.

The AC reviewed the financial statements of the Group with the external auditors and Management before the announcement of the Group's half-yearly and full-year results. Amongst the matters discussed, the following significant matters having an impact on the financial statements were considered by the AC in relation to their materiality and appropriateness in approach, methodology and assessment:

Significant matters	How the AC reviewed these matters
Impairment assessment of non-financial assets – goodwill	The AC reviewed the reasonableness of cash flow forecasts, as well as the long-term growth rates used in valuation models for goodwill impairment assessments. The AC also reviewed the stress testing of the valuations and their sensitivity to changes in the key assumptions used in the valuation models.
Revenue recognition based on stage of completion	The AC reviewed the various controls that were designed and applied by the Group in the recognition of revenue and profit from contracts with customers to ensure that the estimates used in determining the amount of revenue and costs recognised for the performance obligations were appropriate.

The AC concluded that the accounting treatment and estimates used by the Group are appropriate for the above significant matters. All the key audit matters (KAMs) that were raised by the external auditors for the financial year ended 31 December 2023 have been addressed by the AC. The KAMs in the audit report for the financial year ended 31 December 2023 can be found on pages 125 to 126 of this Annual Report.

The AC was kept updated on relevant changes in accounting standards and their implications on the financial statements.

Whistleblowing Policy

The AC has reviewed the ST Engineering Whistleblowing Policy and is satisfied with the procedures through which employees and other stakeholders may, in confidence, raise concerns about possible improprieties in business conduct, financial report or other matters without the fear of reprisals. No form of retaliation to the informant (internal or external) is tolerated for any report made in good faith. Reasonable and appropriate actions, subject to applicable laws, are taken to protect all whistleblowers who raise a concern in good faith. Appropriate disciplinary action may be taken against employees who retaliate against the whistleblower.

ST Engineering is committed to conducting business with integrity and adopts a zero-tolerance attitude towards any malpractice, impropriety, statutory non-compliance and/or any wrongdoing by Board members, employees, and any other parties with a business relationship with the Group.

The Whistleblowing Committee, with the assistance of the Group Head, IA, reviews and deliberates over the contents of the incident raised and determines the subsequent measures to adopt, including making enquiries and pursuing investigations (internal or external). The AC reviews the adequacy of every investigation instituted with their corresponding outcomes. Under these procedures, arrangements are in place for independent investigation of reported concerns and for appropriate follow-up actions to be taken.

The Group's whistleblowing policy facilitates the in-confidence disclosures of possible impropriety or non-compliance. All reports, which may be made anonymously, are treated with strict confidentiality. Non-anonymous whistleblowers (with contactable details) are informed when investigations are concluded. The harassment or victimisation of whistleblowers is not tolerated.

All stakeholders, including employees, customers, suppliers, and the general public, can report incidents through various reporting channels that are independently managed.

Whistleblowing Procedure
Employees and other stakeholders may raise their concerns anonymously or otherwise and/or write to seek advice on the ST Engineering's anti-bribery programme through the various whistleblowing communication channels (i.e. dedicated email account, postal address, 24 geographical toll-free telephone numbers, web, and mobile reporting applications, hosted by an independent external provider).

Allegations involving any member of the Board, including the Group President & CEO, may be reported directly to the Chairman of the Board and the AC Chairman via dedicated email at AC@stengg.com. The reporting channels are published on the Group's website, intranet, and offices for accessibility and awareness.

Interested Person Transactions
The Group has established policies and procedures for reviewing and approving interested person transactions (IPTs) in accordance with the general mandate from shareholders to ensure that such transactions are conducted fairly, on an arm's length basis, and will not be prejudicial to the interest of the Company and/or its minority shareholders.

The Group maintains a register of interested persons to facilitate the identification of IPTs.

IPTs are reviewed by the IA to verify the accuracy and completeness of disclosure and reported to the AC on a quarterly basis.

Where an IPT requires shareholders' approval, the interested person will abstain from voting and the decision will be made by other shareholders.

The general mandate from shareholders is put up for approval at each AGM and stipulates the review procedures to ensure IPTs are undertaken on arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the interested persons than those extended to unrelated third parties.

Details of IPTs entered into by the Group for financial year 2023 are set out on page 268 of this annual report.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings (Principle 11)

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

Shareholders Meeting
ST Engineering's 2023 AGM was held in a wholly physical format whereby shareholders conducted a live voting.

The Annual Report, Notice of AGM and Proxy Form for the 2023 AGM were made available via SGXNet and our corporate website. To facilitate shareholder engagement, shareholders were able to submit their questions ahead of the AGM and our responses were published on SGXNet and on our corporate website before the AGM. Shareholders who were unable to attend the AGM, had appointed Chairman or others as their proxy(ies) to vote on their behalf.

The Company addressed the substantial and relevant questions received from shareholders by publishing the answers via SGXNet and our corporate website 48 hours before the deadline to submit the proxy form to allow shareholders to decide on their votes. To cater to shareholders who did not submit their questions in advance or who had additional questions, we allowed time for "live" Q&A with the Board during the meeting. The Chairman and Group President & CEO addressed all questions asked by shareholders at the meeting.

Our Group President & CEO started the 2023 AGM by delivering a presentation on the Group's aspiration and corporate purpose. He provided an overview of the Group's 2022 financial performance and highlights of the business segments of Commercial Aerospace, Urban Solutions & Satcom and Defence & Public Security, the Company's sustainability ambition, Innovation approach, Corporate Social Responsibility and key milestones in 1Q23. The presentation material was also available on both SGXNet and our corporate website.

The Directors' attendance at the 2023 AGM is disclosed on page 82 in the Corporate Governance Report of this Annual Report.

Shareholders are entitled to attend general meetings and are accorded the opportunity to participate effectively in and vote at general meetings (including through the appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate shareholder, through its appointed representative). The CPF Board and relevant intermediaries (as defined in Section 181 of the Companies Act 1967) may appoint more than two proxies to attend, speak and vote on their behalf. The Company ensures that notice of general meeting is provided in sufficient time before the specific date of the meeting to allow shareholders to properly consider the items of business on the agenda.

Shareholders are informed of the rules governing general meetings. We have implemented electronic poll voting for all the resolutions tabled for approval at the general meetings. An independent scrutineer is appointed to conduct the electronic poll voting procedures and review the proxy verification procedures. The voting procedures are briefed to the shareholders by the independent scrutineer at the beginning of general meetings. All resolutions are put to the vote by electronic poll voting.

Generally, all Directors, including the respective Board Committee Chairmen, are present for the entire duration of general meetings together with Management, external auditors and legal advisors to address shareholders' queries. Queries on matters related to the conduct of audit and the preparation and content of the auditors' report may be addressed by the external auditors. The Chairman of the meeting allows specific Directors, such as Board Committee Chairmen, to answer queries on matters related to their roles. The Chairman also facilitates constructive dialogue between shareholders and the Directors, Management, external auditors and legal advisors (where necessary).

On voting, each proposal is put to vote as a separate resolution. We do not "bundle" resolutions unless the issues are interdependent and linked so as to form one significant proposal. If there are resolutions which are interdependent and linked, we will explain the reasons and material implications in the notice of the meeting. Detailed information on each resolution is provided in the explanatory notes to the Notice of AGM to enable shareholders to exercise their votes on an informed basis. For resolutions on the election or re-election of Directors, we provide sufficient information on the background of the Directors, their contributions to ST Engineering, and their Board and Board Committee positions they are expected to hold upon election.

All proxy votes are received by the 72 hours' deadline prior to meeting and are verified by the appointed independent scrutineers. The results of all resolutions put to vote, showing the number of votes cast for and against each resolution and the respective percentages, are tallied and shown live on-screen to shareholders immediately after the vote has been cast. The results are also announced via SGXNet immediately after the conclusion of the meeting.

The Company Secretary prepares the minutes of general meetings which are published on our corporate website and where required, on SGXNet, as soon as practicable after such meetings. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management.

Provision 11.4 of the Code provides for a company's constitution to allow for absentia voting at general meetings of shareholders. Presently, absentia voting (such as by mail, email or fax) is not permitted under the Company's Constitution. The Company does not intend to amend its Constitution to provide for absentia voting until security, integrity and other pertinent issues relating to absentia voting are satisfactorily resolved. Nevertheless, the Company is of the view that notwithstanding its deviation from Provision 11.4 of the Code, shareholders are treated fairly and equitably and have the opportunity to communicate their views on matters affecting the Company. For instance, shareholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings if they are unable to attend.

Corporate Governance Report

Dividend Policy
The Company adopted a dividend policy to declare dividends every quarter. It has declared 4.0 cents per share each quarter (16.0 cents in total per share each year) for both FY2022 and FY2023.

The dividends for FY2024 are currently scheduled to be paid in June 2024, September 2024, December 2024 and May 2025. As and when the Board declares an interim dividend for each of the first three quarters of FY2024, ST Engineering will announce the relevant record date and payment date on SGXNet. The final dividend payable in May 2025 is subject to shareholders' approval at the ST Engineering AGM to be held in April 2025, the record date and payment date for which will be announced in conjunction with the release of the Group's full-year financial results for FY2024.

