

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

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**SINGAPORE TECHNOLOGIES ENGINEERING LTD
RESULTS FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

1 CONSOLIDATED INCOME STATEMENT FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

	GROUP					
	2H2021	2H2020	+ / (-)	FY2021	FY2020	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	4,041,975	3,586,375	12.7	7,692,865	7,158,286	7.5
Cost of sales	(3,251,373)	(2,795,783)	16.3	(6,157,797)	(5,630,797)	9.4
Gross profit	790,602	790,592	0.0	1,535,068	1,527,489	0.5
Distribution and selling expenses (refer to para 1.6)	(99,611)	(107,035)	(6.9)	(182,760)	(225,048)	(18.8)
Administrative expenses	(322,537)	(333,565)	(3.3)	(607,974)	(595,360)	2.1
Other operating expenses	(81,190)	(89,881)	(9.7)	(133,841)	(146,218)	(8.5)
Other income, net (refer to para 1.7)	26,413	7,557	249.5	35,420	9,141	287.5
Profit from operations	313,677	267,668	17.2	645,913	570,004	13.3
Non-operating income/(expenses), net (refer to para 1.8)	467	(2,043)	NM	11,742	(4,043)	NM
Share of results of associates and joint ventures, net of tax (refer to para 1.9)	4,403	16,634	(73.5)	15,991	30,389	(47.4)
Earnings before interest and tax (refer to para 1.1)	318,547	282,259	12.9	673,646	596,350	13.0
Finance income	1,838	2,986	(38.4)	11,686	9,274	26.0
Finance costs	(22,574)	(37,253)	(39.4)	(47,725)	(71,222)	(33.0)
Finance costs, net (refer to para 1.2)	(20,736)	(34,267)	(39.5)	(36,039)	(61,948)	(41.8)
Profit before taxation	297,811	247,992	20.1	637,607	534,402	19.3
Taxation	(24,396)	22,271	NM	(70,636)	(8,779)	>500
Profit after taxation	273,415	270,263	1.2	566,971	525,623	7.9
Attributable to:						
Shareholders of the Company	274,445	264,394	3.8	570,540	521,840	9.3
Non-controlling interests	(1,030)	5,869	NM	(3,569)	3,783	NM
	273,415	270,263	1.2	566,971	525,623	7.9

NM: Not Meaningful

Notes:

- (i) Change in definition of Other income and Non-operating income/(expenses) in conformance with current year classification. Other income is now included in profit from operations.
- (ii) Amounts may not add up due to rounding.

1(a) **BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT**

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 Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

The consolidated financial statements as at and for the second half-year and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

Basis of preparation

The condensed interim financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2020 except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) that are mandatory for financial year beginning on or after 1 January 2021. The adoption of these SFRS(I) has no significant impact on the financial statements.

The financial statements are presented in Singapore dollars (SGD) which is the Company's functional currency.

Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

1(a) BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT (cont'd)

	GROUP					
	2H2021	2H2020	+ / (-)	FY2021	FY2020	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
1.1 Earnings before interest and tax is arrived at after charging the following:						
Depreciation and amortisation	210,766	182,760	15.3	398,090	378,631	5.1
The higher depreciation and amortisation in FY2021 as compared to FY2020 was attributable to all business segments.						
Impairment loss on trade receivables and contract assets	25,823	13,887	86.0	29,828	26,686	11.8
The higher impairment loss in FY2021 was attributable mainly to Urban Solutions & Satcom, partially offset by Defence & Public Security.						
Allowance for inventory obsolescence, net	32,492	30,524	6.4	45,861	40,001	14.6
The higher allowance for inventory obsolescence in FY2021 was attributable mainly to Commercial Aerospace, partially offset by Urban Solutions & Satcom.						
1.2 Finance costs, net comprises:						
Interest income	2,100	2,533	(17.1)	3,936	5,743	(31.5)
Foreign exchange gain/(loss), net	(1,626)	(15,941)	(89.8)	4,388	(19,441)	NM
Fair value changes of financial instruments/hedged items	1,318	3,036	(56.6)	685	1,333	(48.6)
Interest expenses	(22,528)	(23,895)	(5.7)	(45,048)	(49,583)	(9.1)
	<u>(20,736)</u>	<u>(34,267)</u>	(39.5)	<u>(36,039)</u>	<u>(61,948)</u>	(41.8)
The lower finance cost in FY2021 was due mainly to favourable foreign exchange rate movements and lower interest expenses incurred.						
1.3 Profit after taxation as a percentage of revenue	6.8%	7.5%		7.4%	7.3%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves	11.4%	11.5%		23.6%	22.8%	
1.5 The Group's tax charge in FY2021 included adjustments for overprovision of current tax of \$10.7 million and underprovision of deferred tax of \$1.4 million in respect of prior years. (FY2020: Adjustments for overprovision of current tax of \$24.1 million and underprovision of deferred tax of \$14.5 million in respect of prior years.)						
1.6 The lower distribution and selling expenses in FY2021 (by \$42.3 million) was due mainly to absence of biennial Singapore Airshow expenses, lower impairment loss on trade receivables as well as lower business development, travelling and other selling expenses.						
1.7 The higher other income, net (by \$26.3 million) was mainly attributable to favourable fair value changes in FY2021 as compared to unfavourable fair value changes in FY2020 on associates in the Corporate Venture Fund and higher gain from sale of property, plant and equipment.						
1.8 The non-operating income, net in FY2021 (\$11.7 million) was mainly attributable to gain recognised on the receipt of liquidation proceeds of subsidiaries in FY2021 as compared to impairment loss on an associate in FY2020.						
1.9 The share of results of associates and joint ventures, net of tax, decreased (by \$14.4 million) largely due to absences of contribution from Experia Events Pte. Ltd., the organiser of Singapore Airshow 2020, and engine asset divestment gains from a joint venture, partially offset by improved performance from CityCab Pte Ltd.						
1.10 The Group received COVID-19 related government support of \$205 million before tax in FY2021, lower as compared to FY2020 by \$149 million. The government support mainly comprised amounts received under the Jobs Support Scheme and various other government support received by the Group's subsidiaries in the countries they operate.						

Note: Defence & Public Security includes "Others"

1(b) BREAKDOWN OF REVENUE AND PROFIT FOR THE PERIOD

	GROUP		
	2021	2020	+ / (-)
	\$'000	\$'000	%
Revenue reported for first half-year	3,650,890	3,571,911	2.2
Profit after taxation reported for first half-year	293,556	255,360	15.0
Revenue reported for second half-year	4,041,975	3,586,375	12.7
Profit after taxation reported for second half-year	273,415	270,263	1.2

1(c) RELATED PARTY TRANSACTIONS

	Group	
	FY2021	FY2020
	\$'000	\$'000
Associates of the Group		
Sales and services rendered	7,888	8,074
Purchases and services received	(3,384)	(22,398)
Dividend income	18,216	10,903
Joint ventures of the Group		
Sales and services rendered	54,999	41,481
Purchases and services received	(1,595)	(22,300)
Dividend income	6,132	2,370
Other related parties *		
Sales and services rendered	76,164	45,066
Purchases and services received	(9,882)	(19,378)
Rental expense	(5,368)	(4,633)
Rental income	-	538

* Other related parties refer to subsidiaries, associates and joint ventures of the immediate holding company.

