

## **Keppel Corporation 1Q2020 Results Conference Call with Media and Analysts**

### ***Transcript of the Question & Answer Session***

**29 April 2020, 6pm**

**LCH**            Loh Chin Hua, CEO of Keppel Corporation  
**CHC**            Chan Hon Chew, CFO of Keppel Corporation

**LCH:** Good evening, all. These are rather unusual times and we are meeting under very unusual circumstances, so we don't have a webcast as we normally would, but instead we are having this results conference call.

The announcement and the slides as well as the speeches that we normally would make have been provided. I apologise if this was only uploaded a bit later than we had hoped, so you might not have a lot of time to go through all of it. But take your time. We are very happy to stay on for as long as possible to answer any queries that you might have.

I don't intend to go through the results briefing because, as I have said, the remarks from the CEO as well as the CFO have been provided to you. So in the interest of time, I would suggest that we go straight into the Q&A.

#### **Questions from Mr Rahul Bhatia, HSBC Global Research**

**Good evening everyone. My questions are on the O&M business. On your existing O&M contracts, have any of the clients asked you to postpone the delivery? Or, may you have to postpone the delivery because of COVID-19? My second question, again relating to O&M, is: how are you interacting with your prospective clients? How are you managing these things in the light of COVID-19?**

**LCH:** Thank you, Rahul, for the question. Obviously, it is a very challenging time and we are facing some supply disruptions and disruption to the workforce. We first experienced that in China, in our yard in Nantong; but now the yard in Nantong is back in operation. At the present time, the six shipyards in Singapore are still operational. But we are operating under some constraints because of the measures introduced, and rightly so by the government, to ensure that this pandemic is controlled. Our two shipyards in Philippines are under shutdown, as enforced by the Philippine government, so it varies across countries.

I would say there will be some disruptions. Where it is necessary, we have to serve force majeure (FM) clauses on some of the projects. Besides having to serve FM notices, we also have to work closely with the customers, and they all understand the situation. They understand that safety comes first, so generally I don't sense that there is a big issue.

Depending on how long this is going to last, there is always a chance we can do catch-up work, after work is resumed. So this is the state of play as of now. But it is challenging. For example, if we want to do commissioning, and some of the commissioning engineers have to come from a country in Europe and unfortunately, they can't travel, we have to think of creative ways to overcome some of these challenges. These are things that the KOM team is very focused on.

To be fair, this disruption is also not only at KOM. At some of the projects, as I had mentioned in my remarks, whether they are infrastructure projects under KI, or even some of the data centres that we building, there have been some supply disruptions. Nothing too serious at this point, but it will cause some delays in the projects.

Rahul : I understand that you give out details half-yearly on this, but can you give some indication about how much is the recurring profit growth year-on-year in 1Q2020?

**LCH:** Are you talking about recurring income? For the whole Group? Ivana, can you check on that?

**Ivana Chua** (DGM, Investor Relations, Keppel Corporation): CEO, we include this data half-yearly, at the half year and full year. It is more meaningful that way.

**LCH:** Rahul, you would have to wait till the half year results.

Rahul: I understand.

#### Questions from Ms Anita Gabriel, The Business Times

**Can I find out how the downturn and the oil prices currently are impacting new order flow? A related question is: Would the current slump make a stronger case for consolidation in the ship industry, and more specifically that involving Keppel and SembMarine?**

**LCH:** Thank you for your question, Anita. The current situation with oil price has obviously created some challenges for the offshore sector. Fortunately for Keppel, our existing orderbook is quite decent. We have almost \$4 billion of net orders that will keep us busy at least for the next two years. We have also pivoted away from oil since 2015, so you will find that the majority of orders in our orderbook are in renewables, gas solutions and non-oil and gas. Going forward, you would expect that unless oil prices recover faster, if not there will be an impact on the E&P spending by the oil majors. Having said that, we still continue to see quite strong enquiries and interest in the renewables space; and I believe that production assets like FPSOs and FLNGs will remain quite robust.

Anita : OK. And the consolidation? Does this make a stronger case for consolidation, be it in the sector or involving you and SembMarine?

**LCH:** I will not comment on speculation. You have asked this question more than one time I believe, during one of these webcasts. All I will say is the industry is going through some challenging times. There could be some consolidation amongst the weaker players. That is possible. I am not making any comment on your specific question.

Anita: OK. Thank you.