Engagement with Shareholders (Principle 12)

ST Engineering practices regular, fair and effective communication with its shareholders. The Company ensures that all communications of material information, including price-sensitive and trade-sensitive information, are timely, balanced and fair and in compliance with the SGX-ST Listing Manual and the Code.

The Investor Relations (IR) department is an integral conduit between the Company and investment community. The IR team maintains regular dialogues with shareholders and the investment community through a multi-channel programme to promote effective communication that gives them a balanced and understandable assessment of the Company's performance, position and prospects.

Targeted events such as AGMs, investor conferences, road shows, group briefings and one-on-one meetings offer opportunities for Senior Management and Directors to interact first-hand with shareholders and the investment community to understand their views, gather feedback and address concerns.

Material information relating to the Company's financial performance, business and strategic developments are published on SGXNet, and/or on our corporate website www.stengg.com.

A dedicated "Investor Relations" section on our website houses current and past annual reports, half-yearly financial reports and webcasts, quarterly market updates, as well as information on AGM and other information considered to be of interest to shareholders and the investment community. ST Engineering's Annual Report is available on our corporate website within 120 days from the end of the Group's financial year-end. A printed copy of the latest Annual Report can be ordered at no cost upon request via email at ir@stengg.com.

ST Engineering publishes half-year and full-year financial reports comprising detailed financial statements and management commentaries on the financial and business performance of the Group within 45 and 60 days from the end of each respective financial period. Release dates of half-yearly financial reports are disclosed four weeks prior to the announcement date via SGXNet.

Briefings to present the half-year and full-year financial results are held for the media and sell-side analysts when results are released. Our shareholders can also participate by listening in to the briefings. Links to live webcasts for these briefings are posted on SGXNet and our corporate website. Audio playback is made available on our website on the same day. In addition, we augment our half-yearly briefings with 1Q and 3Q Market Update briefings for sell-side analysts. All press statements, presentation materials and financial statements are posted on SGXNet and our corporate website before trading starts.

In addition to the investment community, the IR team engages ESG-related research and rating agencies to communicate the Company's sustainability framework, approach and goals. Relevant functions or departments such as Sustainability, Human Resources and Risk & Assurance may also participate in these exchanges.

The Company's Investor Relations Policy, available in the "Investor Relations" section on our website, sets out general communication principles and mechanism of shareholder engagement.

The IR team supports the Group President & CEO and Group CFO in maintaining a close and active dialogue with investors. Contact details of the IR team are available on the corporate website. We value opportunities to engage with our shareholders and investors, who can contact the IR team through

email. The IR team endeavours to respond to shareholders' queries in accordance with our disclosure policy while ensuring that no selective disclosure is made of any material information of the Group.

We welcome the investment community to subscribe to news alerts or follow our social media channels to stay updated on our business developments and happenings.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders (Principle 13)

The Company engages its material stakeholders. Details can be found in the Sustainability Report on page 11 and on our corporate website at www.stengg.com.

DEALINGS IN SECURITIES

The Company has in place a policy which prohibits our Directors and officers of the Company and the Group from dealing in ST Engineering's securities one month before the announcement of half-year and full-year financial results as well as two weeks before the announcement of 1Q and 3Q voluntary Market Updates (the black out period). They are informed of the commencement date for each black out period and are regularly reminded not to deal in ST Engineering's securities at all times if they are privy to any unpublished material price-sensitive or trade-sensitive information.

They are also advised to observe the insider trading laws at all times even when engaging in dealings in ST Engineering's securities within the permitted window periods, and not to deal in ST Engineering's securities on short-term consideration.

The Company will not purchase or acquire its securities during the black-out period and at any time after a price-sensitive or trade-sensitive development has occurred or has been the subject of a decision until the price-sensitive or trade-sensitive information has been publicly announced.

Directors are required to comply with the disclosure obligations under the Securities and Futures Act 2001 to notify the Company of any interests or changes in interests in ST Engineering's securities or of any of its related corporations within two business days after they acquire or dispose such interests or after they become aware of the changes. Upon receipt of the notification of interests and change in interests in ST Engineering's securities from the Director, the Company will notify the SGXNet by the end of the next business day following such notification. In any event, the Directors who are currently our shareholders hold an insignificant number of shares in ST Engineering.

Corporate Governance Report

CODE OF BUSINESS CONDUCT & ETHICS

ST Engineering's Code of Business Conduct and Ethics (Code) is developed based on the Group's Core Values – Integrity, Value Creation, Courage, Commitment and Compassion. The Code forms the foundation of the Group's commitment to ethical business conduct and regulatory compliance.

Read more about our Code and how it relates to the Group's commitment to ethical business and regulatory compliance in our Sustainability Report

EXPORT CONTROL

ST Engineering's Export Control Policy aims to ensure that all the Group's exports are kept out of the hands of unauthorised users and are not used for unauthorised purposes. The Group complies with all applicable export control regimes governing the export of Controlled Items in the jurisdictions where the Group operates in. This commitment extends to transactions undertaken by any party operating on behalf of the Group.

Read more about our approach towards export control and how it relates to the Group's commitment to ethical business and regulatory compliance in our Sustainability Report

LOBBYING & POLITICAL CONTRIBUTIONS

Political contributions, donations or sponsorships must be approved by Management in accordance with the Group's approval limits policy and be made with the highest ethical standards and in compliance with all applicable laws of the jurisdictions where the Group operates in. These must not confer a personal benefit and must not be given to gain a business advantage or to influence a business outcome or an official action.

Read more about our approach to lobbying and political contributions, and how it relates to the Group's commitment to ethical business and regulatory compliance in our Sustainability Report

ANTI-BRIBERY & CORRUPTION

The Group has zero tolerance for fraud and corruption, reinforced by our detailed policies and compliance procedures related to anti-bribery and corruption. The Group has dedicated policies on topics such as whistleblowing, corruption, conflicts of interests, gifts and hospitality, and the appointment of intermediaries.

Read more about our approach to anti-bribery and corruption and how it relates to the Group's commitment to ethical business and regulatory compliance in our Sustainability Report

CYBERSECURITY & DATA PROTECTION

ST Engineering understands the need for strong cybersecurity and data protection as digital technology permeates economies and businesses. We adopt a holistic approach in managing cybersecurity and data protection risks. We do this by keeping abreast of the threat landscape and business environment, as well as implementing a multi-layered security framework to ensure that there are relevant preventive, detective and recovery measures.

Read more about our approach to cybersecurity and data protection in our Sustainability Report

FINANCIAL REPORT

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Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

In our opinion:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company set out on pages 130 to 265 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Teo Ming Kian	(Appointed as Chairman on 21 April 2023)
Vincent Chong Sy Feng	
VADM Aaron Beng Yao Cheng	(Appointed as Director on 12 June 2023)
Kevin Kwok Khien	
Lim Ah Doo	
Lim Chin Hu	
Lim Sim Seng	
Neo Gim Huay	(Appointed as Director on 15 February 2024)
Ng Bee Bee (May)	
Ong Su Kiat Melvyn	
Quek See Tiat	
Song Su-Min	
Tan Peng Yam	
COL Chong Shi Hao	(Appointed as Alternate Director to VADM Aaron Beng Yao Cheng on 12 June 2023)

Arrangements to enable Directors to acquire shares or debentures

Except for the Singapore Technologies Engineering Performance Share Plan 2010 (PSP2010), the Singapore Technologies Engineering Performance Share Plan 2020 (PSP2020), the Singapore Technologies Engineering Restricted Share Plan 2010 (RSP2010) and the Singapore Technologies Engineering Restricted Share Plan 2020 (RSP2020) (collectively, the ST Engineering Share Plans), neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests

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

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967, particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants, share options and awards in the Company and its related corporations were as follows:

	Holdings in the name of the Director, spouse or infant children	
	1 January 2023 or date of appointment, if later	31 December 2023
The Company		
Ordinary Shares		
Teo Ming Kian	6,200	27,000
Vincent Chong Sy Feng	3,069,256[*1]	3,766,913[*1]
Kevin Kwok Khien	172,600	188,400
Lim Ah Doo	112,300[*1]	126,200[*1]
Lim Chin Hu	120,200[*1]	138,500[*1]
Lim Sim Seng	89,600[*1]	104,600[*1]
Ng Bee Bee (May)	14,900	25,100
Quek See Tiat	107,800	122,000
Song Su-Min	43,500	58,000
Tan Peng Yam	13,711	25,811
Conditional Award of Shares under PSP2010 to be delivered after 2022		
Vincent Chong Sy Feng (545,958 shares)	0 to 928,128[#1]	–[#2]
Conditional Award of Shares under PSP2020 to be delivered after 2023		
Vincent Chong Sy Feng (412,777 shares)	0 to 701,720[#1]	0 to 701,720[#1]
Conditional Award of Shares under PSP2020 to be delivered after 2024		
Vincent Chong Sy Feng (579,987 shares)	0 to 985,977[#1]	0 to 985,977[#1]

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests (continued)