1(d) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP	
	FY2021	FY2020
EPS based on profit attributable to shareholders:	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	18.30	16.74
(ii) On a fully diluted basis	18.20	16.64

2 **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the SFRS(I).

	GROUP					
	2H2021	2H2020	+ / (-)	FY2021	FY2020	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after taxation	273,415	270,263	1.2	566,971	525,623	7.9
Other comprehensive income						
Items that will not be reclassified						
subsequently to profit or loss						
Defined benefit plan remeasurements	49,887	(48,789)	NM	49,887	(48,789)	NM
Net fair value changes on equity investments at FVOCI	-	(41)	NM	-	338	NM
	49,887	(48,830)	NM	49,887	(48,451)	NM
Items that are or may be reclassified						
subsequently to profit or loss						
Net fair value changes of cash flow hedges reclassified to income statement	2,233	2,501	(10.7)	(2,415)	22,495	NM
Effective portion of changes in fair value of cash flow hedges	(16,893)	42,450	NM	(25,358)	18,905	NM
Share of net fair value changes on cash flow hedges of joint ventures	1,064	981	8.5	2,145	763	181.1
Foreign currency translation differences	(5,908)	(23,757)	(75.1)	6,507	44,090	(85.2)
Share of foreign currency translation differences of associates and joint ventures	2,555	(5,816)	NM	9,123	1,819	401.5
Reserves released on disposal of subsidiaries	(298)	121	NM	(5,643)	121	NM
	(17,247)	16,480	NM	(15,641)	88,193	NM
Other comprehensive income/(loss) for the period, net of tax	32,640	(32,350)	NM	34,246	39,742	(13.8)
Total comprehensive income for the period, net of tax	306,055	237,913	28.6	601,217	565,365	6.3
Total comprehensive income attributable to:						
Shareholders of the Company	309,792	222,553	39.2	615,183	547,678	12.3
Non-controlling interests	(3,737)	15,360	NM	(13,966)	17,687	NM
	306,055	237,913	28.6	601,217	565,365	6.3

3 STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,793,811	1,756,944	145	2,137
Right-of-use assets	558,559	538,809	317	3,558
Subsidiaries	-	-	1,479,070	1,363,251
Associates and joint ventures	482,897	468,912	-	17,657
Investments	36,129	23,138	-	-
Intangible assets	1,992,738	1,946,138	-	-
Long-term trade receivables	1,534	1,524	-	-
Deferred tax assets	207,548	149,387	-	2,500
Amounts due from related parties	11,609	8,547	-	-
Advances and other receivables	69,863	58,248	-	-
Derivative financial instruments	4,217	20,847	-	-
Post-employment benefits	257	319	-	-
	5,159,162	4,972,813	1,479,532	1,389,103
Current assets				
Contract assets	1,726,505	1,555,781	-	-
Inventories	1,261,156	1,269,192	-	-
Trade receivables	1,066,756	1,047,844	-	-
Amounts due from related parties	113,843	46,305	14,833	70,030
Advances and other receivables	345,141	317,741	236	1,653
Derivative financial instruments	27,172	23,614	-	-
Bank balances and other liquid funds	815,924	730,624	82,255	7,372
	5,356,497	4,991,101	97,324	79,055
TOTAL ASSETS	10,515,659	9,963,914	1,576,856	1,468,158
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	919,524	983,887	-	-
Deposits from customers	17,078	12,838	-	-
Trade payables and accruals	2,612,515	2,218,023	3,526	21,542
Amounts due to related parties	27,781	23,833	11,878	16,868
Provisions	331,837	306,758	-	-
Provision for taxation	161,208	163,703	701	3,267
Borrowings	559,886	496,335	110	2,014
Deferred Income	7,665	70,922	-	-
Post-employment benefits	7,640	7,996	-	-
Derivative financial instruments	34,508	4,554	-	-
	4,679,642	4,288,849	16,215	43,691
NET CURRENT ASSETS	676,855	702,252	81,109	35,364

Note: The comparative figures for contract assets, contract liabilities and trade payables and accruals have been reclassified in conformance with current year presentation.

3 STATEMENT OF FINANCIAL POSITION (cont'd)

	GROUP		COMPANY	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Contract liabilities	832,754	802,348	-	-
Trade payables and accruals	63,482	19,338	-	7,390
Provisions	39,596	29,801	-	-
Deferred tax liabilities	174,661	166,520	-	-
Borrowings	1,555,334	1,550,560	113	1,504
Deferred income	73,882	50,475	-	-
Post-employment benefits	409,473	462,548	-	-
Derivative financial instruments	18,620	18,686	-	-
	3,167,802	3,100,276	113	8,894
TOTAL LIABILITIES	7,847,444	7,389,125	16,328	52,585
NET ASSETS	2,668,215	2,574,789	1,560,528	1,415,573
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(33,475)	(23,743)	(33,475)	(23,743)
Capital reserves	103,940	107,034	(12,044)	(8,940)
Other reserves	(101,937)	(89,017)	65,716	64,054
Retained earnings	1,548,308	1,402,414	644,405	488,276
Equity attributable to owners of the Company	2,412,762	2,292,614	1,560,528	1,415,573
Non-controlling interests	255,453	282,175	-	-
	2,668,215	2,574,789	1,560,528	1,415,573
TOTAL EQUITY AND LIABILITIES	10,515,659	9,963,914	1,576,856	1,468,158

3(a) ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Compared to 31 December 2020, the Group's current assets increased due largely to higher contract assets balance and current liabilities increased due largely to higher trade payables and accruals balance, both of which were attributable to increased project related activities.

3(b) BORROWINGS

	GROUP		COMPANY	
	As at 31-Dec-21	As at 31-Dec-20	As at 31-Dec-21	As at 31-Dec-20
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year</u>				
Secured	73,010	73,647	110	2,014
Unsecured	486,876	422,688	-	-
	<u>559,886</u>	<u>496,335</u>	<u>110</u>	<u>2,014</u>
<u>Amount repayable after one year</u>				
Secured	517,994	506,801	113	1,504
Unsecured	1,037,340	1,043,759	-	-
	<u>1,555,334</u>	<u>1,550,560</u>	<u>113</u>	<u>1,504</u>
Total	<u>2,115,220</u>	<u>2,046,895</u>	<u>223</u>	<u>3,518</u>

3(c) FINANCIAL ASSETS AND LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	GROUP	
	As at 31-Dec-21	As at 31-Dec-20
	\$'000	\$'000
<u>Financial Assets</u>		
Investments	36,129	23,138
Associates	34,215	20,858
Derivative financial instruments	31,389	44,461
Trade receivables	1,068,290	1,049,368
Amount due from related parties	125,452	54,852
Advances and other receivables	164,144	146,400
Bank balances and other liquid funds	815,924	730,624
	<u>2,275,543</u>	<u>2,069,701</u>
<u>Financial liabilities</u>		
Derivative financial instruments	53,128	23,240
Trade payables and accruals	2,675,997	2,237,361
Amount due to related parties	27,781	23,833
Borrowings	2,115,220	2,046,895
	<u>4,872,126</u>	<u>4,331,329</u>

3(d) **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.
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	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	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.