#### Questions from Mr Donald Chua, Bank of America – Merrill Lynch

**A couple of questions from me. First is on the partial offer. I just wanted to check if there is any financial impediment given the volatility that we are seeing in the market right now? I understand that the company's financial performance and condition shouldn't deteriorate meaningfully over the offer period. Wondering if you could comment on that and if there is anything that we should take note of, especially in this climate. The second question is**

**on Tianjin Eco-City and the recent land sale. Could you give us more colour on the buyer, price, and should we be expecting more or less in the second half of this year, given the situation at this point? My third question is on redevelopments. Are the plans to redevelop properties in Singapore, especially on the Keppel side, still ongoing? Or will the plans be delayed in this current environment?**

**LCH:** I will take your third question first. Are you referring to the redevelopment of Keppel Towers? Keppel Towers has been decanted. We actually used it for a while as an alternate work site in March. During March, in the early part of the virus, we had split teams and some of us were actually using Keppel Towers for a few weeks. But it is now vacated. Right now, we can't do anything, but the plan is that it will be demolished. And the plan would be to redevelop it. I don't believe there will be any delays, other than the fact that we can't start work during this Circuit Breaker.

On SSTECS land sale, this is something that is quite encouraging. This is, of course, still very early days in terms of China coming back from their lockdown. We were very pleased to see that three very credible developers actually registered to tender for this site, and there was quite active bidding. We managed to sell the site at a small premium to the reserve price. It is one of the themes that we see, namely that the pandemic has affected different parts of our business and even different geographies differently. We've seen that China was the first to be affected. They went through a very severe lockdown particularly in Hubei and Wuhan. But in the last few weeks, many of these cities are now back online, including Wuhan. We've seen that the land sales in some of these cities have been quite encouraging, where developers are bidding and are prepared to bid, and frequently the sites are being obtained at a premium. Some of the premiums are quite significant over the reserve price. You will see in my remarks that in the last weekend, we had the launch of the Wuxi Waterfront project Phase 6, and we managed to sell 164 units. More importantly, the pricing is the same as what it was last year. Now, I would not want to think that things are back to normal pre-pandemic, but certainly all these little signs in the Chinese market are quite encouraging.

For SSTECS land sales, as you will see in my remarks, the price per sqm of about RMB 7000 is about the same as a site that we sold last year. As for whether we will sell more sites this year, that would depend on the market conditions. But this would be something that SSTECS does. It does some self-development, it also does land sales. So we would expect that to continue.

On your first question on the pre-conditional partial offer, I take it that your question has to do with the MAC (material adverse change) clause. There are three MAC clauses. As of the first quarter results, I don't believe we have breached any of these three MAC clauses.

**CHC:** Can I just add that details on Tianjin Eco-City's land sales are in the Appendix of our results announcement. I believe you also asked about the buyer. The buyer is actually a major developer listed on the Hong Kong Stock Exchange. The HQ is in Tianjin.

Donald: Thank you.

Questions from Mr Vincent Wee, Lloyd's List

**Sorry I missed the first part when you were talking about KOM, so I may be repeating some of the questions. Can I get some clarity on firstly, the force majeure on projects, as well as the actual effects on yard operations from the coronavirus, in Singapore as well as your various other global operations?**

**LCH:** This question was asked earlier, but I will address it again. KOM has some operational disruption, either from supply chain or from restrictions on operations in yards. Our six yards in Singapore are still operational. But with the current Circuit Breaker and stricter social distancing measures, which we are very supportive of, we have reduced our headcount at our yard significantly in Singapore.

Our yard in Nantong is back to 100%. But the two yards in the Philippines are under the Philippine government's lockdown. There will be an impact. We have had to serve FM notices on some of the projects, but I think our customers are all very understanding because at the end of the day, safety of our workers comes first. There is also a chance that we will be able to do some catch-up work after full operations are restored.

Vincent : When you say reduce headcount significantly, could you give us some clarity on the actual foreign worker numbers involved? I understand to some extent that there is not a stop work order totally, but to what percentage of full operational capacity are you functioning at the Singapore yards?

**LCH:** To give you a sense, on 30 March, we had about 22,000 to 23,000 workers in total at our six yards in Singapore. Not all are our direct staff, some are subcontractors'. Today, we have probably just over a thousand. The reason is, as I mentioned earlier, the Government is stricter now on what are considered essential services. We fully support this, because it is very important that we work together as a country to get the pandemic under control. For the more urgent projects like repairs, we have more people there. Those that are less time critical, like the Newbuild Division, we will have fewer people there.

