

## DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The Directors present their statement together with the audited consolidated financial statements of the Group, and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

In the opinion of the directors, the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company as set out on pages 129 to 134, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and the financial performance, changes in equity and the cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

### 1. Directors

The Directors of the Company in office at the date of this statement are:

Lee Boon Yang (Chairman)  
Loh Chin Hua (Chief Executive Officer)  
Alvin Yeo Khirn Hai  
Tan Ek Kia  
Danny Teoh  
Till Bernhard Vestring  
Veronica Eng  
Jean-François Manzoni  
Teo Siong Seng (appointed on 1 November 2019)  
Tham Sai Choy (appointed on 1 November 2019)  
Penny Goh (appointed on 2 January 2020)

### 2. Audit Committee

The Audit Committee of the Board of Directors comprises six independent non-executive Directors. Members of the Committee are:

Danny Teoh (Chairman)  
Alvin Yeo Khirn Hai  
Tan Ek Kia  
Veronica Eng  
Tham Sai Choy (appointed on 1 February 2020)  
Penny Goh (appointed on 1 February 2020)

The Audit Committee carried out its function in accordance with the Singapore Companies Act, including the following:

- Reviewed financial statements and announcements relating to financial performance, and significant financial reporting issues and judgments contained in them;
- Reviewed the adequacy and effectiveness of financial, operational, compliance and information technology controls, as well as risk management in relation to financial reporting and other financial-related risks;
- Reviewed the Board's comment on the adequacy and effectiveness of the Group's internal control systems, and state whether it concurs with the Board's comments; and if there are material weaknesses identified in the Group's internal controls, to consider and recommend the necessary steps to be taken to address them;
- Reviewed the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's internal control systems;
- Reviewed audit scopes, plans and reports of the Company's external and internal auditors and considered effectiveness of actions taken by management on the recommendations and observations;
- Reviewed the adequacy, effectiveness, independence and objectivity of the external auditors and internal auditors annually;
- Reviewed the scope and results of the external audit function and internal audit function;
- Reviewed the nature and extent of non-audit services performed by external auditors;
- Met with external auditors and internal auditors, without the presence of management, at least annually;
- Ensured that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company, at least annually;
- Reviewed the whistle-blower policy and the Company's procedures for detecting and preventing fraud and other arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- Reviewed interested person transactions;
- Investigated any matters within the Audit Committee's terms of reference, whenever it deemed necessary;
- Reported to the Board on material matters, findings and recommendations;
- Reviewed the Audit Committee's terms of reference annually and recommended proposed changes to the Board for approval; and
- Ensured the Head of Internal Audit and external auditors have direct and unrestricted access to the Chairman of the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP for re-appointment as independent auditors and approved the remuneration and terms of engagement at the forthcoming Annual General Meeting of the Company.

### 3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the KCL Restricted Share Plan, KCL Performance Share Plan and Remuneration Shares to Directors of the Company.

### 4. Directors' interests in shares and debentures

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	Holdings At		
	1.1.2019 or date of appointment, if later	31.12.2019	21.1.2020
<b>Keppel Corporation Limited</b>			
<i>(No. of ordinary shares)</i>			
Lee Boon Yang	290,000	322,000	322,000
Loh Chin Hua	895,341	1,310,592	1,310,592
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Alvin Yeo Khirn Hai	44,225	51,225	51,225
Alvin Yeo Khirn Hai (deemed interest)	42,000	42,000	42,000
Tan Ek Kia	42,825	51,825	51,825
Danny Teoh	73,825	83,825	83,825
Till Bernhard Vestring	74,000	81,000	81,000
Veronica Eng	19,000	28,000	28,000
Jean-François Manzoni	-	1,000	1,000
Tham Sai Choy	155,570	155,570	155,570
Penny Goh	-	-	30,000
<i>(Unvested restricted shares to be delivered after 2016)</i>			
Loh Chin Hua	60,000	-	-
<i>(Unvested restricted shares to be delivered after 2017)</i>			
Loh Chin Hua	181,568	90,784	90,784
<i>(Unvested restricted shares to be delivered after 2018)</i>			
Loh Chin Hua	-	174,936	174,936
<i>(Contingent award of performance shares issued in 2016 to be delivered after 2018)<sup>1</sup></i>			
Loh Chin Hua	300,000	-	-
<i>(Contingent award of performance shares issued in 2017 to be delivered after 2019)<sup>1</sup></i>			
Loh Chin Hua	330,000	330,000	330,000
<i>(Contingent award of performance shares issued in 2018 to be delivered after 2020)<sup>1</sup></i>			
Loh Chin Hua	320,000	320,000	320,000
<i>(Contingent award of performance shares issued in 2019 to be delivered after 2021)<sup>1</sup></i>			
Loh Chin Hua	-	365,000	365,000
<i>(Contingent award of performance shares – Transformation Incentive Plan issued in 2016 to be delivered after 2021)<sup>1</sup></i>			
Loh Chin Hua	750,000	750,000	750,000

<sup>1</sup> Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

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### 5. Share options of the Company

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

No options to take up Ordinary Shares ("Shares") were granted during the financial year. There were 44,000 Shares issued by virtue of exercise of options and options to take up 935,285 Shares were cancelled during the financial year. At the end of the financial year, there were 910,900 Shares under option as follows:

Date of grant	Number of Share Options			Balance at 31.12.2019	Exercise Price	Date of expiry
	Balance at 1.1.2019	Exercised	Cancelled			
05.02.09	68,600	(44,000)	(24,600)	-	\$3.07	04.02.19
06.08.09	688,385	-	(688,385)	-	\$6.86	05.08.19
09.02.10	1,133,200	-	(222,300)	910,900	\$6.89	08.02.20
	<u>1,890,185</u>	<u>(44,000)</u>	<u>(935,285)</u>	<u>910,900</u>		

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

### 6. Share plans of the Company

The KCL Performance Share Plan ("KCL PSP") and KCL Restricted Share Plan ("KCL RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

Details of share plans awarded under the KCL PSP, KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP"), KCL RSP and KCL RSP-Deferred Shares are disclosed in Note 3 to the financial statements and as follows:

#### Contingent awards:

Date of Grant	Number of Shares					Balance at 31.12.2019
	Balance at 1.1.2019	Contingent awards granted	Adjustments upon release	Released	Cancelled	
<b>KCL PSP</b>						
29.4.2016	645,000	-	(264,400)	(380,600)	-	-
28.4.2017	1,070,000	-	-	-	-	1,070,000
30.4.2018	1,180,000	-	-	-	-	1,180,000
30.4.2019	-	1,635,000	-	-	-	1,635,000
	<u>2,895,000</u>	<u>1,635,000</u>	<u>(264,400)</u>	<u>(380,600)</u>	<u>-</u>	<u>3,885,000</u>
<b>KCL PSP-TIP</b>						
29.4.2016	3,935,967	-	-	-	(350,000)	3,585,967
28.4.2017	2,030,000	-	-	-	(30,000)	2,000,000
	<u>5,965,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(380,000)</u>	<u>5,585,967</u>

#### Awards:

Date of Grant	Number of Shares					Balance at 31.12.2019
	Balance at 1.1.2019	Awards granted	Adjustments upon release	Released	Cancelled	
<b>KCL RSP-Deferred shares</b>						
15.2.2019	-	3,908,536	-	(3,908,536)	-	-
18.4.2019	-	325,635	-	(325,635)	-	-
	<u>-</u>	<u>4,234,171</u>	<u>-</u>	<u>(4,234,171)</u>	<u>-</u>	<u>-</u>

#### Awards released but not vested:

Date of Grant	Number of Shares					Balance at 31.12.2019
	Balance at 1.1.2019	Released	Vested	Cancelled	Other adjustments	
<b>KCL PSP</b>						
29.4.2016	-	380,600	(380,600)	-	-	-
	-	380,600	(380,600)	-	-	-
<b>KCL RSP</b>						
31.3.2014	4,200	-	-	(600)	-	3,600
31.3.2015	11,000	-	-	(3,700)	-	7,300
29.4.2016	1,614,918	-	(1,565,032)	(34,545)	-	15,341
	1,630,118	-	(1,565,032)	(38,845)	-	26,241
<b>KCL RSP-Deferred shares</b>						
23.2.2018	2,586,237	-	(1,276,901)	(94,045)	(492)	1,214,799
15.2.2019	-	3,908,536	(1,312,115)	(106,166)	(2,165)	2,488,090
18.4.2019	-	325,635	(112,660)	(3,300)	-	209,675
	2,586,237	4,234,171	(2,701,676)	(203,511)	(2,657)	3,912,564

No Director of the Company received any contingent award of Shares granted under the KCL RSP and KCL PSP except for the following:

#### Contingent awards:

	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
<b>KCL RSP</b>					
<b>Executive Director</b>					
Loh Chin Hua	-	644,757	-	(644,757)	-
<b>KCL PSP</b>					
<b>Executive Director</b>					
Loh Chin Hua	365,000	1,885,814	(624,014)	(246,800)	1,015,000
<b>KCL PSP-TIP</b>					
<b>Executive Director</b>					
Loh Chin Hua	-	750,000	-	-	750,000

#### Awards:

	Awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
<b>KCL RSP-Deferred shares</b>					
<b>Executive Director</b>					
Loh Chin Hua	262,403	534,755	-	(534,755)	-

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**6. Share plans of the Company (continued)**

**Awards released but not vested:**

	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
<b>KCL RSP</b>			
<b>Executive Director</b>			
Loh Chin Hua	644,757	(644,757)	-
<b>KCL RSP-Deferred shares</b>			
<b>Executive Director</b>			
Loh Chin Hua	534,755	(269,035)	265,720
<b>KCL PSP</b>			
<b>Executive Director</b>			
Loh Chin Hua	246,800	(246,800)	-

No Director or employee received 5% or more of the total number of contingent award of Shares granted during the financial year and aggregated to date, except for the following:

	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
<b>Executive Director</b>		
Loh Chin Hua	10.7%	6.5%

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP, KCL RSP-Deferred shares, the KCL PSP and the KCL PSP-TIP.

**7. Independent auditor**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board



**LEE BOON YANG**  
Chairman



**LOH CHIN HUA**  
Chief Executive Officer

Singapore, 27 February 2020