3(d) **FAIR VALUE HIERARCHY** (cont'd)

The following table presented the assets and liabilities measured at fair value:

31-Dec-21 Group	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Investments	-	36,129	36,129
Associates	-	34,215	34,215
Derivative financial instruments	31,389	-	31,389
	<u>31,389</u>	<u>70,344</u>	<u>101,733</u>
Financial liabilities measured at fair value			
Derivative financial instruments	53,128	-	53,128
	<u>53,128</u>	<u>-</u>	<u>53,128</u>
31-Dec-20 Group			
	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Investments	-	23,138	23,138
Associates	-	20,858	20,858
Derivative financial instruments	44,461	-	44,461
	<u>44,461</u>	<u>43,996</u>	<u>88,457</u>
Financial liabilities measured at fair value			
Derivative financial instruments	23,240	-	23,240
	<u>23,240</u>	<u>-</u>	<u>23,240</u>

3(e) **NET ASSET VALUE**

	GROUP	
	31-Dec-21	31-Dec-20
	Cents	Cents
Net asset value per ordinary share at end of the year	77.49	73.59

	COMPANY	
	31-Dec-21	31-Dec-20
	Cents	Cents
Net asset value per ordinary share at end of the year	50.12	45.44

4 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	GROUP	
	FY2021	FY2020
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	637,607	534,402
Adjustments:		
Share of results of associates and joint ventures, net of tax	(15,991)	(30,389)
Share-based payment expense	21,720	21,716
Depreciation charge	314,197	297,620
Property, plant and equipment written off	2,249	874
Amortisation of other intangible assets	83,893	81,011
Impairment of property, plant and equipment	19,490	1,617
Impairment of right-of-use assets	-	2,397
Impairment of goodwill and other intangible assets	6,769	45,766
Impairment of an associate	-	4,000
Gain on disposal of property, plant and equipment	(2,527)	(16)
Gain on disposal of subsidiaries	(13,021)	-
Loss on disposal of right-of-use assets	275	77
Loss on disposal of subsidiaries	1,279	43
Changes in fair value of associates	(11,154)	5,285
Changes in fair value of financial instruments and hedged items	(685)	(1,333)
Interest expense	45,048	49,583
Interest income	(3,936)	(5,743)
Amortisation of deferred income	(5)	(6)
Operating profit before working capital changes	<u>1,085,208</u>	<u>1,006,904</u>
Changes in:		
Inventories	9,455	52,955
Contract assets	(162,986)	78,613
Trade receivables	(13,511)	196,681
Advance payments to suppliers	(18,457)	20,137
Other receivables, deposits and prepayments	(14,099)	(13,625)
Amounts due from related parties	(18,620)	410
Amounts due to related parties	(7,640)	(2,038)
Amounts due from associates	8,109	(4,671)
Amounts due from joint ventures	(11,701)	(35,438)
Contract liabilities	(38,594)	434,497
Trade payables	221,215	(166,540)
Deposits from customers	5,434	5,367
Other payables, accruals and provisions	220,247	(51,198)
Deferred income	(40,183)	86,515
Foreign currency translation of foreign operations	(1,212)	(4,139)
Cash generated from operations	<u>1,222,665</u>	<u>1,604,430</u>
Interest received	4,048	6,393
Income tax paid	(112,441)	(78,007)
Net cash from operating activities	<u>1,114,272</u>	<u>1,532,816</u>

4 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 (cont'd)

	GROUP	
	FY2021	FY2020
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	16,266	8,741
Return of capital by joint venture	3,752	-
Proceeds from disposal of joint venture	361	-
Proceeds from sale of investments	1,836	984
Purchase of property, plant and equipment	(312,039)	(200,301)
Purchase of investments	(14,322)	(7,272)
Additions to other intangible assets	(116,735)	(86,832)
Dividends from associates and joint ventures	24,348	13,273
Investment in associates and joint ventures	(9,884)	(4,868)
Repayment of loans by joint ventures	-	569
Loans to associates and joint ventures	(44,577)	(19,461)
Acquisition of controlling interests in subsidiaries, net of cash acquired	7,333	-
Disposal of subsidiaries, net of cash disposed	30,010	-
Net cash used in investing activities	(413,651)	(295,167)
Cash flows from financing activities		
Proceeds from bank loans	132,027	370,131
Proceeds from MTN issuance	-	1,058,400
Proceeds from issuance of commercial papers	756,896	524,092
Proceeds from other loans	10,933	19,565
Proceeds from finance lease receivables	882	3,209
Repayment of bank loans	(35,103)	(743,080)
Repayment of commercial papers	(810,960)	(1,570,209)
Repayment of other loans	(30,933)	-
Repayment of lease obligations	(73,456)	(61,271)
Purchase of treasury shares	(32,894)	(29,154)
Capital contribution from non-controlling interests of a subsidiary	-	13,260
Acquisition of non-controlling interests in a subsidiary	(15,485)	-
Dividends paid to shareholders of the Company	(467,891)	(468,035)
Dividends paid to non-controlling interests	(16,554)	(17,319)
Interest paid	(33,644)	(58,338)
Deposits discharged/(pledged)	1,145	(10)
Net cash used in financing activities	(615,037)	(958,759)
Net increase in cash and cash equivalents	85,584	278,890
Cash and cash equivalents at beginning of the year	729,479	452,095
Effect of exchange rate changes on balances held in foreign currency	861	(1,506)
Cash and cash equivalents at end of the year	815,924	729,479

4(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

The Group ended the year with cash and cash equivalents (CCE) of \$816 million, \$86 million higher than FY2020. In FY2021, the Group generated cash of \$1,114 million from its operating activities, in line with EBITDA of \$1,072 million. Higher cash was generated from operating activities in FY2020 due largely to customer advances received.

4(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Net cash used in investing activities of \$414 million in FY2021 was attributable mainly to the Group's investment in property, plant and equipment (\$312 million) and additions to intangible assets (\$117 million).

Net cash used in financing activities of \$615 million in FY2021 was mainly attributable to the payment of FY2020 final dividend and FY2021 interim dividend (\$468 million), repayment of lease obligations (\$73 million), net repayment of commercial papers (\$54 million) and interest paid (\$34 million), partially offset by net proceeds from bank loans (\$97 million).