Vincent: One last question: In terms of the FM, would you be able to give some indication on what kind of impact in terms of actual number of projects or which particular project?

**LCH:** No, we cannot, sorry.

Questions from Ms Cheryl Lee, UBS

**With regards to the property segment, could we go through what were the reasons for the decline in investment earnings? Second question, could you remind us on the rationale for reclassifying KIT? Also, what is driving the losses of \$66 million in the investment segment?**

**LCH:** I will answer the first question, and ask Hon Chew to answer the next two.

On the negative territory in the property segment, there are a few causes for that. The key ones are that some of our hospitality assets, and we don't have many hospitality assets as you know, Cheryl, but for the few that we have, obviously at a time like this, they will face the brunt of the pandemic. So it is mainly due to that. We are also redeveloping i12 Katong, so that is also taken off-line.

**CHC:** For the KIT reclassification, it is something which did not just happen overnight; but is something that has taken place over time. If you look at KIT's portfolio, it has evolved over the years and the nature of the assets, they expand beyond the focus as well as the scope of the Group. You may recall in 2015, there was the combination of KIT and Cityspring. If you look at the assets, there are a lot that are not quite the Group's focus. And more recently, KIT invested

in Ixom. That just happened last year. Arising from the merger with Cityspring, our stake has also been diluted down to 18%. And the recent development in terms of the reduction in our Board representation, and also the undertaking to provide KIT unitholders with the right to endorse the appointment of directors of the Trustee-Manager, these have resulted in the loss of significant influence over KIT. So the right accounting treatment for the stake in KIT is not an associate, but it should be an investment.

As you know, under accounting standards, even for investments you have a choice between fair value to P&L, or fair value to OCI (Other Comprehensive Income). We have chosen to account for it as investment for fair value to OCI. The reason is that the sponsorship relationship is still very important. That is important to reinforce, because the sponsorship relationship is for mutual benefit for both KIT and Keppel. As a result, I think it is appropriate to account for it at fair value to OCI because we do not expect to sell the stake for profit in the future. So any movement in the fair value goes to the OCI, rather than P&L. That is the rationale behind that.

Your last question is on loss in investments. I believe you picked it up from pg 11 of the slides, that is, from the investments side. It is mainly driven by fair value loss on investments. As you know, because of the volatility in the market in recent months, many listed companies' share prices have also been affected. As a result, some of our investments have to recognise the fair value losses. Included there is also the interest cost of the Group at the corporate level. That also contributed to the \$66 million loss.

Cheryl : Thank you. Are you able to say what is the size of the portfolio where you experienced volatility in listed prices?

CHC: It is a number of different types of investments. Some are funds which we have invested in, and some are direct stakes in companies.

#### Questions from Mr Foo Zhiwei, Macquarie Securities

**Could you provide the post-tax fair gains, specifically on the KIT fair value gain, as well as the gain from the divestment of the FLNG? The second question is on property. Could you provide a bit of colour on what you see on the ground in 1Q2020? Your property earnings are a little soft in the first quarter. Were there some delays in handover, and should we expect to see a pick-up in handovers in the second quarter?**

**CHC:** If you look at pg 2 of the SGX net document, the information is disclosed there. The fair value gain on KIT is \$131 million, and the gain on the Gimi FLNG is \$32 million.

Zhi Wei : Sorry, I meant after tax.

**LCH:** We will come back to you on that, Zhiwei. While Hon Chew is checking that, I will address your question on property. Your question is what are we seeing on the ground. I think I have already mentioned at the beginning, that we are seeing different impacts across the Group's property portfolio. As you know, the Group doesn't have a lot of hospitality or retail assets, so we have not suffered the full brunt of the pandemic. Our offices are held mainly through Keppel REIT and their occupancy rates, as released in their results recently, are still very healthy. As far as the residential side is concerned, I have also mentioned earlier that China is coming back quite nicely. I am reluctant to say that we are back to where it was before. I think the recovery in some of the markets may take a bit longer. But certainly, the land bids that have been put in, as well as the

launch prices, including our own over the weekend, have been quite encouraging. The secondary market has also held out quite well in a number of the Tier 1 and Tier 2 cities.

As far as the impact on us is concerned, yes, there could be some delays in projects. So for those projects that are due for completion, if they are not completed within the quarter, they might slip to the next quarter. For those that are at the end of the year, if we are not able to do the catch-up, they might slip to next year. As a result, the earnings as well as the topline will be recognised later. So far, we do not see, at least for China, from the sales that we have, permanent diminution of our margin. It is more a question of pushing the completion to the right, in which case the recognition may be moved a little bit later.