	Holdings in the name of the Director, spouse or infant children	
	1 January 2023 or date of appointment, if later	31 December 2023
The Company		
Conditional Award of Shares under PSP2020 to be delivered after 2025		
Vincent Chong Sy Feng (487,839 shares)	–	**0 to 829,326[#1]**
Unvested restricted shares under RSP2010 to be delivered after 2019		
Vincent Chong Sy Feng (219,234 shares)	**54,810[#3]**	–
Unvested restricted shares under RSP2010 to be delivered after 2020		
Vincent Chong Sy Feng (212,708 shares)	**106,354[#3]**	**53,177[#3]**
Unvested restricted shares under RSP2020 to be delivered after 2021		
Vincent Chong Sy Feng (174,311 shares)	**130,734[#3]**	**87,157[#3]**
Conditional Award of restricted shares under RSP2020 to be delivered after 2022		
Vincent Chong Sy Feng	**218,925[#4]**	–
Unvested restricted shares under RSP2020 to be delivered after 2022		
Vincent Chong Sy Feng (218,925 shares)	–	**164,194[#3]**
Conditional Award of restricted shares under RSP2020 to be delivered after 2023		
Vincent Chong Sy Feng	–	**247,689[#5]**

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests (continued)

	Holdings in the name of the Director, spouse or infant children	
	1 January 2023 or date of appointment, if later	31 December 2023
Related Corporations		
Altrium Private Equity Fund I GP Limited		
Limited Partner Interests in the Altrium PE Fund I F&F L.P. fund for a commitment amount		
Teo Ming Kian	US$300,000	US$300,000
Altrium Private Equity Fund II GP Limited		
Limited Partner Interests in the Altrium PE Fund II F&F L.P. fund for a commitment amount		
Teo Ming Kian	US$300,000	US$300,000
Astrea IV Pte. Ltd.		
S$242 million Class A-1 4.35% Secured Fixed Rate Bonds		
Teo Ming Kian	S$7,000	–
US$210 million Class A-2 5.50% Secured Fixed Rate Bonds		
Teo Ming Kian	US$200,000	–
Astrea V Pte. Ltd.		
S$315 million Class A-1 3.85% Secured Fixed Rate Bonds		
Teo Ming Kian	S$16,000	S$16,000
CapitaLand Ascendas REIT Management Limited		
Unit holdings in CapitaLand Ascendas REIT		
VADM Aaron Beng Yao Cheng	6,000	6,000
Kevin Kwok Khien	300,000	300,000
Lim Chin Hu	66,755[*1]	66,755[*1]
Quek See Tiat	42,000	42,000
Tan Peng Yam	4,000	4,000

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests (continued)

	Holdings in the name of the Director, spouse or infant children	
	1 January 2023 or date of appointment, if later	31 December 2023
Related Corporations		
CapitaLand Ascott Trust Management Limited		
Stapled securities in CapitaLand Ascott Trust		
Teo Ming Kian	–	1,399
VADM Aaron Beng Yao Cheng	57	57
Quek See Tiat	31,000	31,741
CapitaLand Ascott Trust Perpetual Bond		
Teo Ming Kian	S$250,000	S$250,000
CapitaLand Integrated Commercial Trust Management Limited		
Unit holdings in CapitaLand Integrated Commercial Trust		
Teo Ming Kian	40,954	40,954
VADM Aaron Beng Yao Cheng	154	154
Quek See Tiat	70,050	70,050
Tan Peng Yam	51,917	51,917
CapitaLand Investment Limited		
Ordinary Shares		
Teo Ming Kian	7,000	7,000
VADM Aaron Beng Yao Cheng	1,000	1,000
Kevin Kwok Khien	80,000	80,000
Quek See Tiat	13,000	13,000
Tan Peng Yam	10,000	10,000
Fullerton Fund Management Company Ltd		
Unit holdings in Fullerton SGD Income Fund – Class A		
Lim Chin Hu	S$453,613[*1]	–
Quek See Tiat	S$2,751,350	S$2,751,350

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests (continued)

	Holdings in the name of the Director, spouse or infant children	
	1 January 2023 or date of appointment, if later	31 December 2023
Related Corporations		
Mapletree China Logistics GP Pte. Ltd.		
OCBC Participation Note linked to Partnership interests in Mapletree China Logistics Investments LLP issued under the S$5,000,000,000 Structured Note Programme		
Lim Chin Hu	–	149,050
Mapletree Industrial Trust Management Ltd.		
Unit holdings in Mapletree Industrial Trust		
Lim Chin Hu	43,921*1	60,921*1
COL Chong Shi Hao	2,000	2,000
Mapletree Logistics Trust Management Ltd.		
Unit holdings in Mapletree Logistics Trust		
Lim Ah Doo	215,200*1	215,200*1
Lim Chin Hu	98,298*1	98,298*1
Tan Peng Yam	1,000	1,000
Mapletree Logistics Trust 3.725% Perpetual Bond		
Teo Ming Kian	S$250,000	S$250,000
Mapletree Real Estate Advisors Pte. Ltd.		
Unit holdings in Mapletree Global Student Accommodation Private Trust (MGSA) – Class A units @ USD85		
Kevin Kwok Khien	2,000	2,000
Unit holdings in MGSA – Class B units @ GBP57		
Kevin Kwok Khien	2,000	2,000
Unit holdings in Mapletree US & EU Logistics Private Trust (MUSEL) – Great Cities Logistics (US) Trust units @ USD1,000		
Kevin Kwok Khien	300	300

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests (continued)

	Holdings in the name of the Director, spouse or infant children	
	1 January 2023 or date of appointment, if later	31 December 2023
Related Corporations		
Mapletree Real Estate Advisors Pte. Ltd. (continued)		
Unit holdings in MUSEL – Great Cities Logistics (Europe) Trust units @ EU305		
Kevin Kwok Khien	300	300
Unit holdings in Mapletree US Income Commercial Trust (MUSIC) – units @ USD552		
Kevin Kwok Khien	US$414,000	US$414,000
Lim Chin Hu	US$250,000*1	US$250,000*1
Mapletree Treasury Services Limited		
S$700 million 3.95% Subordinated Perpetual Securities issued in 2017		
Teo Ming Kian	–	S$250,000
S$600 million 3.7% Perpetual Securities under US$5 billion (S$6.8 billion) Euro Medium-Term Note Programme		
Lim Chin Hu	S$250,000*1	S$250,000*1
MPACT Management Ltd		
Unit holdings in Mapletree PanAsia Commercial Trust		
Lim Chin Hu	135,500*1	135,500*1
Tan Peng Yam	2,000	2,000
Olam Group Limited		
Ordinary Shares		
Teo Ming Kian	12,000	12,000
Lim Ah Doo	520,400*1	423,800*1

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests (continued)

	Holdings in the name of the Director, spouse or infant children	
	1 January 2023 or date of appointment, if later	31 December 2023
Related Corporations		
Sembcorp Marine Ltd~		
Ordinary Shares		
Teo Ming Kian	178,000	N.A.
Kevin Kwok Khien	196,440	N.A.
Quek See Tiat	75,000	N.A.
Tan Peng Yam	110,000	N.A.
SIA Engineering Company Limited		
Ordinary Shares		
VADM Aaron Beng Yao Cheng	10,000	10,000
Singapore Airlines Limited		
Ordinary Shares		
Teo Ming Kian	24,000	24,000
VADM Aaron Beng Yao Cheng	4,000	4,000
Lim Chin Hu	6,000*1	6,000*1
COL Chong Shi Hao	–	400
S$700 million 3.035% Notes due 2025		
Teo Ming Kian	S$250,000	S$250,000
S$6.197 billion Mandatory Convertible Bonds due 2030 (Rights 2021 MCBs)		
Teo Ming Kian	52,000	26,000
Singapore Technologies Telemedia Pte Ltd		
S$500 million 4.2% Subordinated Perpetual Securities		
Teo Ming Kian	S$250,000	S$250,000
5.500% Perpetual Bond		
Lim Chin Hu	–	S$250,000*1

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests (continued)

	Holdings in the name of the Director, spouse or infant children	
	1 January 2023 or date of appointment, if later	31 December 2023
Related Corporations		
Singapore Telecommunications Limited		
Ordinary Shares		
Teo Ming Kian	380	380
Kevin Kwok Khien	131,000	131,000
Lim Chin Hu	38,000*1	38,000*1
Quek See Tiat	680	680
Song Su-Min	190	190
Tan Peng Yam	40,380	40,380
StarHub Ltd		
Ordinary Shares		
VADM Aaron Beng Yao Cheng	660	660
Quek See Tiat	5,000	5,000
Tan Peng Yam	10,000	10,000
Temasek Financial (IV) Private Limited		
S$500 million 2.70% Guaranteed Notes due 2023		
Quek See Tiat	S$7,000	S$7,000
Tan Peng Yam	S$14,000	S$14,000
The LifeSciences Innovation Fund Pte. Ltd.		
Preference Shares		
Teo Ming Kian	1,000	1,000
Vertex Master Fund II (GP) Pte. Ltd.		
Limited Partner Interests in VMII Affiliates Fund LP for a commitment amount		
Teo Ming Kian	US$200,000	US$200,000
Vertex Venture Holdings Ltd		
S$250,000 denomination VVH Ltd 7-years 3.3% Bonds due 28 July 2028		
Teo Ming Kian	S$250,000	S$250,000

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Directors' interests (continued)

~ Ceased to be related corporation with effect from 28 February 2023.