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Group	Share	Treasury	Capital	Other	Retained	Total	Non-	Total equity
	capital	shares	reserves	reserves	earnings		controlling	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	interests	\$'000
At 1 January 2020	895,926	(26,731)	112,563	(149,445)	1,389,966	2,222,279	268,722	2,491,001
Total comprehensive income for the year								
Profit after taxation	-	-	-	-	521,840	521,840	3,783	525,623
Other comprehensive income								
Net fair value changes on equity investments at FVOCI	-	-	-	(246)	584	338	-	338
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	15,635	-	15,635	6,860	22,495
Effective portion of changes in fair value of cash flow hedges	-	-	-	10,870	-	10,870	8,035	18,905
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	763	-	763	-	763
Foreign currency translation differences	-	-	-	38,062	-	38,062	6,028	44,090
Share of foreign currency translation differences of associates and joint ventures	-	-	-	1,819	-	1,819	-	1,819
Reserves released on disposal of a subsidiary	-	-	-	121	-	121	-	121
Defined benefit plan remeasurements	-	-	-	-	(41,770)	(41,770)	(7,019)	(48,789)
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	67,024	(41,186)	25,838	13,904	39,742
Total comprehensive income for the year, net of tax	-	-	-	67,024	480,654	547,678	17,687	565,365
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	(1,890)	-	(1,890)	-	(1,890)
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	-	-	-	-	-	-	13,260	13,260
Cost of share-based payment	-	-	-	21,649	-	21,649	67	21,716
Purchase of treasury shares	-	(29,154)	-	-	-	(29,154)	-	(29,154)
Treasury shares reissued pursuant to share plans	-	32,142	(5,529)	(26,526)	-	87	(87)	-
Dividends paid	-	-	-	-	(468,035)	(468,035)	-	(468,035)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(17,474)	(17,474)
<i>Total contributions by and distributions to owners of the Company</i>	-	2,988	(5,529)	(4,877)	(468,035)	(475,453)	(4,234)	(479,687)
Transfer from retained earnings to statutory reserve	-	-	-	171	(171)	-	-	-
At 31 December 2020	895,926	(23,743)	107,034	(89,017)	1,402,414	2,292,614	282,175	2,574,789

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (cont'd)

Group	Share capital	Treasury shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	895,926	(23,743)	107,034	(89,017)	1,402,414	2,292,614	282,175	2,574,789
Total comprehensive income for the year								
Profit after taxation	-	-	-	-	570,540	570,540	(3,569)	566,971
Other comprehensive income								
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	(1,579)	-	(1,579)	(836)	(2,415)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(12,848)	-	(12,848)	(12,510)	(25,358)
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	2,145	-	2,145	-	2,145
Foreign currency translation differences	-	-	-	10,076	-	10,076	(3,569)	6,507
Share of foreign currency translation differences of associates and joint ventures	-	-	-	9,123	-	9,123	-	9,123
Reserves released on disposal of a subsidiary	-	-	-	(5,643)	-	(5,643)	-	(5,643)
Defined benefit plan remeasurements	-	-	-	-	43,369	43,369	6,518	49,887
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	1,274	43,369	44,643	(10,397)	34,246
Total comprehensive income for the year, net of tax	-	-	-	1,274	613,909	615,183	(13,966)	601,217
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	(2,389)	-	(2,389)	20	(2,369)
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	21,600	-	21,600	120	21,720
Purchase of treasury shares	-	(32,894)	-	-	-	(32,894)	-	(32,894)
Treasury shares reissued pursuant to share plans	-	23,162	(3,094)	(19,978)	-	90	(90)	-
Dividends paid	-	-	-	-	(467,891)	(467,891)	-	(467,891)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(16,554)	(16,554)
<i>Total contributions by and distributions to owners of the Company</i>	-	(9,732)	(3,094)	1,622	(467,891)	(479,095)	(16,524)	(495,619)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	(13,551)	-	(13,551)	(1,934)	(15,485)
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	5,682	5,682
Total transactions with owners of the Company	-	(9,732)	(3,094)	(11,929)	(467,891)	(492,646)	(12,776)	(505,422)
Transfer from retained earnings to statutory reserve	-	-	-	124	(124)	-	-	-
At 31 December 2021	895,926	(33,475)	103,940	(101,937)	1,548,308	2,412,762	255,453	2,668,215

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2020	895,926	(26,731)	(3,412)	68,952	484,612	1,419,347
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	471,699	471,699
Total comprehensive income for the year	-	-	-	-	471,699	471,699
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	21,716	-	21,716
Purchase of treasury shares	-	(29,154)	-	-	-	(29,154)
Treasury shares reissued pursuant to share plans	-	32,142	(5,528)	(26,614)	-	-
Dividends paid	-	-	-	-	(468,035)	(468,035)
<i>Total contributions by and distributions to owners of the Company</i>	-	2,988	(5,528)	(4,898)	(468,035)	(475,473)
At 31 December 2020	895,926	(23,743)	(8,940)	64,054	488,276	1,415,573
At 1 January 2021	895,926	(23,743)	(8,940)	64,054	488,276	1,415,573
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	624,020	624,020
Total comprehensive income for the year	-	-	-	-	624,020	624,020
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	21,720	-	21,720
Purchase of treasury shares	-	(32,894)	-	-	-	(32,894)
Treasury shares reissued pursuant to share plans	-	23,162	(3,104)	(20,058)	-	-
Dividends paid	-	-	-	-	(467,891)	(467,891)
<i>Total contributions by and distributions to owners of the Company</i>	-	(9,732)	(3,104)	1,662	(467,891)	(479,065)
At 31 December 2021	895,926	(33,475)	(12,044)	65,716	644,405	1,560,528

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL**

Issued and paid up capital

As at 31 December 2021, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2020: 3,122,495,197 ordinary shares) of which 8,826,399 were held by the Company as treasury shares (31 December 2020: 6,964,060).

	Number of Shares
	FY2021
As at beginning and end of the year (including treasury shares)	3,122,495,197
As at end of the year (excluding treasury shares)	3,113,668,798
As at 31 December 2020 (excluding treasury shares)	3,115,531,137

Performance Share Plan

Singapore Technologies Engineering Performance Share Plan (PSP)

As at 31 December 2021, the total number of outstanding awards was 5,139,347 (31 December 2020: 5,546,244) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,736,888 (31 December 2020: 9,428,614) ordinary shares of the Company.

Restricted Share Plan

Singapore Technologies Engineering Restricted Share Plan (RSP)

As at 31 December 2021, the total number of outstanding awards was 13,324,714 (31 December 2020: 13,262,039) ordinary shares of the Company.

Treasury Shares

During the year, the Company purchased 8,500,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (FY2020: 8,550,000).

During the year, 6,637,661 treasury shares were utilised pursuant to the RSP and PSP (FY2020: 8,339,647).

As at 31 December 2021, the number of treasury shares held by the Company represented 0.28% (31 December 2020: 0.22%) of the total number of issued shares (excluding treasury shares).