You mentioned the softer earnings for this first quarter on property. If you go through our results, you will notice that last year, for the first quarter, we had the benefit of the partial divestment in the Dong Nai project in Vietnam. If you look at the number of units that we sold this first quarter, it is actually higher than the number of residential units that we sold for the corresponding period last year.

**CHC:** Coming back to your question, for both items there is no tax, so the after-tax number is the same.

Zhi Wei : On the delay in completion, was there a substantial amount of delays in the first quarter? Do you expect more delays in the second quarter for these residential projects?

**LCH:** If you are talking about markets like China, of course, during the lockdown period, construction projects would have stopped. But they are now coming back onstream. If you look at just before Chinese New Year, when the lockdown started in China, and now, when they are restarting, you are looking at about maybe 2 months? As I mentioned, for the KOM projects, there are also opportunities for us in some cases to do catch-up if it is important. That will be something we will have to look at, on a project-by-project basis.

#### Questions from Mr Jason Yeo, Goldman Sachs

**Hi, good evening, thanks for the call. I have got two questions. Firstly, can you give us an update on Floatel and is it fair to say that if they can successfully negotiate with the lenders for the loan, then the risk of additional write-down is quite low? And the second question is: Given the encouraging performance at your China residential launches over the weekend, are you planning to ramp up on launches over the next few months?**

**LCH:** On the second question on the residential projects, yes, I think it is very encouraging and we are looking at how we can do more launches. We have quite a number of units in China, a number of projects that are launch ready, so depending on the market conditions, if we think it is favourable, we will definitely push ahead. I think for Vietnam, there was not much sales in the first quarter, not because the market was weak, but mainly because we have no units to sell. The reports on the ground are that the demand for housing apartments in Ho Chi Minh City remains strong. But at the present time, the approval process is a bit slow from the government, and we can understand why, because they are also trying their best to tackle the pandemic and their attention is probably spent more doing that. But we are now looking to see whether we can have some projects to launch. Our colleagues in Keppel Land Vietnam are quite confident that we can get a good result. We have also heard in recent days that the lockdown in Vietnam has either been removed or has been reduced, and some of the retail malls are also now reopened.

Now on your question on Floatel, yes, I think it is an important step that the bondholders, together with the shareholders, as well as the lending consortium, have reached a standstill agreement. They have a number of days to work this out. I would not want to comment on the prospects. I think we will have to see, but it is also encouraging that we received news, I think it is in the wires, that Endurance, which was supposed to come off contract in June, has been extended to January next year.

Questions from Mr Adrian Loh, UOB Kay Hian

**Thanks for the presentation and answering the questions so far. I have a couple of questions. First, on the Offshore & Marine margins of 5% for the quarter, which is pretty good relative to the past few quarters. Can we expect this to continue this year, obviously given that one quarter is not truly reflective of the whole year? Secondly, the partial sale of Keppel DC REIT units and raising cash, albeit relatively small compared to what you have in the bank at the moment. Is this a general raising cash strategy that we can expect given the circumstances we are living in right now, or is this really just to take advantage of the share price of Keppel DC REIT? Thank you.**

**LCH:** I think maybe I will take this second question first. We have, with the pandemic, been working really, really hard to first make sure that our people are all safe, our customers and our partners are all safe. We have been working very hard to look at our projects and to look at the impact. I think the good news about Keppel is that whilst we are impacted - as I have mentioned in my remarks, once the world economy goes into this very steep decline, at least hopefully for the short term, it is very hard to escape the impact - but I think a lot of the things that we do, and you can see it from the fact that many of our businesses in Singapore are still active at providing essential services, whether it is the supply of water, power, gas, even connectivity like M1 or data centres, these are all considered critical or essential services. So I think that is what gives the Group some resilience. I think on the DC REIT, as we have mentioned in the announcement, this is just part of our way of recycling and locking in some profits. This is done by KT&T. We are still very bullish about the data centre space. You know the business model we have with using private funds to work with investors to build this and then of course, we can then hopefully, when it is de-risked, monetise it by selling it to Keppel DC REIT. So from time to time, KT&T will also need to free up its capital so that we can continue to invest in new projects that are under development. So, it has got more to do with that. I think Hon Chew and the finance team have done a great job in making sure that the Group's finances are in good order, in good shape. That would explain why you can see that the cash balance in the Group has gone up.