*1 Includes interest held in trust by a trustee company/nominee bank on behalf of the Director.

#1 A minimum threshold performance over a 3-year period is required for any performance shares to be released and the actual number of performance shares to be released is capped at 170% of the conditional award.

#2 For this period, Vincent Chong Sy Feng was vested 491,362 shares upon partial achievement of targets set. The balance of the conditional award covering the period from 2020 to 2022 has thus lapsed.

#3 Balance of unvested restricted shares to be released according to the stipulated vesting periods.

#4 This conditional award is subject to a performance target set over a one-year performance period from 1 January 2022 to 31 December 2022. If the performance target is attained, the restricted shares comprised in this conditional award will be released according to the stipulated vesting periods. The restricted shares will vest annually over four years, subject to the recipient's continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.

#5 This conditional award is subject to a performance target set over a one-year performance period from 1 January 2023 to 31 December 2023. If the performance target is attained, the restricted shares comprised in this conditional award will be released according to the stipulated vesting periods. The restricted shares will vest annually over four years, subject to the recipient's continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.

There was no change in any of above-mentioned Directors' interest in the Company between the end of the financial year and 21 January 2024.

Share Plans

The Executive Resource and Compensation Committee (ERCC) is responsible for administering the ST Engineering Share Plans.

The ERCC members are Teo Ming Kian (Chairman), Lim Chin Hu, Lim Sim Seng and Ng Bee Bee (May).

As of 31 December 2023, pursuant to the release of awards granted under the ST Engineering Share Plans, no participants have received 5% or more of the total number of shares available under the ST Engineering Share Plans.

In relation to the ST Engineering Share Plans:

- no share awards have been granted to controlling shareholders of the Company or their associates;
- the persons to whom the share awards were granted have no right by virtue of these awards to participate in any share issue of any other company;
- the disclosure requirements in Rule 852(1)(c) of the SGX-ST Listing Manual relating to the grant of options to Directors and employees of the parent company and its subsidiaries is not applicable; and
- the disclosure requirements in Rule 852(1)(d) of the SGX-ST Listing Manual relating to the grant of options at a discount is not applicable.

Except as otherwise disclosed in this Directors' Statement, there were no share options or share awards granted by the Company to any person to take up unissued shares of the Company.

(a) ***PSP2010/PSP2020 ("PSP")***

The PSP is established with the objective of motivating Senior Management Executives to strive for sustained long-term growth and performance of the Group. Awards of performance shares are granted conditional on performance targets set based on the corporate objectives of the Group.

Performance share awards are generally granted on an annual basis and are conditional on targets set over a performance period, which is currently prescribed at 3 years.

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Share Plans (continued)

(a) ***PSP2010/PSP2020 ("PSP")*** (continued)

The performance shares will only be released to the recipient at the end of the applicable performance period. The actual number of performance shares released will depend on the achievement of set targets over the performance period. A minimum threshold performance is required for any performance shares to be released and the actual number of performance shares to be released is capped at 170% of the conditional award.

The performance measures used in performance share 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 EPS Growth targets over the relevant performance period. The release of the shares is additionally conditional upon satisfactory individual performance.

Details of the awards granted under the PSP are as follows:

Participant	Conditional awards granted during the financial year under review	Awards released during the financial year under review*	Aggregate conditional awards granted since commencement to end of financial year under review	Aggregate awards released since commencement to end of financial year under review	Aggregate conditional awards not released as at end of financial year under review
PSP2010					
Director of the Company					
Vincent Chong Sy Feng	–	491,362	0 to 3,227,862	1,483,772	–
Group Executives (including Vincent Chong Sy Feng)	–	1,864,860	0 to 29,215,195	11,588,812	–

Participant	Conditional awards granted during the financial year under review	Awards released during the financial year under review	Aggregate conditional awards granted since commencement to end of financial year under review	Aggregate awards released since commencement to end of financial year under review	Aggregate conditional awards not released as at end of financial year under review
PSP2020					
Director of the Company					
Vincent Chong Sy Feng	0 to 829,326	–	0 to 2,517,023	–	0 to 2,517,023
Group Executives (including Vincent Chong Sy Feng)	0 to 4,086,501	–	0 to 11,346,475	–	0 to 10,806,342

* All PSP2010 awards released to participants during the financial year under review were satisfied by way of the transfer of treasury shares to participants.

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Share Plans (continued)

(b) ***RSP2010/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. The RSP also allows for restricted share awards to be granted to non-executive Directors ("NED Awards") as part of their remuneration in respect of their office as such in lieu of cash. Such awards are meant to align the interests of the Directors with those of shareholders.

Restricted share awards are generally granted on an annual basis. Save for NED Awards, restricted share awards are generally conditional on the Group meeting a target set for a one-year performance period. The performance measure used in such restricted share grants is Return on Capital Employed (ROCE). Under such awards, a minimum threshold performance is required for any shares to be released after the end of the applicable performance period. The shares will vest equally over a four-year period, subject to continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.

NED Awards consisting of fully paid shares are granted to non-executive Directors (other than those who hold public sector appointments and who will not be eligible for the shares component of the non-executive Directors' remuneration) with no performance and vesting conditions but with a requirement for the Directors to hold the shares for certain moratorium periods. These shares will form up to 30% of their total Directors' remuneration with the remaining 70% payable in cash.

Details of the awards granted under the RSP are as follows:

Participant	Awards granted during the financial year under review	Awards released during the financial year under review*	Aggregate awards granted since commencement to end of financial year under review	Aggregate awards released since commencement to end of financial year under review	Aggregate awards not released as at end of financial year under review
RSP2010					
Directors of the Company					
Vincent Chong Sy Feng	–	107,987	0 to 2,237,693	2,111,256	53,177
Lim Ah Doo	–	–	42,400	42,400	–
Lim Chin Hu	–	–	4,400	4,400	–
Lim Sim Seng	–	–	48,400	48,400	–
Quek See Tiat	–	–	57,900	57,900	–
Song Su-Min	–	–	2,000	2,000	–
Non-Executive Directors of the Company and its subsidiaries	–	–	1,304,600	1,304,600	–
Group Executives (including Vincent Chong Sy Feng)	–	2,120,386	0 to 77,606,426	47,169,002	1,112,782

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Share Plans (continued)

(b) ***RSP2010/RSP2020 ("RSP")*** (continued)

Participant	Awards granted during the financial year under review	Awards released during the financial year under review*	Aggregate awards granted since commencement to end of financial year under review	Aggregate awards released since commencement to end of financial year under review	Aggregate awards not released as at end of financial year under review
RSP2020					
Directors of the Company					
Teo Ming Kian	20,800	20,800	27,000	27,000	–
Vincent Chong Sy Feng	247,689	98,308	640,925	141,885	499,040
Kevin Kwok Khien	15,800	15,800	18,400	18,400	–
Lim Ah Doo	13,900	13,900	53,800	53,800	–
Lim Chin Hu	18,300	18,300	64,100	64,100	–
Lim Sim Seng	15,000	15,000	56,200	56,200	–
Ng Bee Bee (May)	10,200	10,200	25,100	25,100	–
Quek See Tiat	14,200	14,200	64,100	64,100	–
Song Su-Min	14,500	14,500	56,000	56,000	–
Tan Peng Yam	12,100	12,100	16,800	16,800	–
Group Executives (including Vincent Chong Sy Feng)	8,061,070	3,246,269	22,042,420	5,382,818	15,129,204

* All RSP2010 and RSP2020 awards released to participants during the financial year under review were satisfied by way of the transfer of treasury shares to participants.

Audit Committee

The Audit Committee comprises three independent Directors, one of whom is also the Chairman of the Committee. The members of the Audit Committee at the date of this report are as follows:

Kevin Kwok Khien (Chairman)
Lim Ah Doo
Song Su-Min

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee met during the year to review the scope of the internal audit function and the scope of work of the external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors. The consolidated financial statements of the Group and the financial statements of the Company were reviewed by the Audit Committee prior to their submission to the Directors of the Company for adoption.

Directors' Statement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

Audit Committee (continued)

In addition, the Audit Committee has reviewed the requirements for approval and disclosure of interested person transactions, reviewed the procedures set up by the Group and the Company to identify, report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

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

The Audit Committee has recommended to the Board of Directors that PricewaterhouseCoopers LLP, be nominated for re-appointment as the external auditors at the forthcoming Annual General Meeting of the Company.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the engagement of its external auditors.