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL** (cont'd)

<u>Group and Company</u>	Number of Treasury Shares for the year ended 31.12.2021
As at beginning of the year	6,964,060
Purchase of treasury shares	8,500,000
Treasury shares transferred on vesting of RSP	(5,940,548)
Treasury shares transferred on vesting of PSP	(697,113)
As at end of the year	8,826,399

6 **AUDIT**

The consolidated statement of financial position of Singapore Technologies Engineering Ltd ("the Company") and its subsidiaries ("the Group") and the financial position of the Company as at 31 December 2021 and the related consolidated income statements, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and certain explanatory notes have been audited by the Company's auditors.

7 **AUDITOR'S REPORT**

See attached auditor's report.

8 REVIEW OF GROUP PERFORMANCE

8(a) FY2021 vs FY2020

Revenue

\$m	FY2021	FY2020	Increase/(Decrease)	
Commercial Aerospace	2,465	2,332	132	6%
Urban Solutions & Satcom	1,191	1,101	89	8%
Defence & Public Security	4,038	3,725	313	8%
Total	7,693	7,158	535	7.5%

The Group generated revenue of \$7,693 million in FY2021, an increase of 7.5% or \$535 million as compared to FY2020. In the prior year, 1Q2020 performance was still tracking pre-COVID-19 levels and COVID-19 impact only manifested in the Group's results from April 2020 onwards.

Commercial Aerospace's revenue of \$2,465 million was 6% or \$132 million higher as compared to FY2020, notwithstanding a strong 1Q2020 prior to the impact of COVID-19 being felt. The increase was contributed by Aerostructures & Systems, while Aerospace MRO continued to be impacted by the subdued aviation sector. This segment registered strong year-on-year revenue growth in 2Q, 3Q and 4Q of 2021, and sequential quarterly revenue growth across 2021.

Urban Solutions & Satcom revenue of \$1,191 million in FY2021 was 8% or \$89 million higher as compared to FY2020, from higher Smart City project deliveries, partially offset by the impact of global semiconductor chip shortages on Smart City project and Satcom product deliveries.

In FY2021, Defence & Public Security's revenue increased by 8% or \$313 million to \$4,038 million. The increase was contributed by all sub-segments, namely Defence Aerospace, Digital Systems & Cyber, Land Systems and Marine.

8 **REVIEW OF GROUP PERFORMANCE** (cont'd)

8(a) FY2021 vs FY2020 (cont'd)

Profitability – Earnings before interest and tax

\$m	FY2021	FY2020	Increase/(Decrease)	
Commercial Aerospace	181.9	80.9	101.0	125%
Urban Solutions & Satcom	25.8	31.4	(5.7)	(18%)
Defence & Public Security	466.0	484.0	(18.0)	(4%)
Total	673.6	596.4	77.3	13%

The Group's earnings before interest and tax (EBIT) of \$673.6 million for FY2021 was higher than FY2020 by 13% or \$77.3 million.

Commercial Aerospace's EBIT in FY2021 increased by 125% or \$101.0 million to \$181.9 million. The strong improvement was attributable to higher revenue and cost savings initiatives.

Urban Solutions & Satcom's EBIT of \$25.8 million in FY2021 was 18% or \$5.7 million lower as compared to FY2020. The decrease was largely due to lower government support, \$8 million of M&A transaction expenses incurred for the acquisition of Transcore, and the impact of semiconductor chip shortages, partially offset by contribution from higher revenue and cost savings initiatives.

In FY2021, Defence & Public Security's EBIT of \$466.0 million was 4% or \$18.0 million lower as compared to FY2020. The decrease was due largely to lower government support, substantially offset by contribution from higher revenue and cost savings initiatives.

Profitability – Net Profit

\$m	FY2021	FY2020	Increase/(Decrease)	
Net Profit	570.5	521.8	48.7	9%

The Group's net profit of \$570.5 million in FY2021 was higher by 9% or \$48.7 million as compared to FY2020, due mainly to higher EBIT and lower finance costs, partially offset by higher tax expense due mainly to higher profit before tax (PBT) and lower non-taxable government grants received in FY2021 compared to FY2020.

8 **REVIEW OF GROUP PERFORMANCE** (cont'd)

8(b) 2H2021 vs 2H2020

Revenue

\$m	2H2021	2H2020	Increase/(Decrease)	
Commercial Aerospace	1,329	1,066	263	25%
Urban Solutions & Satcom	663	630	33	5%
Defence & Public Security	2,051	1,891	160	8%
Total	4,042	3,586	456	13%

The Group generated revenue of \$4,042 million in 2H2021, an increase of 13% or \$456 million as compared to 2H2020.

Commercial Aerospace's revenue in 2H2021 of \$1,329 million was higher by 25% or \$263 million as compared to 2H2020, attributable to continued business recovery.

In 2H2021, Urban Solutions & Satcom recorded revenue of \$663 million, 5% or \$33 million higher as compared to 2H2020. The revenue growth was attributable to higher Smart City project deliveries, partially offset by the impact of semiconductor chip shortages. In addition to being affected by the global semiconductor chip shortages, the Satcom business continued to be impacted by the pandemic with lower demand for satcom solutions in its aviation and maritime cruise customer segments.

Defence & Public Security's revenue increased by 8% or \$160 million to \$2,051 million in 2H2021, with higher revenue from all sub-segments.

8 REVIEW OF GROUP PERFORMANCE (cont'd)

8(b) 2H2021 vs 2H2020 (cont'd)

Profitability – Earnings before interest and tax

\$m	2H2021	2H2020	Increase/(Decrease)	
Commercial Aerospace	79.3	6.2	73.1	>500%
Urban Solutions & Satcom	15.0	52.4	(37.5)	(71%)
Defence & Public Security	224.3	223.6	0.7	0.3%
Total	318.5	282.3	36.3	13%

The Group's earnings before interest and tax (EBIT) of \$318.5 million for 2H2021 was higher than 2H2020 by 13% or \$36.3 million.

In 2H2021, Commercial Aerospace's EBIT increased to \$79.3 million from \$6.2 million in 2H2020. The increase was attributable mainly to significant cost savings and partial business recovery, which more than offset the reduction in government support of \$51m.

Urban Solutions & Satcom's EBIT of \$15.0 million in 2H2021 was 71% or \$37.5 million lower as compared to 2H2020. The decrease was largely due to lower government support, M&A transaction expenses incurred for the acquisition of Transcore and semiconductor chip shortages, partially offset by contribution from higher revenue and cost savings initiatives.

Defence & Public Security's EBIT of \$224.3 million was marginally higher than 2H2020 by \$0.7 million due mainly to contribution from higher revenue and cost savings initiatives, largely offset by lower government support of \$79m.

Profitability – Net Profit

\$m	2H2021	2H2020	Increase/(Decrease)	
Net Profit	274.4	264.4	10.1	4%

The Group's net profit of \$274.4 million in 2H2021 was 4% or \$10.1 million higher than 2H2020 due mainly to higher EBIT and lower finance costs, partially offset by higher tax expense due mainly to higher PBT and lower non-taxable government grants received in 2H2021 compared to 2H2020.