**CHC:** Shall I take the first question on the 5% margin? Well, I think if you look at the topline for Offshore & Marine, indeed, I think in the first quarter, they did very well. Revenue of \$569 million compared to \$332 million last year, mainly because of the progress on jobs like the Awilco semis, the Golar Gimi FLNG, the Borr jackup rigs, and Pasha LNG containerships. So, because of that, I think the margin has gone up. But as you know, we are in the offer period, and I can't give you any forecast. But as you know, with the COVID-19 situation, the yard operations right now are just limited to essential services, basically ship repair. I think that will of course have an implication on the volumes in the coming quarters. And again, I cannot give you a forecast, given the fact that we are in the offer period.

**LCH:** Can I make an announcement? It was embargoed, but I was told that it has been lifted. IMDA has just announced the conclusion of the award of the 5G provisional licences; and I am pleased to inform you that M1 and StarHub, the joint venture, is one of the winners of this

provisional licence. I am sure if you check your news feeds, you will find the announcement. The announcement has come out.

Question from Mr Gerald Wong, Credit Suisse

**Hi, good evening, I have two questions. The first question is on the reclassification of KIT. Given my understanding that Keppel DC REIT and Keppel REIT are still considered to be associates, how would you effectively differentiate the few assets that you have and allow us to think about how KIT seems to be different from the other two entities? The second question is on property. Can you share your plans around the launch of 19 Nassim? Is that still going ahead and whether it is still on track given the Circuit Breaker measures? Thank you.**

**LCH:** I will take the second question first, Gerald. For 19 Nassim, it is proceeding but of course, in this period of the Circuit Breaker, the show suite is closed so we would expect that there would be some impact on the marketing process. But we are not too concerned because we think it is a very good project, well-located and the number of units is not a lot. It is just over a hundred units, so we believe that this will be well-received. It is a very well-conceived project, with a very good architect and good location. So, we think the impact will be short term. On your question on KIT, if I understand it, your question is how is it different? Well, I suppose Hon Chew has already explained the steps that led us to this reclassification of KIT into an investment. The primary driver there, besides all the steps that have been taken such that we lose significant influence, is that for the deal flow for KIT, increasingly, we are seeing that not just the deals themselves, but also the deal flow include a lot of projects from outside the Group. So, the linkage to the Group in terms of deal flow pipeline is not as strong as for instance, Keppel DC REIT. So, I think we have to take all these into consideration. For now, Keppel DC REIT is treated as an associate and Keppel REIT is also an associate.

Questions from Ms Lim Siew Khee, CGS-CIMB Research

**Hi, I have three questions. On investments, how come the tax is so high? On investments division especially, the tax is very high. Was there an impairment of \$18 million? Thirdly, in investments, where is KrisEnergy's contribution? The next question is about KOM. With the help of the government in terms of the wage sharing and Job Support Scheme (JSS), does that actually help your operating leverage given that you are going to scale down, you are going to see much lower revenue going ahead. With the scale down, does the JSS help to cover that sufficiently? My next question is on Gimi's gains, is it in investments?**

**LCH:** The short answer for the last question is yes. It is put under the Investments Division. I will touch on the O&M part and Hon Chew will look into your first question on the \$18 million and KrisEnergy.

The government's effort to help the industry with the JSS - I think it is very well thought out. Whilst, you can always say that it is never enough, I think it is already very helpful to the industry. And certainly for Keppel, we are very appreciative. We have about 5,000 workers in Singapore that are Singaporeans or PRs who will benefit from this JSS, so it will be helpful especially during this Circuit Breaker, where our topline will be affected. But of course, there's nothing like having the topline back, so we are also looking forward to eventually when we are able to, as a whole country, bring the pandemic under control, and we are able to start relaxing some of the measures and allow us to go back to work. I think that is probably what most companies and industries are

looking for, the ability to actually generate the topline. But in the current circumstances, the JSS obviously is helpful.

**CHC:** For the first question, I believe you are comparing the tax number between this year and last year. Last year was actually a positive number. Last year, the tax was low because of some tax write back that was done in 1Q 2019. So it is more a question that last year's tax was very low. I think you asked a question about the \$18 million impairment. You are right. That is for KrisEnergy. In fact, if you look at the SGXNet document on page 19, note 9e, there is much more disclosure on KrisEnergy. And your question on contribution from KrisEnergy, again if you look at that page, you will notice that the equity interest right now is written down to zero, so there is no more contribution, or rather no more share of losses is taken up, to be equity accounted for.