Auditors

The independent auditor, PricewaterhouseCoopers LLP, have expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Teo Ming Kian
Director

Vincent Chong Sy Feng
Director

Singapore
28 February 2024

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
Impairment assessment of non-financial assets – goodwill	
Refer to Note C3 to the financial statements. As at 31 December 2023, the carrying value of the Group's goodwill amounted to $3,036,232,000. 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. 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. 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.	We have assessed the appropriateness of management's identification of CGU and critically assessed the key assumptions used in the goodwill impairment assessment. Our audit procedures included the following: • 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. • reviewed the basis and methodology used to derive the recoverable amount of the CGU. • assessed the appropriateness of management's assumptions by comparing to past historical performance and considering current developments. • performed sensitivity analysis on management's assumptions relating to revenue growth rates, gross profit margins, discount rates and terminal growth rates. • 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. • considered the adequacy of the disclosures in the financial statements. 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
Revenue recognition based on stage of completion	
Refer to Note B2 to the financial statements. 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). We focused on this area because of the significant management's judgement required in: • determining each performance obligation within a contract; • forecasting the costs to be incurred; • forecasting the overall margins of these performance obligations; and • assessing the stage of completion of each performance obligation.	Our audit procedures included the following: • understood the end-to-end processes and validated key controls relating to revenue and receivables cycle. • 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. • assessed the terms of the customer contracts and the appropriateness of the revenue recognition policies. • 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. • 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. • performed analysis and retrospective reviews of completed contracts to assess the appropriateness of management's assumptions applied. 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
Revenue	B2	**10,101,021**	9,035,103
Cost of sales		**(8,128,269)**	(7,336,446)
Gross profit		**1,972,752**	1,698,657
Distribution and selling expenses		**(179,414)**	(194,775)
Administrative expenses		**(752,581)**	(727,382)
Other operating expenses		**(215,294)**	(168,636)
Other income, net		**14,647**	56,670
Profit from operations	B3	**840,110**	664,534
Non-operating income, net	B4	**16,454**	37,288
Share of results of associates and joint ventures, net of tax		**58,093**	33,270
Earnings before interest and tax		**914,657**	735,092
Finance income		**41,286**	11,203
Finance costs		**(251,732)**	(148,829)
Finance costs, net	E2	**(210,446)**	(137,626)
Profit before taxation		**704,211**	597,466
Taxation	B6	**(99,785)**	(54,131)
Profit after taxation		**604,426**	543,335
Attributable to:			
Shareholders of the Company		**586,467**	535,012
Non-controlling interests	F3	**17,959**	8,323
		604,426	543,335
Earnings per share (cents)	B5		
Basic		**18.82**	17.18
Diluted		**18.69**	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
Profit after taxation		**604,426**	543,335
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan remeasurements		**2,175**	94,222
Net fair value changes on equity investment at FVOCI		**2,769**	(2,957)
		4,944	91,265
Items that are or may be reclassified subsequently to profit or loss:			
Net fair value changes of cash flow hedges reclassified to income statement		**(55,808)**	27,468
Effective portion of changes in fair value of cash flow hedges		**52,068**	94,161
Share of net fair value changes on cash flow hedges of joint ventures		**(3,343)**	2,321
Foreign currency translation differences		**(8,505)**	(74,620)
Share of foreign currency translation differences of associates and joint ventures		**(7,960)**	(15,438)
Reserves released on disposal of subsidiaries		**549**	8,149
		(22,999)	42,041
Other comprehensive income for the year, net of tax		**(18,055)**	133,306
Total comprehensive income for the year, net of tax		**586,371**	676,641
Total comprehensive income attributable to:			
Shareholders of the Company		**553,846**	666,695
Non-controlling interests	F3	**32,525**	9,946
		586,371	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
ASSETS			
Non-current assets			
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
		8,749,103	8,836,873
Current assets			
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
		6,629,798	6,127,112
Total assets		**15,378,901**	14,963,985
EQUITY AND LIABILITIES			
Current liabilities			
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
		7,322,358	8,005,210
Net current liabilities		**(692,560)**	(1,878,098)

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
Non-current liabilities			
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
		5,304,207	4,305,921
Total liabilities		**12,626,565**	12,311,131
Net assets		**2,752,336**	2,652,854
Share capital and reserves			
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
Equity attributable to owners of the Company		**2,459,340**	2,397,996
Non-controlling interests	F3	**292,996**	254,858
		2,752,336	2,652,854
Total equity and liabilities		**15,378,901**	14,963,985

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)**
Total comprehensive income for the year		
Profit after taxation	–	–
Other comprehensive income		
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	–	–
Transactions with owners of the Company, recognised directly in equity		
Contributions by and distributions to owners of the Company		
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**
Changes in ownership interests in subsidiaries		
Disposal of subsidiary	–	–
Total transactions with owners of the Company	–	**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)
Total comprehensive income for the year		
Profit after taxation	–	–
Other comprehensive income		
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	–	–
Transactions with owners of the Company, recognised directly in equity		
Contributions by and distributions to owners of the Company		
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)
Changes in ownership interests in subsidiaries		
Disposal of subsidiaries	–	–
Total transactions with owners of the Company	–	(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
Cash flows from operating activities		
Profit before taxation	**704,211**	597,466
Adjustments:		
Share of results of associates and joint ventures, net of tax	**(58,093)**	(33,270)
Share-based payment expense	**27,266**	24,893
Depreciation charge	**340,861**	337,602
Property, plant and equipment written off	**2,118**	3,844
Amortisation of other intangible assets	**200,575**	179,270
Amortisation of deferred income	**(4)**	(6)
Impairment of property, plant and equipment	**2,457**	42,378
Impairment of goodwill and other intangible assets	**10,162**	5,000
Gain on disposal of property, plant and equipment	**(14,867)**	(10,911)
Gain on disposal of subsidiaries	**(16,454)**	(37,288)
Gain on disposal of associate	**–**	(3,668)
Loss on disposal of investment	**24,132**	–
Gain on ineffective portion/discontinuation of cash flow hedges	**(27,941)**	–
Changes in fair value of associates	**5,398**	(1,471)
Changes in fair value of investments	**657**	(13,868)
Changes in fair value of financial instruments and hedged items	**1,603**	(1,932)
Interest expense	**235,829**	137,309
Interest income	**(13,345)**	(9,271)
Unrealised currency translation losses/(gains)	**2,063**	(330)
Operating profit before working capital changes	**1,426,628**	1,215,747
Changes in:		
Inventories	**(206,060)**	(354,852)
Contract assets	**(148,519)**	(249,371)
Trade receivables	**(437,738)**	(58,447)
Amounts due from related parties	**(3,464)**	25,671
Advances and other receivables	**(115,756)**	(97,895)
Contract liabilities	**438,702**	139,808
Deposits from customers	**(4,978)**	17,754
Trade payables	**104,398**	198,293
Amounts due to related parties	**913**	1,900
Other payables, accruals and provisions	**275,282**	(67,872)
Deferred income	**(3,567)**	3,438
Cash generated from operations	**1,325,841**	774,174
Interest received	**11,569**	6,942
Income tax paid	**(158,853)**	(108,021)
Net cash from operating activities	**1,178,557**	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
Cash flows from investing activities			
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
Net cash used in investing activities		**(200,757)**	(4,571,488)
Cash flows from financing activities			
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)
Net cash (used in)/from financing activities		**(1,226,074)**	3,697,785
Net change in cash and cash equivalents		**(248,274)**	(200,608)
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)
Cash and cash equivalents at end of the year	C8	**353,316**	601,749

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

31 DECEMBER 2023
(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

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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%

B1	Segment information	**B4**	Non-operating income, net
B2	Revenue	**B5**	Earnings per share
B3	Profit from operations	**B6**	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)	–
	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
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
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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	**5,760,303**	5,219,845	**2,446,852**	1,979,057
U.S.	**3,086,297**	2,852,309	**4,601,877**	4,788,762
Europe	**1,185,465**	899,513	**1,358,609**	1,758,155
Others	**68,956**	63,436	**90,692**	95,598
	10,101,021	9,035,103	**8,498,030**	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
Major products/services lines				
Sale of goods	**1,496,247**	1,292,277	**1,249,796**	1,187,011
Service income	**300,876**	130,101	**1,698,504**	1,604,584
Contract revenue	**2,168,937**	1,630,381	**1,340,398**	1,527,950
	3,966,060	3,052,759	**4,288,698**	4,319,545
Timing of revenue recognition				
Transferred at a point in time	**2,160,437**	1,680,176	**1,814,097**	1,699,289
Transferred over time	**1,805,623**	1,372,583	**2,474,601**	2,620,256
	3,966,060	3,052,759	**4,288,698**	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
Primary geographical markets		
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
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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
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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
After charging/(crediting)		
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)

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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)**	–
	16,454	37,288

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
Number of shares		
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	**3,115,486**	3,114,900

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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

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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

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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.

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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
	380,850	387,881

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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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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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.

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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.

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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.