9 **VARIANCE FROM PROSPECT STATEMENT**

No results forecast was provided.

However, the Group guided that cost savings and partial business recovery will offset the reduction in government support. The Group's financial results for FY2021 were in line with the guidance.

10 **PROSPECTS**

Group

In 2021, the Group delivered a good set of results as all business segments registered growth despite persisting pandemic challenges. This reflects the underlying strengths of the Group's businesses and its people. The proposed TransCore acquisition demonstrates the Group's readiness to seize growth opportunities to emerge stronger post pandemic. The Group can look to the future with confidence as its order book of \$19.3b is very robust.

The Group expects the delivery of its strong order book, its various business initiatives and further business recovery to position it well for 2022 business performance. Moreover, the Group's focus on the effective execution of its long-term strategy and its commitment to invest across the business cycles will put it in good stead to achieve its 2026 targets as communicated on its Investor Day.

This release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes, as well as natural disasters which may negatively impact business activities of the ST Engineering group. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

11 **DIVIDENDS**

The Directors are pleased to announce that a final dividend of 10.0 cents per share has been recommended for the year ended 31 December 2021. Together with the interim dividend of 5.0 cents per share paid on 31 August 2021, the total dividend for the year ended 31 December 2021 will be 15.0 cents per share and amounts to \$468.2 million. The recommended dividends take into consideration the Group's FY2021 profit after tax, present cash position, positive cash flow generated from operations and projected capital requirements. Payment of the final dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

11 **DIVIDENDS** (cont'd)

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$156.0m	\$312.2m	\$468.2m

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$155.9m	\$311.9m	\$467.8m

(c) Record and Dividend Payment Dates

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books will be closed on 28 April 2022 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares of the Company together with all relevant documents of title received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902 up to 5.00 p.m. on 27 April 2022 will be registered to determine members' entitlements to the proposed dividend, subject to approval of members to the proposed dividend at the Annual General Meeting to be convened on 21 April 2022. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 27 April 2022 will be entitled to the proposed dividend. The proposed dividend, if so approved by members, will be paid on 10 May 2022.

12 **BUSINESS SEGMENTAL INFORMATION**

With effect from 1 January 2021, the Group is reorganised as Commercial and Defence & Public Security clusters, replacing the sector-structure of Aerospace, Electronics, Land Systems and Marine.

The Commercial cluster will drive the Group's international growth through areas in Commercial Aerospace, and Urban Solutions & Satcom domains, to be known as Global Business Areas (or GBAs), which are also reportable business segments.

The Defence & Public Security cluster will integrate capabilities to be organised as a single cluster which is a reportable business segment, comprising Defence Business Areas (or DBAs), namely Digital Systems and Cyber, Land Systems, Marine and Defence Aerospace.

12 BUSINESS SEGMENTAL INFORMATION (cont'd)

The principal activities of the aforementioned reportable business segments are as follows:

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.
Urban Solutions & Satcom	Smart mobility, smart utilities & infrastructure, urban environment solutions and satcom.
Defence & Public Security	Defence, public safety and security, critical information infrastructure solutions and others, including Group HQ functions.

By Business Activity

	FY2021				
	Commercial Aerospace \$'000	Urban Solutions & Satcom \$'000	Defence & Public Security \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	2,464,827	1,190,536	4,037,502	-	7,692,865
Inter-segment sales	60,126	63,266	41,381	(164,773)	-
	<u>2,524,953</u>	<u>1,253,802</u>	<u>4,078,883</u>	<u>(164,773)</u>	<u>7,692,865</u>
Reportable segment profit from operations	162,307	34,695	448,911	-	645,913
Non-operating (expenses)/income, net	(582)	-	12,324	-	11,742
Share of results of associates and joint ventures, net of tax	20,143	(8,914)	4,762	-	15,991
Earnings before interest and tax	<u>181,868</u>	<u>25,781</u>	<u>465,997</u>	<u>-</u>	<u>673,646</u>
Finance income					11,686
Finance costs					(47,725)
Profit before taxation					<u>637,607</u>
Taxation					(70,636)
Non-controlling interests					3,569
Profit attributable to shareholders					<u>570,540</u>
Other assets	3,746,315	2,342,589	5,792,972	(2,872,586)	9,009,290
Associates and joint ventures	303,443	53,388	126,066	-	482,897
Segment assets	<u>4,049,758</u>	<u>2,395,977</u>	<u>5,919,038</u>	<u>(2,872,586)</u>	<u>9,492,187</u>
Deferred tax assets					207,548
Bank balances and other liquid funds					815,924
Total Assets					<u>10,515,659</u>
Segment liabilities	1,634,740	943,732	4,616,915	(1,799,032)	5,396,355
Provision for taxation					161,208
Deferred tax liabilities					174,661
Borrowings					2,115,220
Total Liabilities					<u>7,847,444</u>
Capital expenditure	310,438	102,278	173,704	(62,798)	523,622
Depreciation and amortisation	176,665	80,680	143,016	(2,271)	398,090
Impairment losses	21,259	-	5,000	-	26,259
Other non-cash expenses	966	211	1,072	-	2,249

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)
By Business Activity

	FY2020 (Restated)*				
	Commercial Aerospace \$'000	Urban Solutions & Satcom \$'000	Defence & Public Security \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	2,332,453	1,101,128	3,724,705	-	7,158,286
Inter-segment sales	52,080	25,336	67,258	(144,674)	-
	<u>2,384,533</u>	<u>1,126,464</u>	<u>3,791,963</u>	<u>(144,674)</u>	<u>7,158,286</u>
Reportable segment profit from operations	47,406	38,844	483,754	-	570,004
Non-operating (expenses)/income, net	-	-	(4,043)	-	(4,043)
Share of results of associates and joint ventures, net of tax	33,505	(7,400)	4,284	-	30,389
Earnings before interest and tax	80,911	31,444	483,995	-	596,350
Finance income					9,274
Finance costs					(71,222)
Profit before taxation					<u>534,402</u>
Taxation					(8,779)
Non-controlling interests					(3,783)
Profit attributable to shareholders					<u>521,840</u>
Other assets	3,455,508	2,220,670	5,676,487	(2,737,674)	8,614,991
Associates and joint ventures	283,864	62,024	123,024	-	468,912
Segment assets	<u>3,739,372</u>	<u>2,282,694</u>	<u>5,799,511</u>	<u>(2,737,674)</u>	<u>9,083,903</u>
Deferred tax assets					149,387
Bank balances and other liquid funds					730,624
Total Assets					<u>9,963,914</u>
Segment liabilities	1,365,902	905,482	4,472,085	(1,731,462)	5,012,007
Provision for taxation					163,703
Deferred tax liabilities					166,520
Borrowings					2,046,895
Total Liabilities					<u>7,389,125</u>
Capital expenditure	96,057	111,924	136,359	(412)	343,928
Depreciation and amortisation	164,968	79,417	141,094	(6,848)	378,631
Impairment losses	37,634	1,664	14,482	-	53,780
Other non-cash expenses	810	32	32	-	874

* FY2020 business segment information has been restated following the re-organisation of the Group into Commercial and Defence & Public Security clusters with effect from 1 January 2021, replacing the sector-structure of Aerospace, Electronics, Land Systems and Marine.