Siew Khee : Going forward, we would not need to share the losses of KrisEnergy, but will probably just go through the impairment test?

**CHC:** Yes, that is correct. Our interest right now in our books is only in respect to the zero-coupon notes as you can see on page 19.

Question from Mr Low Horng Han, CLSA

**Hi, thank you for having this presentation. I have just one question here. If we look at the gearing level, the performance of the core business in the first quarter and also the cashflow, how should we look at the dividends this year, would Keppel still be maintaining the same DPS in 2020?**

**LCH:** Thank you for your question. Keppel has never put out a specific dividend policy but we have over the recent years been paying between 40 to 50% of our earnings. But this is also a very unusual time. We do not pay dividends or interim dividends in the first quarter, but traditionally, we pay an interim dividend in the first half. So, I would say that we still have a bit of time. Let us watch how things go. The Board, I am sure, will consider what we normally do and see how our businesses and cashflow are impacted. I am sure at the end of day, we want to do something that makes sense for all stakeholders, including our shareholders, and including the company. We will wait until the first half, then we will decide.

Questions from Aradhana Aravindan, Reuters

**Hi, thank you. I just have a question on the foreign worker dormitories that Keppel operates. I just wonder if you can give us a current update on what is happening there. I believe that both dorms that Keppel operates are under quarantine, so I hope that you can just take us through the situation there right now?**

**LCH:** Yes, you are right. Both dorms, Acacia and Cassia@ Penjuru, have been gazetted and isolated by MOH. MOH has designated three clusters in our Group. One is at Keppel Shipyard, and at the two dorms you have just mentioned that are operated by Keppel Housing. We had our first COVID-19 case at Keppel Shipyard on 30 March. We were very fast in quickly putting about a hundred of our colleagues and co-workers, who were deemed to be in close contact with the infected employee, on leave of absence. That expanded very quickly to 1,200 workers by 6 April. Increasingly, over time, we have put almost 4,000 workers on leave of absence. This was on our own accord. This was before any intervention by MOH. As I have said earlier, the safety of our workers comes first. We moved very quickly. Our colleagues at KOM moved very quickly to ensure that we are able to get some control over the situation. To date, I think if you follow the

MOH website, we have about 181 that are in these three clusters, of which about 130 are employees of Keppel. The balance would be sub-contractors and residents of these two dorms that are not working with us. We can't talk about the individual conditions of the workers; but generally, as you have read in the papers, amongst the migrant workers, most of the cases are either asymptomatic or they have very mild symptoms. More importantly, at this moment, none of our workers are in ICU. So, we are watching this very closely. Now, the two dorms that you have mentioned, Keppel is acknowledged in the industry as running very good quality dorms, so these dorms would typically have a sitting room with two bedrooms. We also have a games room, a super mart and various recreational facilities for the workers. From the agencies that have worked with us on these two dorms, their feedback on the morale of our workers is very good, the discipline of the workers remains very good, and of course we do our best. It is a very difficult situation for them, so the management team at KOM is in regular contact with the workers. It is not just about providing food and all that, which is very important, but also providing access so that they can speak to their families with SIM cards etc, and also with WIFI. But more importantly, it is also to reassure them that they will get paid. They do not have to worry about being paid. The main thing is to get well. We are also now planning, how do we, when the Circuit Breaker is over at some point, how do we return to work safely? At the end of the day, safety comes first. This has guided us in how we have managed this very difficult moment, and it will continue to guide us as we think about post circuit breaker, because the danger will still probably reside for quite a while.

Aradhana : Can I just confirm that for the two dorms, the workers who stay there basically work in Keppel Shipyard only? It is not that they work in other companies?

**LCH:** Some work with us as direct employees. We also have some sub-contractors. We also have some who do not work either for us directly or with our sub-contractors. They could work for other companies. The majority would be working at our yards. We view migrant workers as a very important part of our workforce, so it is very important that we look after them well.

Aradhana : Can you mention a couple of the steps that you took ahead of the circuit breaker just to make sure that the threat was not as much. As the MOH had some guidelines for the dormitory operators, so I just wondered if there were some precautions that had already been put in place?

**LCH:** First of all, as I have mentioned, we very quickly did our own contact tracing. We put those that were in close contact with any suspected cases on leave of absence. We also tried to segregate our workers as best as we can, into different blocks, different floors, and different rooms. Even for the yard, when we were working more actively compared to now, we actually operated two shifts then, 60% in the day shift and 40% in the night shift. The idea is to provide social distancing amongst those of us that were still working.

-END-