C1	Property, plant and equipment	**C9**	Trade payables and accruals
C2	Right-of-use assets	**C10**	Amounts due to related parties
C3	Intangible assets	**C11**	Provisions
C4	Amounts due from related parties	**C12**	Deferred income
C5	Inventories	**C13**	Contract balances
C6	Trade receivables	**C14**	Financial risk management objectives and policies
C7	Advances and other receivables	**C15**	Classification and fair value of financial instruments
C8	Bank balances and other liquid funds	**C16**	Derivative financial instruments

C1 Property, plant and equipment

Group	Freehold land*, buildings and improvements $'000	Wharves, floating docks and boats $'000
Cost		
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
Accumulated depreciation and impairment		
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
Net book value		
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

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C1 Property, plant and equipment (continued)

Group	Freehold land*, buildings and improvements $'000	Wharves, floating docks and boats $'000
Cost		
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
Accumulated depreciation and impairment		
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
Net book value		
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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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
Cost			
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
Accumulated depreciation			
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
Net book value			
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
Cost			
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
Accumulated depreciation			
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
Net book value			
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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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	Net book value 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.

Notes to the Financial Statements

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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.

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C3 Intangible assets

Group	Goodwill $'000	Dealer network and customer relationships $'000	Development expenditure $'000
Cost			
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
Accumulated amortisation and impairment losses			
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
Net book value			
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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C3 Intangible assets (continued)

Group	Goodwill $'000	Dealer network and customer relationships $'000	Development expenditure $'000
Cost			
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
Accumulated amortisation and impairment losses			
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
Net book value			
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

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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	**Initial recognition:** Separately acquired intangible assets are recognised at cost. Intangible assets arising from business combinations are recognised at fair value at the date of acquisition. **Subsequent measurement:** 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.	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		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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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.

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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:

			Pre-tax discount rate		Terminal growth rate	
Group	**2023 $'000**	**2022 $'000**	**2023 %**	**2022 %**	**2023 %**	**2022 %**
Commercial Aerospace						
Aerostructure & Systems	**59,437**	59,682	**10.0**	10.0 – 11.0	**1.6 – 3.0**	1.6 – 3.0
Aerospace MRO	**16,640**	16,910	**11.1**	11.5	**4.0**	4.0
Defence & Public Security						
Specialty Vehicles	**100,493**	102,602	**13.3 – 16.0**	14.7 – 17.6	**2.3**	2.3
Robotics & Autonomous Systems	**34,533**	35,169	**11.0 – 12.0**	12.0 – 13.5	**2.3 – 2.5**	2.3 – 2.5
Mission Software & Services	**12,320**	12,320	**9.0**	9.0	**2.0**	2.0
Training & Simulation Systems	**15,018**	15,295	**15.1**	18.8	**3.0**	3.0
Advanced Networks & Sensors	**35,793**	36,420	**11.4**	11.4	**2.7**	4.0
Defence Aerospace	**701**	701	**NA**	NA	**NA**	NA
Urban Solutions & Satcom						
Smart Utilities & Infrastructure	**73,273**	74,732	**10.6**	12.1	**3.0**	3.0
Mobility (Rail & Road)	**2,263,951**	2,305,641	**8.0**	8.9	**4.0**	4.0
Satcom	**424,073**	431,882	**11.1**	11.8	**3.0**	3.0
	3,036,232	3,091,354				

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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.

		Change required for carrying amount to equal the recoverable amount	
Business Segment	**Assumption**	**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.

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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
	52,229	47,851
Non-trade*:		
Associates	**7,737**	7,500
Joint ventures	**37,913**	115,617
Related parties	**21**	109
	45,671	123,226
Allowance for doubtful debts	**(1,717)**	(988)
	96,183	170,089
Receivable:		
Within 1 year	**59,964**	135,089
After 1 year	**36,219**	35,000
	96,183	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).

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C5 Inventories

Group	2023 $'000	2022 $'000
Inventories of equipment and spares	**1,897,274**	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.

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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.

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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.

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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
	42,005	23,144
Non-trade:		
Associates	**1,300**	–
Joint ventures*	**6,863**	18,422
Related parties	**–**	321
	8,163	18,743
	50,168	41,887
Payable:		
Within 1 year	**50,168**	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
2023					
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**

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C11 Provisions (continued)

Group	Warranties $'000	Onerous contracts $'000	Closure costs $'000	Restoration costs $'000	Total $'000
2022					
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.

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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
	27,606	31,177
Recognise:		
Within 1 year	**11,755**	13,589
After 1 year	**15,851**	17,588
	27,606	31,177

Government grants relate mainly to grants received to subsidise the cost of capital assets.

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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	**2,240,100**	2,099,676	1,726,505
Contract liabilities	**(2,252,967)**	(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	**816,520**	415,403

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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.

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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
Fixed rate instruments		
Financial assets	**61,148**	162,783
Financial liabilities	**(3,764,106)**	(3,608,264)
	(3,702,958)	(3,445,481)
Variable rate instruments		
Financial liabilities	**(2,349,558)**	(2,944,523)
	(2,349,558)	(2,944,523)

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.

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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; 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.

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31 DECEMBER 2023
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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
2023				
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)**
2022				
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.

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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
	4,555,725	4,309,667

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
	2,942	(3,930)

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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
	3,832,675	3,263,167

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
Group						
Receivables measured at lifetime ECL:						
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)
Total	**3,832,675**	**–**	3,263,167	–	2,794,795	–

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.

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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
Commercial Aerospace						
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)**
Defence & Public Security						
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)**
Urban Solutions & Satcom						
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
Commercial Aerospace						
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)
Defence & Public Security						
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)
Urban Solutions & Satcom						
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)

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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:

	Lifetime ECL	
Group	**2023 $'000**	**2022 $'000**
At 1 January	**70,751**	82,811
Impairment loss/(reversal of impairment loss) recognised	**2,942**	(3,930)
Amounts written off	**(4,573)**	(5,942)
Acquisition of subsidiaries	**–**	273
Translation difference	**(300)**	(2,461)
At 31 December	**68,820**	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.

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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.

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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.

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C15 Classification and fair value of financial instruments

Group	Carrying amount		
	Amortised cost $'000	FVTPL $'000	Fair value – hedging instruments $'000
2023			
Financial assets measured at fair value			
Investments	–	15,606	–
Associates	–	9,970	–
Derivative financial instruments	–	19,251	46,433
	–	44,827	46,433
Financial assets at amortised cost			
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	–	–
Financial liabilities measured at fair value			
Derivative financial instruments	–	(12,914)	(10,351)
Financial liabilities at amortised cost			
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)				

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C15 Classification and fair value of financial instruments (continued)

Group	Carrying amount		
	Amortised cost $'000	FVTPL $'000	Fair value – hedging instruments $'000
2022			
Financial assets measured at fair value			
Investments	–	42,718	–
Associates	–	15,460	–
Derivative financial instruments	–	16,437	33,922
	–	74,615	33,922
Financial assets at amortised cost			
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	–	–
Financial liabilities measured at fair value			
Derivative financial instruments	–	(12,839)	(44,584)
Financial liabilities at amortised cost			
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)				

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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
Equity instruments (quoted), at FVTPL		
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
Associates		
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
Equity instruments (unquoted), at FVTPL		
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
Equity instruments (unquoted), at FVOCI		
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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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
Amortised cost	• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and • 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.	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.
Debt investments at FVOCI	• The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and • 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.	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.
Equity investments at FVOCI	On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in 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.

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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
FVTPL*	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. * *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.*	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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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31 DECEMBER 2023
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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.

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31 DECEMBER 2023
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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	**FVOCI** - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
	FVTPL - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
Level 2	**FVOCI** - Equity investments (unquoted)	Determined by reference to the most recent purchase price.
	Derivatives - 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.
	FVTPL - Investment in associates - Equity investments (unquoted)	Determined by reference to the most recent purchase price.
Level 3	**FVOCI** - Equity investment (unquoted)	Determined based on latest funding round.
	FVTPL - 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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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 Short-term borrowings and other current payables	Carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.
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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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
2023			
Foreign currency risk			
Nominal amount of forward exchange contracts (in thousands of SGD)	**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**	**–**
Nominal amount of embedded derivatives (in thousands of SGD)	**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**
Interest rate risk			
Nominal amount of interest rate swaps	**–**	**108,273**	**53,840**
- Average fixed interest rate	**–**	**2.7234**	**2.7010**
2022			
Foreign currency risk			
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	–
Interest rate risk			
Nominal amount of interest rate swaps	–	356,785	112,065
- Average fixed interest rate	–	2.9038	2.6455

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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
2023		
Foreign currency risk		
Sales	**25,850**	**15,405**
Receivables	**–**	**(323)**
Purchases	**3,223**	**534**
Payables	**455**	**108**
Embedded derivatives	**20,213**	**1,926**
Interest rate risk		
Variable rate borrowings	**(2,822)**	**77,604**
2022		
Foreign currency risk		
Sales	(18,343)	(4,526)
Receivables	–	(323)
Purchases	(6,181)	(3,668)
Payables	(155)	(314)
Embedded derivatives	(12,974)	(18,287)
Interest rate risk		
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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C16 Derivative financial instruments (continued)

Cash flow hedges (continued)

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

	2023			
Group	**Nominal amount $'000**	**Assets $'000**	**Liabilities $'000**	**Line item in the statement of financial position where the hedging instrument is included**
Foreign currency risk				
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**
Interest rate risk				
Interest rate swaps [(a)]	**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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C16 Derivative financial instruments (continued)

Cash flow hedges (continued)

	2022			
Group	**Nominal amount $'000**	**Assets $'000**	**Liabilities $'000**	**Line item in the statement of financial position where the hedging instrument is included**
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 [(a)]	468,850	16,506	(2,951)	Derivative financial instruments
Treasury lock	–	–	–	–

[(a)] 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

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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:

	Hedging reserve	
Group	**2023 $'000**	**2022 $'000**
Balance at 1 January	**106,533**	(22,242)
Change in fair value:		
Foreign currency risk	**49,741**	(37,653)
Interest rate risk	**(2,822)**	147,522
Equity accounted joint ventures	**(3,343)**	2,321
Amount reclassified to profit or loss:		
Foreign currency risk	**(4,709)**	17,442
Interest rate risk	**(46,987)**	(5,434)
Amount included in the cost of non-financial items:		
Foreign currency risk – inventory purchases	**(265)**	3,983
Tax movements on reserves during the year	**(10,517)**	594
Balance at 31 December	**87,631**	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.