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)
By Business Activity

	2H2021				
	Commercial Aerospace \$'000	Urban Solutions & Satcom \$'000	Defence & Public Security \$'000	Elimination \$'000	Group \$'000
Revenue					
External sales	1,328,700	662,761	2,050,514	-	4,041,975
Inter-segment sales	29,682	38,027	20,836	(88,545)	-
	<u>1,358,382</u>	<u>700,788</u>	<u>2,071,350</u>	<u>(88,545)</u>	<u>4,041,975</u>
Reportable segment					
profit from operations	72,628	18,918	222,131	-	313,677
Non-operating (expenses)/income, net	461	-	6	-	467
Share of results of associates and joint ventures, net of tax	6,211	(3,963)	2,155	-	4,403
Earnings before interest and tax	<u>79,300</u>	<u>14,955</u>	<u>224,292</u>	<u>-</u>	<u>318,547</u>
Finance income					1,838
Finance costs					(22,574)
Profit before taxation					<u>297,811</u>
Taxation					(24,396)
Non-controlling interests					1,030
Profit attributable to shareholders					<u>274,445</u>
Other assets	3,746,315	2,342,589	5,792,972	(2,872,586)	9,009,290
Associates and joint ventures	<u>303,443</u>	<u>53,388</u>	<u>126,066</u>	<u>-</u>	<u>482,897</u>
Segment assets	<u>4,049,758</u>	<u>2,395,977</u>	<u>5,919,038</u>	<u>(2,872,586)</u>	<u>9,492,187</u>
Deferred tax assets					207,548
Bank balances and other liquid funds					815,924
Total Assets					<u>10,515,659</u>
Segment liabilities	1,634,740	943,732	4,616,915	(1,799,032)	5,396,355
Provision for taxation					161,208
Deferred tax liabilities					174,661
Borrowings					2,115,220
Total Liabilities					<u>7,847,444</u>
Capital expenditure	251,665	40,807	114,059	(62,798)	343,733
Depreciation and amortisation	96,686	40,256	75,917	(2,093)	210,766
Impairment losses	12,259	-	5,000	-	17,259
Other non-cash expenses	591	11	862	-	1,464

12 **BUSINESS SEGMENTAL INFORMATION** (cont'd)
By Business Activity

	2H2020				
	Commercial Aerospace	Urban Solutions & Satcom	Defence & Public Security	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External sales	1,065,694	629,756	1,890,925	-	3,586,375
Inter-segment sales	22,853	13,205	48,923	(84,981)	-
	<u>1,088,547</u>	<u>642,961</u>	<u>1,939,848</u>	<u>(84,981)</u>	<u>3,586,375</u>
Reportable segment profit from operations	(13,456)	57,069	224,055	-	267,668
Non-operating (expenses)/income, net	-	-	(2,043)	-	(2,043)
Share of results of associates and joint ventures, net of tax	19,696	(4,632)	1,570	-	16,634
Earnings before interest and tax	6,240	52,437	223,582	-	282,259
Finance income					2,986
Finance costs					(37,253)
Profit before taxation					247,992
Taxation					22,271
Non-controlling interests					(5,869)
Profit attributable to shareholders					<u>264,394</u>
Other assets	3,455,508	2,220,670	5,676,487	(2,737,674)	8,614,991
Associates and joint ventures	283,864	62,024	123,024	-	468,912
Segment assets	<u>3,739,372</u>	<u>2,282,694</u>	<u>5,799,511</u>	<u>(2,737,674)</u>	<u>9,083,903</u>
Deferred tax assets					149,387
Bank balances and other liquid funds					730,624
Total Assets					<u>9,963,914</u>
Segment liabilities	1,365,902	905,482	4,472,085	(1,731,462)	5,012,007
Provision for taxation					163,703
Deferred tax liabilities					166,520
Borrowings					2,046,895
Total Liabilities					<u>7,389,125</u>
Capital expenditure	42,832	62,641	71,548	(412)	176,609
Depreciation and amortisation	82,059	32,797	70,329	(2,425)	182,760
Impairment losses	32,570	1,664	11,447	-	45,681
Other non-cash expenses	667	7	15	-	689

12 BUSINESS SEGMENTAL INFORMATION (cont'd)
Disaggregation of Revenue
Major products/service lines

	2H2021		2H2020		FY2021		FY2020	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Sale of goods	1,396,614	34.5	1,315,663	36.7	2,689,518	35.0	2,622,118	36.6
Service income	884,562	21.9	762,201	21.2	1,717,058	22.3	1,600,076	22.4
Contract revenue	1,760,799	43.6	1,508,511	42.1	3,286,289	42.7	2,936,092	41.0
Total	4,041,975	100	3,586,375	100	7,692,865	100	7,158,286	100

Timing of revenue recognition

	2H2021		2H2020		FY2021		FY2020	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Transferred at a point in time	2,048,877	50.7	1,807,617	50.4	3,665,242	47.6	3,335,096	46.6
Transferred over time	1,993,098	49.3	1,778,758	49.6	4,027,623	52.4	3,823,190	53.4
Total	4,041,975	100	3,586,375	100	7,692,865	100	7,158,286	100

By Geographical Areas

	Revenue				Revenue			
	2H2021		2H2020		FY2021		FY2020	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	2,319,713	57.4	1,995,045	55.6	4,468,755	58.1	3,835,145	53.6
U.S.	774,665	19.2	852,507	23.8	1,532,475	19.9	1,704,798	23.8
Europe	648,570	16.0	532,728	14.9	1,215,704	15.8	1,202,009	16.8
Others	299,027	7.4	206,095	5.7	475,931	6.2	416,334	5.8
Total	4,041,975	100	3,586,375	100	7,692,865	100	7,158,286	100

By Country of Incorporation

	Revenue				Revenue			
	2H2021		2H2020		FY2021		FY2020	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	2,501,523	61.9	2,274,476	63.4	4,839,875	62.9	4,415,728	61.7
U.S.	1,139,113	28.2	976,744	27.2	2,126,761	27.7	2,088,678	29.2
Europe	379,231	9.4	296,898	8.3	684,778	8.9	587,031	8.2
Others	22,108	0.5	38,257	1.1	41,451	0.5	66,849	0.9
Total	4,041,975	100	3,586,375	100	7,692,865	100	7,158,286	100

	Non-Current Assets ⁺			
	FY2021		FY2020	
	\$'000	%	\$'000	%
Asia	1,963,235	39.7	1,841,190	38.4
U.S.	1,620,948	32.8	1,629,426	33.9
Europe	1,263,520	25.5	1,239,616	25.8
Others	99,437	2.0	92,028	1.9
Total	4,947,140	100	4,802,260	100

⁺ Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* exclude derivative financial instruments, post-employment benefits and deferred tax assets.