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C16 Derivative financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

	Category	Subsequent measurement
(1)	**Cash flow hedges**	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. 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. 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.
(2)	**Fair value hedges**	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)	**Net investment hedges**	The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation. 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.

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.

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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.

D1	Economic Value Added (EVA)-based Incentive Scheme	**D3**	Post-employment benefits
D2	Personnel expenses	**D4**	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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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
	2,998,510	2,610,874

* $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	**219,915**	214,709
Non-current	**209,840**	206,296
Current	**10,075**	8,413
	219,915	214,709

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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:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
Group	**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
Included in profit or loss						
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)
Included in OCI						
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)
Others						
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)

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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	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

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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 were as follows:

Group	2023		2022	
	Germany	U.S.	Germany	U.S.
Longevity at age 65 for current pensioners:				
Males	**20.8**	**20.2**	20.6	20.1
Females	**24.2**	**22.2**	24.0	22.1
Longevity at age 65 for current members aged 45:				
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
Outstanding awards				
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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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 (%)	**14.54**	22.28	**14.48 – 21.03**	10.65 – 22.28
Risk-free rate (%)	**3.10**	1.72	**2.99 – 3.32**	1.14 – 1.84
Share price ($)	**3.43**	4.07	**3.43**	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	**6,984**	2,595
Closing balance of liability for cash-settled share-based payment	**7,542**	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.

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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.

E1	Capital management	**E6**	Share capital
E2	Finance costs, net	**E7**	Treasury shares
E3	Investments	**E8**	Capital reserves
E4	Borrowings	**E9**	Other reserves
E5	Commitments and contingent liabilities	**E10**	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
	6,108,092	6,534,537

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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
Finance income		
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

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E2 Finance costs, net (continued)

Group	2023 $'000	2022 $'000
Finance costs		
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
Total investments, net of impairment losses	**63,075**	76,704
Represented by:		
Long-term investments	**63,075**	76,704
	63,075	76,704

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E4 Borrowings

Group	Note	Non-current $'000	Current $'000	Total $'000
31 December 2023				
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**
		3,544,431	**2,563,661**	**6,108,092**
31 December 2022				
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
		2,906,568	3,627,969	6,534,537

(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**	–
						651,248	906,705
- Unsecured						**629,038**	869,947
- Secured						**22,210**	36,758
At the end of the year						**651,248**	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.

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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.

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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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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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E4 Borrowings (continued)

Reconciliation of movements of liabilities and assets to cash flows arising from financing activities

Group	Liabilities			Assets	
	Borrowings $'000	Trade payables and accruals $'000	Amounts due to related parties $'000	Deposits pledged $'000	Total $'000
Balance at 1 January 2023	6,534,537	2,899,210	41,887	(22)	9,475,612
Changes from financing cash flows					
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
Total changes from financing cash flows	(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
Liability-related other changes					
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
Total liability-related other changes	264,355	481,729	8,281	–	754,365
Balance at 31 December 2023	6,108,092	3,214,184	50,168	(21)	9,372,423

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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
Balance at 1 January 2022	2,115,220	2,675,997	27,781	–	4,818,998
Changes from financing cash flows					
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)
Total changes from financing cash flows	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)
Liability-related other changes					
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
Total liability-related other changes	115,620	254,441	14,106	–	384,167
Balance at 31 December 2022	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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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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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.

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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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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	**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	2023 $'000	2022 $'000
At beginning of the year	**(36,377)**	(33,475)
Purchased during the year	**(20,821)**	(26,430)
Reissuance of treasury shares pursuant to share plans	**27,554**	23,528
At end of the year	**(29,644)**	(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.

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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.

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E9 Other reserves (continued)

Type of reserve	Nature
Foreign currency translation reserve	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.
Statutory reserve	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.
Fair value reserve	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.
Share-based payment reserve	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.
Premium paid on acquisition of non-controlling interests	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	**124,722**	311,806
Interim dividends paid in respect of the current financial year of 12.0 cents (2022: 12.0 cents) per share	**373,958**	373,819
	498,680	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.

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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.

F1	Subsidiaries	**F4**	Associates and joint ventures
F2	Acquisition and disposal of controlling interests in subsidiaries in 2023/2022	**F5**	Related party information
F3	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 [1]	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. [1]	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. [1]	U.S.	**100**	100
ST Engineering RHQ Ltd. [2]	United Kingdom	**100**	100
ST Engineering Urban Solutions Ltd.	Singapore	**100**	100
STE TransCore Holdings, Inc [1]	U.S.	**100**	100
TransCore Partners, LLC [1]	U.S.	**100**	100

[1] Audited by PricewaterhouseCoopers U.S. for consolidation purposes.
[2] 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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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
Cash outflow on acquisition:	
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.

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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**
NCI percentage	**20%**
Principal place of business/Country of incorporation	**Singapore**
Revenue	**363,634**
Profit after taxation	**32,011**
Other comprehensive income/(loss)	**38**
Total comprehensive income	**32,049**
Attributable to NCI:	
- Profit	**6,402**
- Other comprehensive income/(loss)	**8**
- **Total comprehensive income**	**6,410**
Non-current assets	**159,432**
Current assets	**264,191**
Non-current liabilities	**(75,234)**
Current liabilities	**(143,325)**
Net assets	**205,064**
Net assets attributable to NCI	**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)**
Net changes in cash and cash equivalents	**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%	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
NCI percentage	**20%**
Principal place of business/Country of incorporation	**Singapore**
Revenue	374,149
Profit/(loss) after taxation	38,250
Other comprehensive income/(loss)	1,887
Total comprehensive income	40,137
Attributable to NCI:	
- Profit/(loss)	7,650
- Other comprehensive income/(loss)	377
- **Total comprehensive income/(loss)**	8,027
Non-current assets	127,728
Current assets	253,354
Non-current liabilities	(70,937)
Current liabilities	(137,132)
Net assets	173,013
Net assets attributable to NCI	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)
Net changes in cash and cash equivalents	(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
49.9%	**20%**	**45%**			
U.S.	**China**	**Germany**			
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 %
Associates				
Shanghai Technologies Aerospace Company Limited [1]	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 [1]	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
Turbine Overhaul Services Pte. Ltd.	Repair and service of gas and steam turbine components	Singapore	**49**	49
CityCab Pte. Ltd. [1]	Rental of taxis and the provision of charge card facilities	Singapore	**46.5**	46.5
Experia Events Pte. Ltd. [1]	Organising and management of conferences, exhibitions and other related activities, including the biennial Singapore Airshow event	Singapore	**33**	33
Joint ventures				
Total Engine Asset Management Pte. Ltd. [1]	Leasing of engines	Singapore	**50**	50
Keystone Holdings (Global) Pte. Ltd. [1]	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

[1] 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
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)**
Total comprehensive income/(loss)	**2,196**	**25,964**
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)**
Net assets	**107,316**	**145,464**
Attributable to NCI	**–**	**–**
Attributable to investee's shareholders	**107,316**	**145,464**
Group's interest in net assets of investee at beginning of the year	**51,509**	**55,041**
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

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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
Percentage of interest	49%	44%
Revenue	48,019	122,428
(Loss)/profit after taxation	(6,657)	17,589
Other comprehensive (loss)/income	(10,529)	(11,527)
Total comprehensive (loss)/income	(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)
Net assets	105,121	125,093
Attributable to NCI	–	–
Attributable to investee's shareholders	105,121	125,093
Group's interest in net assets of investee at beginning of the year	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
Percentage of interest	**50%**
Revenue	**20,561**
Profit/(loss) after taxation [a]	**16,056**
Other comprehensive (loss)	**(5,934)**
Total comprehensive income/(loss)	**10,122**
[a] Includes:	
- Depreciation and amortisation of:	**11,048**
- Interest expense of:	**3,200**
- Income tax expense of:	**(447)**
Non-current assets	**495,589**
Current assets [b]	**49,335**
Non-current liabilities [c]	**(200,288)**
Current liabilities [d]	**(119,447)**
Net assets excluding goodwill	**225,189**
[b] Includes cash and cash equivalents of:	**29,902**
[c] Includes non-current financial liabilities (excluding trade and other payables and provisions) of:	**(200,288)**
[d] Includes current financial liabilities (excluding trade and other payables and provisions) of:	**(96,270)**
Group's interest in net assets of investee at beginning of the year	**35,169**
Share of total comprehensive income/(loss)	**5,061**
Group's contribution during the year	**72,638**
Dividends received during the year	**(273)**
Carrying amount of interest in investee at end of the year	**112,595**

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

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31 DECEMBER 2023
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F4 Associates and joint ventures (continued)

Joint ventures (continued)

Name of joint venture 2022	Keystone Holdings (Global) Pte. Ltd. $'000
Percentage of interest	50%
Revenue	19,215
Profit/(loss) after taxation [a]	1,158
Other comprehensive (loss)/income	(340)
Total comprehensive income/(loss)	818
[a] Includes:	
- Depreciation and amortisation of:	11,844
- Interest expense of:	3,166
- Income tax expense of:	353
Non-current assets	169,157
Current assets [b]	24,490
Non-current liabilities [c]	(36,760)
Current liabilities [d]	(86,546)
Net assets excluding goodwill	70,341
[b] Includes cash and cash equivalents of:	22,684
[c] Includes non-current financial liabilities (excluding trade and other payables and provisions) of:	36,760
[d] Includes current financial liabilities (excluding trade and other payables and provisions) of:	85,609
Group's interest in net assets of investee at beginning of the year	35,037
Share of total comprehensive income/(loss)	409
Group's contribution during the year	–
Dividends received during the year	(277)
Carrying amount of interest in investee at end of the year	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

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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.

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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
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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

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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
Associates of the Group		
Sales and services rendered	**9,006**	8,204
Purchases and services received	**(112,533)**	(92,732)
Dividend income	**54,340**	33,667
Joint ventures of the Group		
Sales and services rendered	**656,732**	144,156
Purchases and services received	**(12,901)**	(4,355)
Dividend income	**1,714**	6,808
Other related parties*		
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

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G. Others

G1	Events occurring after balance sheet date	**G3**	New standards and interpretations not adopted
G2	Adoption of new standards and interpretations	**G4**	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
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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
ASSETS			
Non-current assets			
Property, plant and equipment	2	**476**	12
Right-of-use assets		**90**	203
Subsidiaries	3	**1,634,953**	1,537,911
		1,635,519	1,538,126
Current assets			
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
		9,433	125,594
Total assets		**1,644,952**	1,663,720
EQUITY AND LIABILITIES			
Current liabilities			
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
		7,764	12,503
Net current assets		**1,669**	113,091
Total liabilities		**7,764**	12,503
Net assets		**1,637,188**	1,651,217
Share capital and reserves			
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
		1,637,188	1,651,217
Total equity and liabilities		**1,644,952**	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
2023		
Cost		
At 1 January 2023	**437**	**437**
Additions	**562**	**562**
Disposals	**(411)**	**(411)**
At 31 December 2023	**588**	**588**
Accumulated depreciation		
At 1 January 2023	**425**	**425**
Depreciation charge	**97**	**97**
Disposals	**(410)**	**(410)**
At 31 December 2023	**112**	**112**
Net book value		
At 31 December 2023	**476**	**476**

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
2022		
Cost		
At 1 January 2022	492	492
Disposals	(55)	(55)
At 31 December 2022	437	437
Accumulated depreciation		
At 1 January 2022	347	347
Depreciation charge	97	97
Disposals	(19)	(19)
At 31 December 2022	425	425
Net book value		
At 31 December 2022	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)

Shareholding Statistics

AS AT 29 FEBRUARY 2024

SHARE CAPITAL

Paid-Up Capital (including treasury shares)	:	S$895,925,583.505
Number of issued ordinary shares (excluding treasury shares)	:	3,113,170,508
Number of ordinary shares held in treasury	:	9,324,689
Number of subsidiary holdings held	:	Nil
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued ordinary shares	:	0.30%
Class of Shares	:	Ordinary Shares One Special Share held by the Minister for Finance
Voting Rights	:	One vote per share

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 29 February 2024, 47.87% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares (excluding treasury shares)	%
1 — 99	1,049	2.62	25,726	0.00
100 — 1,000	6,934	17.33	5,329,384	0.17
1,001 — 10,000	25,111	62.76	111,252,606	3.57
10,001 — 1,000,000	6,877	17.19	259,330,609	8.33
1,000,001 and above	40	0.10	2,737,232,183	87.93
	40,011	100.00	3,113,170,508	100.00

Substantial Shareholder	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Interest No. of Shares	% *
Temasek Holdings (Private) Limited	1,554,764,574	54,176,245[1]	1,608,940,819	51.68[2]

Notes:

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 29 February 2024, excluding any ordinary shares held in treasury as at that date.

[1] Includes deemed interests held through subsidiaries and associated companies.

[2] The percentage figure is rounded down to the nearest 0.01%.

Shareholding Statistics

AS AT 29 FEBRUARY 2024

MAJOR SHAREHOLDERS LIST – TOP 20

No.	Name	No. of Shares Held	% *
1	Temasek Holdings (Private) Limited	1,554,764,574	49.94
2	Citibank Nominees Singapore Pte Ltd	401,845,417	12.91
3	DBSN Services Pte. Ltd.	231,967,983	7.45
4	DBS Nominees (Private) Limited	146,393,460	4.70
5	Raffles Nominees (Pte.) Limited	137,490,410	4.42
6	HSBC (Singapore) Nominees Pte Ltd	121,801,211	3.91
7	BPSS Nominees Singapore (Pte.) Ltd.	28,742,983	0.92
8	Vestal Investments Pte. Ltd.	28,501,000	0.92
9	United Overseas Bank Nominees (Private) Limited	13,604,840	0.44
10	OCBC Nominees Singapore Private Limited	9,872,467	0.32
11	Phillip Securities Pte Ltd	7,695,431	0.25
12	OCBC Securities Private Limited	4,187,213	0.13
13	Tan Pheng Hock	4,082,283	0.13
14	Estate of Arjan G Kirpalani, Deceased	4,000,000	0.13
15	iFAST Financial Pte. Ltd.	3,154,960	0.10
16	DBS Vickers Securities (Singapore) Pte Ltd	3,093,138	0.10
17	Shanwood Development Pte Ltd	2,077,000	0.07
18	Heng Siew Eng	2,017,300	0.06
19	Tan Ai Ching	2,014,739	0.06
20	DB Nominees (Singapore) Pte Ltd	2,001,413	0.06
		2,709,307,822	87.02

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 29 February 2024, excluding any ordinary shares held in treasury as at that date.

SGX Listing Rules Requirement

FOR THE YEAR ENDED 31 DECEMBER 2023
(CURRENCY - SINGAPORE DOLLARS UNLESS OTHERWISE STATED)

INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 20 April 2023. During the financial year, the following interested person transactions were entered into by the Group:

		Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under a shareholders mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
Name of interested person	**Nature of relationship**	**FY2023 $'000**	**FY2022 $'000**	**FY2023 $'000**	**FY2022 $'000**
Transactions for the Sale of Goods and Services					
SATS Ltd. and its Associates	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	**–**	–	**2,459**	1,775
Seatrium Limited and its Associates		**–**	–	**1,164**	–
SembCorp Industries Ltd and its Associates		**–**	–	**152**	3,685
SIA Engineering Company Limited and its Associates		**–**	–	**121**	143
Singapore Airlines Limited and its Associates		**–**	–	**–**	611
Singapore Telecommunications Limited and its Associates		**–**	–	**1,886**	3,635
StarHub Ltd and its Associates		**–**	–	**1,329**	1,088
Temasek Holdings (Private) Limited and its Associates (non-listed)		**–**	–	**218,845**	85,172
		–	–	**225,956**	96,109
Transactions for the Purchase of Goods and Services					
Mapletree Pan Asia Commecial Trust	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	**–**	–	**–**	1,576
SATS Ltd. and its Associates		**–**	–	**756**	295
Seatrium Limited and its Associates		**–**	–	**120**	350
SembCorp Industries Ltd and its Associates		**–**	–	**832**	919
Singapore Airlines Limited and its Associates		**–**	–	**134**	–
Singapore Telecommunications Limited and its Associates		**–**	–	**1,887**	2,827
StarHub Ltd and its Associates		**–**	–	**1,371**	2,568
Telechoice International Limited		**–**	–	**4,131**	–
Temasek Holdings (Private) Limited and its Associates (non-listed)		**–**	–	**72,330**	21,155
		–	–	**81,561**	29,690
Transaction for Acquisition of Business					
StarHub Ltd and its Associates	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	**67,500**	–	**–**	–
Transaction for Disposal of Business					
Temasek Holdings (Private) Limited and its Associates		**–**	22,768	**–**	–
		67,500	22,768	**–**	–
Total Interested Person Transactions		**67,500**	22,768	**307,517**	125,799

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its Group President and CEO, directors or controlling shareholder, which were either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

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