13 INTERESTED PERSON TRANSACTIONS (unaudited)

Name of interested person	Nature of relationship	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)	
		FY2021 \$'000	FY2020 \$'000	FY2021 \$'000	FY2020 \$'000
Transactions for the Sale of Goods and Services					
CapitalLand Limited and its Associates	Temasek Holdings (Private) Limited is a controlling	-	-	37	691
CapitalLand Commercial Trust	shareholder of the	-	-	967	51,860
SATS Ltd. and its Associates	Company. The	-	-	45,638	151
SembCorp Industries Ltd and its Associates	other named	-	-	1,308	-
Singapore Airlines Limited and its Associates	interested persons	-	-	-	102
SIA Engineering Company Limited and its Associates	are its associates.	-	-	17,679	2,637
Singapore Telecommunications Limited and its Associates		-	-	430	2,125
StarHub Ltd and its Associates		-	-	24,677	45,741
Temasek Holdings (Private) Limited and its Associates (non-listed)		-	-	90,736	103,432
		-	-		
Transactions for the Purchase of Goods and Services					
CapitalLand Limited and its Associates	Temasek Holdings (Private) Limited is a controlling	-	-	110	143
Mapletree Industrial Trust	shareholder of the	-	-	4,580	3,841
SATS Ltd. and its Associates	Company. The	-	-	352	2,264
SembCorp Industries Ltd and its Associates	other named	-	-	2,893	1,038
Singapore Telecommunications Limited and its Associates	interested persons	-	-	641	1,575
StarHub Ltd and its Associates	are its associates.	-	-	12,171	55,826
Temasek Holdings (Private) Limited and its Associates (non-listed)		-	-	20,747	65,043
		-	-		
Total Interested Person Transactions		-	-	111,483	168,475

14 ECONOMIC VALUE ADDED (EVA)

EVA for FY2021 was \$313.0 million, an increase of 9% or \$26.6 million compared to FY2020. The weighted average cost of capital for FY2021 was 5.0% (FY2020: 4.5%).

15 SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of financial statements.

16 **CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

17 **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the SGX Listing Manual, as at 31 December 2021, no person occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

LOW MENG WAI
Company Secretary
25 February 2022

Media Contact:
Lina Poa
Group Head Corporate Communications & Investor Relations
Tel: (65) 6722 1883
Fax: (65) 6720 2293
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**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 2021 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 2021;
- 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 2021;
- 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 a summary of significant accounting policies;
- the statement of financial position of the Company as at 31 December 2021; and
- the notes to the statement of financial position of the Company, including a summary of significant accounting policies.

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
(continued)**

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 2021. 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.

Independent Auditor's Report to the Members of Singapore Technologies Engineering Ltd
(continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<i>Impairment assessment of non-financial assets – goodwill</i>	
<p>Refer to Note C3 to the financial statements.</p> <p>As at 31 December 2021, the carrying value of the Group's goodwill amounted to \$796,676,000.</p> <p>Goodwill is allocated to the Group's cash generating units ("CGU") - Aerostructure & Systems, Aerospace MRO, Smart Utilities & Infrastructure, Satcom, Specialty Vehicles, Robotics & Autonomous Systems, Training & Simulation Systems, Advanced Networks & Sensors and others. There is a risk of impairment of certain CGUs in the United States which are operating in a challenging business environment.</p> <p>In accordance with SFRS(I) 1-36, management is required to perform an impairment assessment of goodwill annually by comparing the recoverable amount of the CGU with its carrying amount to determine whether there is any impairment loss.</p> <p>For the purpose of impairment testing, the recoverable amount of the CGU is determined based on the value-in-use calculations, using cash flow projections.</p> <p>In the current year, impairment charge of \$5,000,000 was recorded to reduce the carrying amount of the CGU to the estimated recoverable amount.</p> <p>We focused on this area because of the uncertainty arising from the ongoing and evolving COVID-19 pandemic and significant judgements required in estimating the revenue growth rate, gross profit margins, discount rate and terminal growth rate applied in computing the recoverable amount of the CGU.</p>	<p>We have assessed the appropriateness of management's identification of CGU and critically assessed the key assumptions used in the goodwill impairment assessment.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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 COVID-19 pandemic and market uncertainty in their estimates. • reviewed the basis and methodology used to derive the recoverable amount of the CGU. • assessed the appropriateness of management assumptions by comparing to past historical performance and considering the current developments arising from the COVID-19 pandemic. • performed sensitivity analysis on management 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. <p>Based on the audit procedures performed above, we found management's judgement and assumptions in relation to the determination of the recoverable amount to be appropriate, and the disclosure in this respect to be adequate.</p>

Independent Auditor's Report to the Members of Singapore Technologies Engineering Ltd
(continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition based on stage of completion	
<p>Refer to Note B2 to the financial statements.</p> <p>During the year ended 31 December 2021, the Group recognised revenue of \$7,692,865,000 relating to sale of goods, rendering of services and contract revenue. Some of these revenue are recognised based on the stage of completion of performance obligations of each individual contract, which are measured by reference to either assessment or surveys of work performed (output method) or the cost incurred relative to total estimated costs (input method).</p> <p>We focused on this area because of the significant management judgement required in:</p> <ul style="list-style-type: none"> • 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. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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 customer 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 the supporting documents. • performed analysis and retrospective reviews of completed contracts to assess the appropriateness of management's assumptions applied. <p>Based on the audit procedures performed above, we found the basis of the identification of performance obligations and the revenue recognised based on the stage of completion of each performance obligation to be appropriate.</p>

Independent Auditor's Report to the Members of Singapore Technologies Engineering Ltd
(continued)

Other Information

Management is responsible for the other information. The other information comprises the Corporate Overview, Performance Review, Sustainability, Corporate Governance, Directors' Statement, SGX Listing Manual Requirement 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.

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 those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities Of Management And Directors For The Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act 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.

Independent Auditor's Report to the Members of Singapore Technologies Engineering Ltd
(continued)

Auditor's Responsibilities For The Audit Of The Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

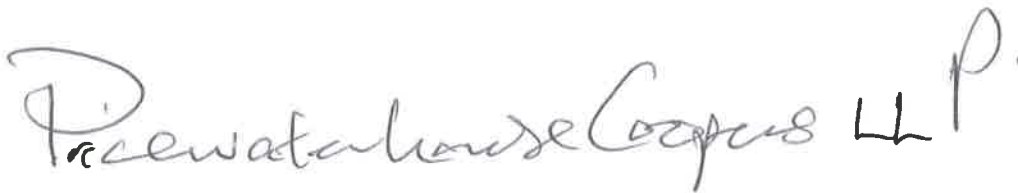
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public 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.

**Independent Auditor's Report to the Members of Singapore Technologies Engineering Ltd
(continued)**

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.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style. The "P" is large and loops around the start of the word. The "Coopers" part is also cursive and flows into the "LLP".

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore
24 February 2022